



FILING THE RETURN OF INCOME

The taxpayer has to communicate the details of his taxable income/loss to the Income-tax Department. These details are communicated to the Income-tax Department in the form of return of income. In this part you can gain knowledge about various provisions and procedure relating to furnishing (i.e. filing) the return of income. The provisions discussed in this part are applicable for furnishing the return of income for the assessment year 2014-15, i.e., financial year 2013-14.

Forms of return prescribed under the Income-tax Law

Under the Income-tax Law, different forms of return of income are prescribed for different classes of taxpayers. The return forms are known as ITR forms (Income-tax Return Forms).

The following table gives a brief overview of the return forms and is not an exhaustive discussion on the return forms. For more provisions of applicability/non-applicability of the ITR Forms, the readers should go through the discussion on each ITR Form covered in this topic in later part.

Forms of return prescribed under the Income-tax Law for the assessment year 2014-15

<i>Return Form</i>	<i>Brief Description</i>
ITR – 1	Also known as SAHAJ is applicable to an individual having salary or pension income or income from one house property (not a case of brought forward loss) or income from other sources (not being lottery winnings and income from race horses).
ITR – 2	It is applicable to an individual or a Hindu Undivided Family having income from any source other than “Profits and gains of business or profession”.
ITR – 3	It is applicable to an individual or a Hindu Undivided Family who is a partner in a firm and where income chargeable to tax under the head “Profits or gains of business or profession” does not include any income except the income by way of any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from such firm.
ITR – 4S	Also known as SUGAM is applicable to individuals and HUFs who have opted for the presumptive taxation scheme of section 44AD/44AE.



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ITR – 4	It is applicable to an individual or a Hindu Undivided Family who is carrying on a proprietary business or profession.
ITR – 5	This Form can be used by a person being a firm, LLP, AOP, BOI, artificial juridical person referred to in section 2(31)(vii), co-operative society and local authority. However, a person who is required to file the return of income under section 139(4A) or 139(4B) or 139(4C) or 139(4D) shall not use this form (<i>i.e.</i> , trusts, political parties, institutions, colleges, etc.)
ITR – 6	It is applicable to a company, other than a company claiming exemption under section 11 (exemption under section 11 can be claimed by charitable/religious trust).
ITR – 7	It is applicable to a persons including companies who are required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) (<i>i.e.</i> , trusts, political parties, institutions, colleges, etc.).
ITR – V	It is the acknowledgement of filing the return of income.

Modes of filing the return of income

The return of income can be filed with the Income-tax Department in any of the following modes: -

- By furnishing the return in a paper form.
- By furnishing the return electronically under digital signature, *i.e.*, e-filing with digital signature.
- By furnishing the return electronically and thereafter submitting the hard copy of ITR-V with signature of authorized person, *i.e.*, e-filing without digital signature.
- By furnishing a Bar-coded return.

Note

Where the return of income is electronically filed without digital signature, then the taxpayer should take two printed copies of Form ITR-V. One copy of ITR-V, duly signed by the taxpayer, is to be sent (within the period specified in this regard, *i.e.*, 120 days) by ordinary post or speed post to “Income-tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru-560100 (Karnataka). The other copy may be retained by the taxpayer for his record.

Mandatory e-filing of return

Following taxpayers shall file their return of income only through e-filing mode:



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- (1) Every company shall furnish the return of income electronically under digital signature. In other words, for corporate taxpayer e-filing with digital signature is mandatory.
- (2) A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under section 44AB shall furnish the return of income electronically under digital signature. In other words, in such a case, e-filing with digital signature is mandatory.
- (3) A resident and ordinarily resident individual/HUF having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with or without digital signature.
- (4) Taxpayers with total income of more than Rs. 5,00,000 shall furnish the return of income electronically with or without digital signature.
- (5) Taxpayers claiming relief under section 90, 90A or 91 shall furnish the return of income electronically with or without digital signature.
- (6) A person who is required to file ITR - 5 shall file the same electronically with or without digital signature. However, a firm liable to get its accounts audited under section 44AB shall furnish the return electronically under digital signature.
- (7) A taxpayer who is required to furnish a report of audit under sections 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), 10A, 10AA, 12A(1)(b), 44AB, 44DA, 50B, 80-IA, 80-IB, 80-IC, 80-ID, 80JJAA, 80LA, 92E, 115JB or 115VW shall furnish the return of income electronically.

