



**THE INSTITUTE OF
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Certificate Course on Filing of Returns



Introduction covering provisions - voluntary return, return forms, time limit for filing returns, return of loss, belated return, revised return, updated returns, Defective return, Modified return, Tax Return preparers, verification of return, PAN, Quoting Aadhar, Self - Assessment etc.

I. Income Tax Return (ITR)

An **Income Tax Return (ITR)** is a formal declaration filed by individuals, businesses, or other entities with the **Income Tax Department** to report their income, expenses, deductions, tax liability, and tax payments for a financial year. Filing an ITR is both a statutory obligation and a vital step for ensuring compliance with the provisions of the **Income Tax Act, 1961**.

Key Features of an Income Tax Return

1. **Purpose:**
 - To declare income earned during a financial year.
 - To calculate and pay taxes due or claim refunds for excess tax paid.
 - To maintain transparency and accountability in financial dealings.
2. **Eligibility:**
 - Any individual or entity whose income exceeds the **basic exemption limit** or is subject to tax under specific provisions of the law is required to file an ITR.
3. **Income Reported:** Income is categorized into five heads:
 - **Salaries:** Income from employment.
 - **Income from House Property:** Rental or other income from properties owned.
 - **Profits and Gains of Business or Profession:** Earnings from business or professional activities.
 - **Capital Gains:** Income from the sale of capital assets like shares or property.
 - **Income from Other Sources:** Miscellaneous income, such as dividends, lottery winnings, etc.
4. **Forms:**
 - Different ITR forms are prescribed (e.g., **ITR-1, ITR-2**) based on the taxpayer's income sources and nature of income.
5. **Modes of Filing:**
 - **Online (E-filing):** Through the Income Tax Department's portal or authorized intermediaries.
 - **Offline:** For specific categories like super senior citizens.
6. **Verification:**
 - After submission, the return must be verified either electronically or manually to complete the filing process.

Benefits of Filing an ITR

- 1. Legal Compliance:**
 - Filing ensures adherence to tax laws and avoids penalties or prosecution for non-compliance.
- 2. Claiming Refunds:**
 - Any excess tax deducted (e.g., TDS) can be claimed back through a refund.
- 3. Carrying Forward Losses:**
 - Taxpayers can carry forward losses for adjustment against future income, provided the ITR is filed on time.
- 4. Loan and Visa Applications:**
 - ITRs are often required for processing loans, credit cards, and visa applications as proof of financial stability.
- 5. Avoiding Penalties:**
 - Late or non-filing of ITR attracts penalties and interest under the Income Tax Act.

Importance of Filing ITR

Filing an ITR is not just a legal requirement but also a reflection of financial discipline. It helps the government track income and expenditure patterns, aids in policy-making, and enables taxpayers to contribute to nation-building while securing their own financial future.

II. Voluntary Return under Income Tax

The concept of **Voluntary Return** under the Indian Income Tax Act allows taxpayers to file their income tax returns even if they are not mandated to do so by law. This provision is governed by **Section 139(1)** of the Income Tax Act, 1961.

Key Features of Voluntary Return

1. **Applicability:**
 - Individuals, Hindu Undivided Families (HUFs), firms, or other entities whose total income falls below the taxable limit can voluntarily file returns.
 - It also applies to taxpayers with income exempt from tax who wish to disclose their income voluntarily.
2. **Benefits of Filing Voluntary Returns:**
 - **Record Maintenance:** Filing ensures that an official record of income is maintained with the Income Tax Department.
 - **Carrying Forward Losses:** Filing returns within the due date is essential to carry forward losses for future set-off.
 - **Loan or Visa Applications:** Acknowledged income tax returns are often required for processing loans, credit cards, or visas.
 - **Compliance with Legal Requirements:** Voluntary filing demonstrates financial discipline and transparency.
3. **Filing Procedure:**
 - Choose the appropriate Income Tax Return (ITR) form based on your income source.
 - Compute your income, claim deductions, and calculate tax liability (if any).
 - File the return electronically or manually, and verify it within the prescribed time.
4. **No Penalty for Non-Mandatory Filing:**
 - If the individual is not obligated to file under Section 139(1) and still does not file voluntarily, no penalty or prosecution applies.
5. **Encouraged by the Government:**
 - Voluntary return filing fosters a culture of tax compliance and assists in broadening the tax base.