Sending the acknowledgment in case of e-filing

Where the Return of income is furnished electronically without digital signature, the taxpayer should take two printed copies of Form ITR-V. One copy of ITR-V, duly signed by the taxpayer, has to be sent (within the period specified in this regard, i.e., 120 days) by ordinary post or speed post to “Income-tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru-560100 (Karnataka). The other copy may be retained by the taxpayer for his record.

No documents to be attached along with the return of income

ITR return forms are attachment less forms and, hence, the taxpayer is not required to attach any document (like proof of investment, TDS certificates, etc.) along with the return of income (whether filed manually or filed electronically). However, these documents should be retained by the taxpayer and should be produced before the tax authorities when demanded in situations like assessment, inquiry, etc.

As discussed above, no documents are to be attached along with the return of income, however, in case of a taxpayer who is required to furnish a report of audit under section 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), 10A, 10AA, 12A(1)(b), 44AB, 44DA, 50B, 80-IA, 80-IB, 80-IC, 80-ID, 80JJAA, 80LA, 92E, 115JB or 115VW shall furnish it electronically on or before the date of filing the return of income.



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Applicability of ITR – 1 (SAHAJ)

Return Form ITR – 1 (SAHAJ) can be used by an individual whose total income includes:

- (1) Income from salary/pension; or
- (2) Income from one house property (excluding cases where loss is brought forward from previous years); or
- (3) Income from other sources (excluding winnings from lottery and income from race horses).

Further, in a case where the income of another person like spouse, minor child, etc., is to be clubbed with the income of the taxpayer, this return form can be used only when such income falls in any of the above categories.

Return Form ITR – 1 (SAHAJ) cannot be used by an individual:

- Whose total income for the year includes income from more than one house property.
- Whose total income for the year includes income from winnings from lottery or income from race horses.
- Whose total income for the year includes income chargeable to tax under the head “Capital Gains”.
- Whose total income for the year includes exempt income of more than Rs. 5,000.
- Whose total income for the year includes income from business or profession.
- Whose total income for the year includes loss under the head “Income from other sources”.

Non-applicability of ITR – 1 (SAHAJ)

- Who has claimed relief under section 90 and/or section 91.
- Who is having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India.

Applicability of ITR – 2

Return Form ITR – 2 can be used by an individual or a Hindu Undivided Family whose total income for the year includes:

- Income from Salary / Pension; or
- Income from House Property; or
- Income from Capital Gains; or
- Income from Other Sources (including winnings from lottery and income from race horses).





Applicability of ITR – 2

Further, in a case where the income of another person like spouse, minor child, etc., is to be clubbed with the income of the taxpayer, this Return Form can be used if income to be clubbed falls in any of the above categories.

Non-applicability of ITR – 2

Return Form ITR – 2 cannot be used by an individual whose total income for the year includes income from Business or Profession.

Applicability of ITR – 3

Return Form ITR – 3 can be used by an individual or a Hindu Undivided Family who is a partner in a firm and where income chargeable to tax under the head “Profits or gains of business or profession” does not include any other income, except the income by way of any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from such firm.

In case a partner of the firm does not have any income from the firm by way of interest, salary, etc., and has only exempt income by way of share in the profit of the firm, he shall use Form ITR – 3 only and not Form ITR-2.

Non-applicability of ITR – 3

Form ITR – 3 cannot be used by an individual whose total income for the year includes income from Business or Profession under any proprietorship.

Applicability of ITR – 4S (SUGAM)

Form ITR – 4S (SUGAM) can be used by an individual/HUF whose total income for the year includes :

- a) Business income computed as per the provisions of section 44AD or 44AE; or
- b) Income from salary/pension; or
- c) Income from one house property (excluding cases where loss is brought forward from previous years); or
- d) Income from other sources (excluding winnings from lottery and income from race horses).