Practical Examples of Voluntary Filing:

- A salaried individual earning below the **basic exemption limit** (e.g., ₹2.5 lakhs) but wanting a documented record of income for financial or official purposes.
- A retired person living solely on exempt income such as agricultural income or tax-free bonds, who files voluntarily to maintain a history of tax compliance.

Importance in the Current Context

Even though the filing of a voluntary return is not mandatory for individuals earning below the taxable limit, it is highly recommended as it aids in maintaining proper documentation and financial credibility.

III. Details on Income Tax Return (ITR) Forms

The Indian Income Tax Department has prescribed various **Income Tax Return (ITR) forms**, each tailored to the nature of income and type of taxpayer. Selecting the correct ITR form is essential for accurate and compliant filing.

Overview of ITR Forms

Form	Applicable To	Income Covered
ITR-1 (Sahaj)	Resident individuals (excluding RNOR) with income up to ₹50 lakhs	Income from salary, one house property, other sources (excluding lottery), and agricultural income (up to ₹5,000)
ITR-2	Individuals and HUFs not having income from business or profession	All income except income from business or profession
ITR-3	Individuals and HUFs with income from business or profession	Income from business or profession, salary, house property, capital gains, and other sources
ITR-4 (Sugam)	Resident individuals, HUFs, and firms (other than LLPs) opting for the presumptive taxation scheme	Business or professional income under presumptive taxation (Sections 44AD, 44ADA, 44AE), income from salary, one house property, and other sources (excluding lottery)
ITR-5	Firms, LLPs, Association of Persons (AOPs), Body of Individuals (BOIs), and others (excluding individuals, HUFs, companies, and trusts)	All sources of income applicable to these entities
ITR-6	Companies (excluding those claiming exemption under Section 11, i.e., trusts)	All sources of income applicable to companies
ITR-7	Trusts, political parties, and other entities eligible for exemptions under specific sections	Income claimed as exempt under Sections 11, 12, 13A, or 13B
ITR-V	Not a return form but an acknowledgment	Used for verifying returns filed without digital signature

Key Points for Each ITR Form

1. **ITR-1 (Sahaj):**
 - Simplest form for salaried individuals.
 - Not applicable for non-residents, individuals with income above ₹50 lakhs, or those with more than one house property.
2. **ITR-2:**
 - Suitable for individuals with income from multiple house properties, capital gains, or foreign assets.
 - Cannot be used by those having business or professional income.
3. **ITR-3:**
 - Covers all incomes, including business or professional income.
 - Requires detailed reporting of profit and loss accounts.
4. **ITR-4 (Sugam):**
 - Simplified form for taxpayers under presumptive taxation.
 - Cannot be used if turnover exceeds ₹2 crores (business) or ₹50 lakhs (profession).
5. **ITR-5:**
 - Used by entities like partnerships, LLPs, AOPs, and BOIs.
 - Not applicable to individuals or companies.
6. **ITR-6:**
 - Mandatory for companies (except those claiming exemptions as trusts).
 - Requires detailed disclosures, including Minimum Alternate Tax (MAT) computation.
7. **ITR-7:**
 - Applicable to entities like trusts and political parties claiming exemptions under Sections 10, 11, 13A, or 13B.
 - Requires additional disclosures for exempt incomes.
8. **ITR-V:**
 - Used to verify returns if electronic verification (e-verification) is not completed.

Choosing the Right ITR Form

1. **Nature of Income:**
 - Determine the sources of income (e.g., salary, business, capital gains).
2. **Taxpayer Category:**
 - Individual, HUF, firm, company, trust, etc.
3. **Specific Conditions:**
 - Residency status, turnover limits, exempt income claims.

Filing Guidelines

1. E-Filing:

- Mandatory for most taxpayers, except for super senior citizens (aged 80 or above) opting for manual filing.

2. Timely Filing:

- File within the due date to avoid penalties, interest, and loss of benefits like carrying forward losses.

Using the correct ITR form ensures compliance and avoids complications during assessment or scrutiny.

IV. Due Dates for Filing Income Tax Returns (ITR)

The due dates for filing Income Tax Returns (ITR) vary depending on the category of taxpayers and whether the accounts need to be audited. Filing within the prescribed timelines is essential to avoid penalties, interest, or loss of benefits like carrying forward losses.