Applicability of ITR – 4S (SUGAM)

Further, in a case where the income of another person like spouse, minor child, etc., is to be clubbed with the income of the taxpayer, this return form can be used where income to be clubbed falls in any of the above categories.

Non-applicability of ITR – 4S (SUGAM)

Form ITR – 4S (SUGAM) cannot be used by an individual/HUF:

- Whose total income for the year includes income from more than one house property.



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- Whose total income for the year includes income from winnings from lottery or income from race horses.
- Whose total income for the year includes income chargeable to tax under the head “Capital Gains”.
- Whose total income for the year includes agriculture/exempt income of more than Rs. 5,000.
- Whose total income for the year includes income from speculative business and other special incomes.
- Whose total income for the year includes income from profession as referred to in section 44AA(1).
- Whose total income for the year includes income from agency business or income in the nature of commission or brokerage.
- Who claims relief under section 90, 90A and/or section 91.
- Who has any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India.

In case of a taxpayer who is engaged in any business eligible for the presumptive taxation scheme of section 44AD or section 44AE but he does not opt for the presumptive taxation scheme, then such a taxpayer has to maintain the books of account of the business as per the provisions of section 44AA and has to get these accounts audited. In such a case he cannot use ITR 4S. Such a taxpayer has to file its return of income in Form ITR – 4.

Applicability of ITR – 4

Form ITR – 4 can be used by an individual or a Hindu Undivided Family who is carrying on a proprietary business or profession.

Non-applicability of ITR – 4

Form ITR – 4 cannot be used by any person other than an individual or a HUF. Further, an individual or a HUF not having income from proprietary business or profession cannot use ITR – 4.

Applicability of ITR – 5

Form ITR – 5 can be used by a person being a firm, LLP, AOP, BOI, artificial juridical person referred to in section 2(31)(vii), cooperative society and local authority.

Non-applicability of ITR – 5

Form ITR – 5 cannot be used by a person who is required to file the return of income under section 139(4A) or 139(4B) or 139(4C) or 139(4D) (i.e., trusts, political parties, institutions, colleges, etc.).



Applicability of ITR – 6

Form ITR – 6 can be used by a company, other than a company claiming exemption under section 11 (exemption under section 11 can be claimed by a charitable/religious trust).

Non-applicability of ITR – 6

Form ITR – 6 cannot be used by a company claiming exemption under section 11 (exemption under section 11 can be claimed by a charitable/religious trust).

Applicability of ITR – 7

Form ITR – 7 can be used by persons including companies who are required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) (i.e., trusts, political parties, institutions, colleges, etc.).

Non-applicability of ITR – 7

Form ITR – 7 cannot be used by a person who is not required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) (i.e., trusts, political parties, institutions, colleges, etc.).

Source for obtaining the return forms

The return forms (ITR forms) can be downloaded from www.incometaxindia.gov.in

Procedure for e-filing the return of income

Income-tax Department has established an independent portal for e-filing the return of income. The taxpayers can log on to www.incometaxindiaefiling.gov.in for e-filing the return of income.

E-filing utility provided by the Income-tax Department

The Income-tax Department has provided free e-filing utility (i.e., software) to generate e-return and furnishing the return electronically. The e-filing utility provided by the Department is simple, easy to use and also contains instructions on how to use it. By using the e-filing utility, the taxpayers can easily file their return of income. Utility can be downloaded from www.incometaxindiaefiling.gov.in

Benefits of e-filing the return of income

E-filing can be done from any place at any time and it saves time and efforts. It is simple, easy and faster. The e-filed returns are generally processed faster as compared to returns filed manually.

E-filing help desk of Income-tax Department

In case of queries on e-filing the return, the taxpayer can contact 1800 4250 0025.

Difference between e-filing and e-payment

E-payment is the process of electronic payment of tax (i.e., by net banking) and e-filing is the process of electronically furnishing the return of income. Using the e-payment and e-filing facility, the taxpayer can discharge his obligations of payment of tax and furnishing the return of income easily and quickly.