Due Dates for FY 2023-24 (AY 2024-25)

Category of Taxpayer	Due Date	
Individuals (including salaried individuals), HUFs, and non-audit cases	31st July 2024	
Businesses requiring audit under Section 44AB	30th 2024	September
Businesses requiring a report under Section 92E (transfer pricing cases)	30th 2024	November
Belated or Revised Return	31st 2024	December

Details on Due Dates

- 1. 31st July 2024:**
 - Applicable to:
 - Salaried individuals.
 - Individuals with income from house property, capital gains, or other sources (not requiring audit).
 - Freelancers and small business owners not under audit requirements.
- 2. 30th September 2024:**
 - Applicable to taxpayers whose accounts require an audit, including:
 - Businesses and professionals under Section 44AB.
 - Companies (other than those engaged in international or specified domestic transactions).
- 3. 30th November 2024:**
 - Applicable to entities involved in international transactions or specified domestic transactions requiring a transfer pricing report under Section 92E.
- 4. 31st December 2024:**
 - Last date for filing:
 - **Belated Return:** For taxpayers who miss the original due date.
 - **Revised Return:** To correct any errors or omissions in the original return.

Consequences of Missing Due Dates

1. **Late Filing Fee** (Section 234F):
 - Up to ₹5,000 for filing after the due date (reduced to ₹1,000 if income is below ₹5 lakhs).
2. **Interest on Tax Due** (Section 234A):
 - Interest at 1% per month on unpaid taxes from the due date until filing.
3. **Loss of Benefits:**
 - Losses cannot be carried forward if the return is filed after the due date (except unabsorbed depreciation and loss under house property).
4. **Delay in Refunds:**
 - Late filing may delay the processing of refunds for excess tax paid.

Tips for Timely Filing

1. **Prepare Early:**
 - Collect Form 16, TDS certificates, investment proofs, and bank statements well in advance.
2. **Use E-Filing Platforms:**
 - The Income Tax Department's portal offers a user-friendly e-filing interface.
3. **Seek Professional Help:**
 - Consult a Chartered Accountant or Tax Professional if your income sources are complex or require audit.

Filing returns within the due date ensures compliance, avoids penalties, and provides a smooth tax filing experience.

Return of Loss Under Income Tax

A **Return of Loss** refers to filing an Income Tax Return (ITR) by a taxpayer whose income results in a loss for the financial year. The Income Tax Act, 1961, allows taxpayers to report such losses in their return and carry them forward for adjustment against future incomes, subject to certain conditions.

V. Key Provisions for Return of Loss

1. Relevant Sections:

- Losses are covered under various sections of the Income Tax Act:
 - **House Property Loss:** Section 24.
 - **Business Loss:** Section 28 to 44.
 - **Capital Loss:** Section 45 to 55.
 - **Speculative Loss:** Section 73.
 - **Loss from Specified Businesses:** Section 35AD.
 - **Other Sources:** Section 56 (subject to specific conditions).

2. Filing Within the Due Date:

- To **carry forward losses**, the return must be filed within the due date prescribed under Section 139(1).
- If filed late, losses (except house property loss) cannot be carried forward.

3. Verification and Documentation:

- The return of loss must include detailed schedules and supporting documents (e.g., audited accounts for businesses) to substantiate the loss claim.

Types of Losses and Their Treatment

1. Loss Under the Head "Income from House Property":

- Can be adjusted against income from any other head in the same year.
- Unadjusted losses can be carried forward for **8 assessment years** and set off only against income from house property.

2. Loss Under the Head "Profits and Gains of Business or Profession":

- Can be adjusted against income from business/profession in the same year.
- Unadjusted losses can be carried forward for **8 assessment years**, provided the business continues.

3. Loss Under the Head "Capital Gains":

- **Short-term capital loss:** Can be set off against both short-term and long-term capital gains.
- **Long-term capital loss:** Can only be set off against long-term capital gains.
- Unadjusted losses can be carried forward for **8 assessment years**.

4. Loss Under the Head "Other Sources":

- Loss from activities like owning and maintaining racehorses can be set off only against income from the same source and carried forward for **4 assessment years**.

5. Speculative Loss:

- Can only be set off against speculative income.
- Can be carried forward for **4 assessment years**.

6. Loss from Specified Businesses:

- Covered under Section 35AD, such losses can only be set off against income from specified businesses but can be carried forward indefinitely.

Benefits of Filing Return of Loss

1. **Tax Planning:**
 - Allows taxpayers to optimize tax liabilities in future years by utilizing carried-forward losses.
2. **Compliance:**
 - Filing a return of loss demonstrates adherence to tax laws and ensures accurate record-keeping.
3. **Loss Adjustment:**
 - Enables the taxpayer to reduce taxable income in subsequent years, thereby reducing tax outflow.

Practical Example

Scenario: A business incurs a loss of ₹5,00,000 during FY 2023-24.

- If the business files the return of loss by **31st July 2024** (due date), the ₹5,00,000 loss can be carried forward to offset profits from the same business in the next 8 years.
- If the return is filed after the due date, the loss cannot be carried forward (except house property loss).

Conclusion

Filing a **Return of Loss** is a vital tool for effective tax management, ensuring taxpayers can mitigate future tax liabilities by carrying forward and adjusting losses against subsequent income. Timely filing is crucial to retaining this benefit.

V. Belated Return Under Income Tax

A **Belated Return** is an income tax return filed after the original due date specified under **Section 139(1)** of the Income Tax Act, 1961. Taxpayers who miss the original filing deadline can still fulfill their obligation by filing a belated return under **Section 139(4)**, albeit with certain consequences.

Key Features of a Belated Return

1. Filing Timeline:

- A belated return can be filed **at any time before the end of the relevant assessment year** or before the completion of assessment, whichever is earlier.
- For example, for FY 2023-24 (AY 2024-25), the belated return can be filed until **31st December 2024**.

2. Eligibility:

- Applicable to all taxpayers (individuals, HUFs, firms, companies, etc.) who have missed the original due date.

3. Filing Process:

- Filed in the same manner as the original return using the appropriate ITR form.
- It must be clearly marked as "belated" in the ITR form.

4. Consequences of Filing a Belated Return:

- **Late Filing Fee (Section 234F):**
 - ₹5,000 if the return is filed after the due date.
 - Reduced to ₹1,000 if the taxpayer's total income is below ₹5 lakhs.
- **Interest on Tax Due (Section 234A):**
 - Interest at 1% per month or part of the month on unpaid taxes from the original due date to the date of filing.
- **Ineligibility to Carry Forward Losses:**
 - Losses under the heads **business/profession, capital gains, and other sources** cannot be carried forward.
 - However, **house property loss** can still be carried forward.
- **Delay in Refunds:**
 - If excess tax has been paid, the refund processing may be delayed.

5. No Revision Option:

- A belated return can now be **revised** (under Section 139(5)) if errors or omissions are discovered, provided the revision is done within the permissible time limit.

Importance of Filing a Belated Return

- Ensures compliance with tax laws, avoiding legal consequences or notices from the Income Tax Department.
- Allows taxpayers to declare their income and pay any remaining tax liabilities to avoid further interest or penalties.

Example

Scenario:

Mr. Rahul, a salaried individual, fails to file his ITR for FY 2023-24 (AY 2024-25) by the original due date of **31st July 2024**. He files his return on **15th October 2024**.

- His filing will be considered a **belated return**.
- If his income exceeds ₹5 lakhs, he will be charged a late filing fee of ₹5,000 under Section 234F.
- Additionally, if he has unpaid tax, interest under Section 234A will be levied.

Conclusion

Filing a **Belated Return** allows taxpayers to fulfill their tax obligations even after missing the original due date, but it comes with penalties and restrictions. To maximize benefits like loss carryforward and avoid additional costs, it is always advisable to file returns within the prescribed deadlines.

VI. Revised Return Under Income Tax

A **Revised Return** is a return of income that a taxpayer files to correct any errors, omissions, or inaccuracies in the originally filed Income Tax Return (ITR). The provision for filing a revised return is governed by **Section 139(5)** of the Income Tax Act, 1961.

Key Features of a Revised Return

- 1. Eligibility:**
 - Any taxpayer (individual, HUF, company, or other entities) who has filed an ITR can file a revised return to rectify mistakes in the original filing.
 - It is applicable whether the original return was filed within the due date or belatedly.
- 2. Filing Timeline:**
 - A revised return can be filed **up to the end of the relevant assessment year** or before the completion of the assessment, whichever is earlier.
 - For example, for FY 2023-24 (AY 2024-25), the revised return can be filed until **31st December 2024**, unless the assessment is completed earlier.
- 3. Process:**
 - The revised return must be filed using the same ITR form as the original return.
 - The taxpayer must select the option for a revised return and provide details of the original return, such as the acknowledgment number and date of filing.
- 4. Multiple Revisions:**
 - There is no restriction on the number of times a return can be revised within the permissible timeframe.
- 5. Details That Can Be Corrected:**
 - Errors in income reporting, deductions, or exemptions.
 - Incorrect bank details.
 - Wrong selection of ITR form.
 - Omission of income or misreporting.