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Form 26AS

A taxpayer may pay tax in any of the following forms:

- (1) Tax Deducted at Source (TDS)
- (2) Tax Collected at Source (TCS)
- (3) Advance tax or Self-assessment Tax or Payment of tax on regular assessment.

Form 26AS

The Income-tax Department maintains the database of the total tax paid by the taxpayer (i.e., tax credit in the account of a taxpayer). Form 26AS is an annual statement maintained under Rule 31AB of the Income-tax Rules disclosing the details of tax credit in the account of the taxpayer as per the database of Income-tax Department. In other words, Form 26AS will reflect the details of tax credit appearing in the Permanent Account Number of the taxpayer as per the database of the Income-tax Department. The tax credit will cover TDS, TCS and tax paid by the taxpayer in other forms like advance tax, Self-assessment tax, etc.

Income-tax Department will generally allow a taxpayer to claim the credit of taxes as reflected in his Form 26AS.

Procedure to be followed in case of discrepancies in actual TDS and TDS credit as per Form 26AS

Every person deducting tax at source has to furnish the details of tax deducted by him to the Income-tax Department. The details will cover the name of the deductee, Permanent Account Number of the deductee, amount of tax deducted, amount paid to the deductee, date of payment of TDS to the credit of Government, etc. On the basis of the details of TDS provided by the deductor, the Income-tax Department will update Form 26AS of the deductee.

Procedure to be followed in case of discrepancies in actual TDS and TDS credit as per Form 26AS

Many times the actual amount of TDS and TDS credit as appearing in Form 26AS may differ and it may happen that the TDS credit appearing in Form 26AS may be less as compared to actual TDS, this may happen due to reasons like non-furnishing of TDS details to the Income-tax Department by the deductor, deducting the tax in incorrect Permanent Account Number, etc. In such a case the deductee should approach the deductor and request him to take the necessary steps to rectify the discrepancy due to above reasons.

The Income-tax Department updates the TDS details in Form 26AS on basis of details provided by the person deducting the tax (i.e., the deductor), hence, if there is any default on the part of deductor like non-furnishing of TDS details (i.e., TDS return) to the Income-tax Department, deducting the tax in incorrect Permanent Account Number, etc. then Form 26AS will not reflect the actual TDS. In such a case, the taxpayer may not be able to claim the credit of correct TDS. Hence, the taxpayers are advised to confirm the tax credit appearing in Form 26AS and should reconcile the difference, if any.



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Precautions to be taken while filing the return of income

Following is the list of few important steps/points/precautions to be kept in mind while filing the return of income:

- The first and foremost precaution is to file the return of income on or before the due date. Taxpayers should avoid the practice of filing belated return. Following are the consequences of delay in filing the return of income :
 - Loss (other than house property loss) cannot be carried forward.
 - Levy of interest under section 234A.
 - Penalty of Rs. 5,000 under section 271F can be levied.
 - Exemptions/deductions under sections 10A, 10B, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID and 80-IE are not available.
 - Belated return cannot be revised under section 139(5).
- Taxpayer should download Form 26AS and should confirm actual TDS/TCS/Tax paid. If any discrepancy is observed then suitable action should be taken to reconcile it.
- Compile and carefully study the documents to be used while filing the return of income like bank statement/passbook, interest certificate, investment proofs for which deductions is to be claimed, books of account and balance sheet and P/L A/c (if applicable), etc. No documents are to be attached along with the return of income.
- The taxpayer should identify the correct return form applicable in his case.
- Carefully provide all the information in the return form.
- Confirm the calculation of total income, deductions (if any), interest (if any), tax liability/refund, etc.
- If any tax is payable as per the return of income, then the same should be paid before filing the return of income, otherwise return would be treated as defective return.
- Ensure that other details like PAN, address, e-mail address, bank account details, etc., are correct.
- After filling all the details in the return of income and after confirmation of all the details, one can proceed with filing the return of income.
- In case return is filed electronically without digital signature do not forget to post the acknowledgement of filing the return of income at CPC Bengaluru (as discussed earlier).