Consequences and Benefits

- 1. Penalty Avoidance:**
 - Filing a revised return voluntarily before the assessment is initiated can help avoid penalties or scrutiny for inaccuracies in the original return.
- 2. Loss of Benefits if Delayed:**

- If the revised return is not filed within the stipulated time, the inaccuracies in the original return may lead to penalties or disallowance of deductions and carryforward of losses.
3. **Audit and E-Verification:**
- The revised return may be subject to audit or verification by the Income Tax Department.

Example

Scenario:

Mr. Arun files his original ITR for FY 2023-24 on **10th July 2024**. Later, he realizes that he forgot to declare interest income from his fixed deposits.

- He can file a **revised return** under Section 139(5) before **31st December 2024**, including the omitted income and correcting the error.
- This ensures compliance and avoids penalties for misreporting.

Difference Between Original and Revised Return

Aspect	Original Return	Revised Return
Purpose	First-time filing of income details.	Correction of errors in the original return.
Filing Timeline	By the due date under Section 139(1).	Up to the end of the assessment year or before completion of assessment.
Selection in Form	Marked as "Original".	Marked as "Revised" with details of the original return.

Conclusion

Filing a **Revised Return** provides taxpayers with an opportunity to correct mistakes in their original return and ensures compliance with tax laws. However, it is crucial to file the revised return within the permissible time limit to avoid legal consequences and penalties.

VII. Updated Return

An **Updated Return** is a provision under the Income Tax Act of India that allows taxpayers to rectify or amend their original tax return after it has been filed, in case they have made any errors or missed out on certain details. This can include mistakes in income reporting, deductions, or any other details.

The updated return can be filed within **24 months from the end of the relevant assessment year**. This means if the original return was filed for the assessment year 2022-23, an updated return can be filed until the end of March 2025.

The key points about the updated return are:

1. **Time Frame:** The return can be filed within 24 months from the end of the relevant assessment year.
2. **Scope:** It allows correction of errors like wrong income, incorrect deductions, or missed details.
3. **Penalty:** No penalty is levied for filing an updated return, but if there is an increase in tax liability, interest (under sections 234A, 234B, and 234C) will apply.
4. **Exclusions:** It cannot be used to reduce income to claim a refund after an assessment or to revise an already accepted return after an order has been passed by the assessing officer.

It is a way for taxpayers to ensure their tax filings are accurate and compliant, even after the original submission.

VIII. Defective Return

A **Defective Return** is a tax return filed under the Income Tax Act that contains errors or omissions that make it incomplete or non-compliant with the provisions of the law. The Income Tax Department may notify a taxpayer if their return is deemed defective and may ask them to rectify the errors or omissions within a specified time frame.

Common reasons for a return to be considered defective include:

1. **Failure to Sign the Return:** If the taxpayer forgets to sign the return, it is considered defective.
2. **Incomplete or Incorrect Information:** Missing or incorrect details like wrong income figures, incorrect deductions, or missing mandatory fields.
3. **Failure to Attach Required Documents:** If the necessary supporting documents (like Form 16, proof of deductions, etc.) are not submitted or properly filed.
4. **Mismatch of Information:** Discrepancies between the information provided in the return and what is available in the Income Tax Department's records, like TDS (Tax Deducted at Source) mismatches.
5. **Incorrect Filing Format:** Filing the return in an incorrect format or failing to file the return in the prescribed manner (e.g., online filing when required).

What Happens After a Defective Return is Filed?

1. **Notice from the Income Tax Department:** The department sends a notice informing the taxpayer that their return is defective and provides a deadline for rectification.
2. **Rectification:** The taxpayer is required to correct the defects and resubmit the return within the specified period (usually 15 days).
3. **Assessment:** If the defect is not rectified within the given time frame, the return is treated as **not filed**, and the tax authorities may proceed with an assessment.

A defective return does not automatically lead to penalties unless there are other violations, but it can delay the processing of the return or any refunds due to the taxpayer.

IX. Modified Return

A **Modified Return** refers to a tax return that is amended or modified after the original return has been filed. It is typically filed to correct certain errors, make adjustments, or update the return with additional information that was previously missed.