For details on e-filing please logon to :

www.incometaxindiaefiling.gov.in



MCQ ON FILING THE RETURN OF INCOME

Q1. The return of income is to be furnished in _____

- (a) ITNS 281 (b) Form 26AS
(c) Form 26Q (d) ITR 1 – to 7 (as the case may be)

Correct answer : (d)

Justification of correct answer :

Under the Income-tax Law, different forms of return of income are prescribed for different classes of taxpayers. The return forms are known as ITR forms (Income-tax Return Forms). Thus, the return of income is to be furnished in ITR 1 – to 7 (as the case may be).

Thus, option (d) is the correct option.

Q2. _____ is the acknowledgement of filing the return of income.

- (a) ITR - 4 (b) ITR - V
(c) Form 26AS (d) Form 26QB

Correct answer : (b)

Justification of correct answer :

ITR – V is the acknowledgement of filing the return of income.

Thus, option (b) is the correct option.

Q3. The return of income can be filed with the Income-tax Department in electronic mode only.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

The return of income can be filed with the Income-tax Department in any of the following modes: -

- By furnishing the return in a paper form.
- By furnishing the return electronically under digital signature, *i.e.*, e-filing with digital signature.
- By furnishing the return electronically and thereafter submitting the hard copy of ITR-V with signature of authorized person, *i.e.*, e-filing without digital signature.
- By furnishing a Bar-coded return.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q4. A company can file its return electronically without digital signature.

- (a) True (b) False



Correct answer : (b)

Justification of correct answer :

Every company shall furnish the return of income electronically under digital signature. In other words, for corporate taxpayer e-filing with digital signature is mandatory.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q5. A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under section 44AB shall furnish the return of income electronically under digital signature.

(a) True

(b) False

Correct answer : (a)

Justification of correct answer :

A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under section 44AB shall furnish the return of income electronically under digital signature. In other words, in such a case, e-filing with digital signature is mandatory.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q6. A resident and ordinarily resident individual/HUF having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with digital signature.

(a) True

(b) False

Correct answer : (b)

Justification of correct answer :

A resident and ordinarily resident individual/HUF having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with or without digital signature.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q7. Taxpayers with total income of more than Rs. _____ shall furnish the return of income electronically with or without digital signature.

(a) 25,00,000

(b) 15,00,000

(c) 10,00,000

(d) 5,00,000

Correct answer : (d)

Justification of correct answer :

Taxpayers with total income of more than Rs. 5,00,000 shall furnish the return of income electronically with or without digital signature.





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Thus, option (d) is the correct option.

Q8. ITR return forms are attachment less forms and, hence, the taxpayer is not required to attach any document (like proof of investment, TDS certificates, etc.) along with the return of income (whether filed manually or filed electronically).

(a) True

(b) False

Correct answer : (a)

Justification of correct answer :

ITR return forms are attachment less forms and, hence, the taxpayer is not required to attach any document (like proof of investment, TDS certificates, etc.) along with the return of income (whether filed manually or filed electronically). However, these documents should be retained by the taxpayer and should be produced before the tax authorities when demanded in situations like assessment, inquiry, etc.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q9. A partnership firm not required to get its books of account audited shall file the return of income electronically with or without digital signature

(a) True

(b) False

Correct answer : (a)

Justification of correct answer :

A person who is required to file ITR - 5 shall file the same electronically with or without digital signature. However, a firm liable to get its accounts audited under section 44AB shall furnish the return electronically under digital signature.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q10. Where the return of income is electronically filed without digital signature, then a copy of ITR-V, duly signed by the taxpayer, is to be sent (within the period specified in this regard, i.e., 120 days) by ordinary post or speed post or courier to "Income-tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru-560100 (Karnataka).

(a) True

(b) False

Correct answer : (b)

Justification of correct answer :

Where the return of income is electronically filed without digital signature, then the taxpayer should take two printed copies of Form ITR-V. One copy of ITR-V, duly signed by the taxpayer, is to be sent (within the period specified in this regard, i.e., 120 days) by ordinary post or speed post to "Income-tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru-560100 (Karnataka). The other copy may be retained by the taxpayer for his record.

It should be noted that aforesaid copy is to be mailed only through ordinary post or speed post and not by courier.



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Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

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