However, the term "**Modified Return**" is not a formal classification under the Income Tax Act, unlike "Revised Return" or "Updated Return." The term is often used informally to describe a return that has been modified due to changes or updates. The exact terminology and process may vary depending on the tax jurisdiction. Below are some related terms and their meanings:

1. Revised Return (under Section 139(5))

A **Revised Return** is filed to correct errors in the original return, such as missed income, incorrect deductions, or other mistakes. It can be filed any time before the end of the assessment year or before the completion of the assessment, whichever is earlier.

2. Updated Return (under Section 139A)

An **Updated Return** allows taxpayers to correct or update their returns, even after the due date has passed. The Updated Return can be filed within **24 months from the end of the relevant assessment year** to rectify mistakes or omissions.

3. Modified Return (Informally)

In common parlance, **modified return** could refer to a return that has been changed or corrected after the original filing. This could mean:

- Filing a **revised return** to correct an error.
- Updating a return with additional information.
- Making changes based on new tax laws or assessments.

Key Differences:

- **Revised Return:** Filed to correct mistakes or omissions in the original return, with a time limit up to the end of the relevant assessment year.
- **Updated Return:** Filed to make changes or corrections after the due date of filing, within 24 months from the end of the relevant assessment year.

While the Income Tax Act doesn't formally use the term "modified return," it can be a colloquial way of referring to either a **revised return** or **updated return**, depending on the context.

X. Scheme of Tax Return Preparers (TRPs)

The **Scheme of Tax Return Preparers (TRPs)** is a program introduced by the Income Tax Department of India to allow qualified individuals to assist taxpayers in preparing and filing their income tax returns (ITRs). This scheme aims to make tax compliance easier for individuals, especially those who are not well-versed in tax laws or those who need help in filing their returns correctly.

Key Features of the Tax Return Preparer (TRP) Scheme:

1. Qualification of TRPs:

- Tax Return Preparers are individuals who have passed a certification exam conducted by the Income Tax Department.
- These individuals can be graduates or postgraduates in any discipline and need to complete a training course provided by the Income Tax Department or an authorized institute.

2. Role of TRPs:

- **Preparation of Returns:** TRPs assist taxpayers in preparing their income tax returns. They gather the required documents, compute the taxable income, and fill out the appropriate ITR forms.
- **Filing Returns:** After preparing the return, TRPs can help file the return electronically through the e-filing portal of the Income Tax Department.
- **Advisory Services:** They provide guidance on issues related to tax filings, such as deductions, exemptions, and income calculation.

3. Benefits of Hiring a TRP:

- **Professional Assistance:** Taxpayers can ensure that their returns are correctly prepared and filed by someone knowledgeable in tax laws.
- **Time-Saving:** Hiring a TRP saves time for taxpayers who might find the tax filing process complicated.
- **Accuracy:** Since TRPs are trained in tax laws, their assistance can help reduce the chances of errors or omissions in the tax return.
- **Affordable Service:** TRPs offer services at a much lower fee compared to chartered accountants or other professionals.

4. Responsibilities of TRPs:

- **Professional Ethics:** TRPs are expected to maintain high professional ethics and confidentiality regarding the financial information of the taxpayer.
- **Accurate Filing:** They are responsible for ensuring that the return is accurately filed, with all necessary details included, and that it complies with the applicable tax laws.
- **Communication:** TRPs must inform the taxpayer about their rights and obligations under the Income Tax Act.

5. Compensation:

- TRPs are paid a fee for their services, which is typically reasonable and based on the complexity of the return. The fees are set by the Income Tax Department and are intended to be affordable for the common taxpayer.

6. Online System:

- Taxpayers can locate a registered TRP through the Income Tax Department's e-filing portal. The portal provides a list of certified professionals who can assist in return preparation.
7. **Scheme Benefits for TRPs:**
- **Training & Certification:** TRPs receive professional training and certification from the Income Tax Department, which adds to their credibility.
 - **Incentives:** TRPs may be entitled to incentives and recognition from the Income Tax Department based on the number of returns they file or the quality of their service.

Eligibility to Become a TRP:

To become a registered Tax Return Preparer, an individual needs to meet the following criteria:

- **Basic Educational Qualification:** Graduation or post-graduation in any discipline.
- **Training Program:** Completion of a training program conducted by the Income Tax Department or other authorized bodies.
- **Certification Exam:** Passing the certification exam for Tax Return Preparers.

Conclusion:

The **TRP Scheme** is an important initiative by the Income Tax Department to encourage professional help for income tax return preparation, thereby ensuring higher accuracy, compliance, and accessibility for taxpayers. This scheme is especially beneficial for those who are unfamiliar with tax laws or do not have the resources to hire higher-cost professionals.

XI. Verification of Income Tax Return (ITR)

Verification of Income Tax Return (ITR) is a crucial step in the process of filing a tax return in India. After an individual or entity files their ITR, it must be verified to confirm that the return is genuine and that the taxpayer is indeed the one submitting the return.

The verification step ensures the accuracy of the return and confirms that the taxpayer agrees with the details provided. If the return is not verified, it will be considered incomplete, and the Income Tax Department will not process it.

Methods of ITR Verification:

There are several methods available for verifying your ITR. The verification can be done in the following ways:

1. E-Verification (Online Verification):

- **Aadhaar OTP:** If your Aadhaar is linked with your PAN and mobile number, you can use the OTP (One-Time Password) sent to your Aadhaar-linked mobile number for verification.
- **EVC (Electronic Verification Code):** You can generate an EVC through various channels such as:
 - **Net banking:** If your bank supports it, you can generate an EVC through your bank's net banking portal.
 - **Bank Account:** You can link your bank account with the Income Tax Department to generate an EVC.
 - **Demat Account:** If you have a Demat account, you can use it to generate an EVC.
 - **Income Tax Department Mobile App (Aaykar Setu):** You can generate and use an EVC via the Income Tax Department's mobile app.

2. DSC (Digital Signature Certificate):

- For companies or firms filing ITR, a **Digital Signature Certificate (DSC)** can be used to verify the return. This is a more formal way of authentication for entities, and it ensures a secure verification process.

3. Bank Account/Net Banking for EVC:

- If you have linked your bank account with the Income Tax Department, you can opt for generating an **EVC** directly from your bank's net banking platform. This method also provides online verification.

Time Frame for Verification:

- **E-Verification:** The verification must be done immediately after filing the return or within a few days of filing the return.

- **ITR-V Submission:** If submitting the ITR-V physically, it must be done within **120 days** from the date of e-filing. If the ITR is not verified within this period, it will be considered as **not filed**, and no assessment or processing will take place.

Importance of ITR Verification:

1. **ITR Processing:** Without verification, the Income Tax Department will not process the return. This means no refunds, no assessments, and no acknowledgment of the return filing.
2. **Refund Processing:** If you're eligible for a refund, it will not be processed until the ITR is verified.
3. **Avoiding Penalties:** Non-verification of ITR may lead to a situation where the tax authorities treat the return as invalid. This can result in penalties or interest on unpaid taxes.

Steps for E-Verification:

1. Log in to the **Income Tax e-filing portal** (<https://incometaxindiaefiling.gov.in>).
2. After submitting the ITR, go to the **"My Account"** section and select **"e-Verify"**.
3. Choose your preferred verification method (Aadhaar OTP, EVC through net banking, or other available options).
4. Once the process is complete, the status of the return will be updated to **"Verified"**.

Conclusion:

Verification of the ITR is essential for its acceptance by the Income Tax Department. It ensures that the taxpayer has genuinely filed the return and agrees to the details mentioned. By completing this step, you can ensure that your return is processed smoothly and that you receive any refunds or updates promptly.

XII. PAN-Aadhaar Linking

PAN-Aadhaar Linking refers to the process of linking your **Permanent Account Number (PAN)** with your **Aadhaar card**. The Government of India made it mandatory to link PAN with Aadhaar for several important reasons, including ensuring that there is no duplication of PAN cards, reducing the risk of tax evasion, and streamlining the income tax filing process.

Key Reasons for PAN-Aadhaar Linking:

1. **Prevention of Tax Evasion:** Linking helps the government track individuals and entities using multiple PAN cards under different names or identities.
2. **Simplified Tax Filing:** With PAN-Aadhaar linkage, taxpayers can easily e-file their returns, get faster processing, and ensure greater accuracy.
3. **Compliance Requirement:** As per the Income Tax Act, it is mandatory to link PAN with Aadhaar. Failure to do so may lead to the PAN becoming inoperative.

How to Link PAN with Aadhaar:

1. Online Method (Easiest Way):

- Visit the official Income Tax Department's website: <https://incometaxindiaefiling.gov.in>.
- Login to your **Income Tax e-filing account**. If you don't have an account, you'll need to create one.
- Go to the **"Link Aadhaar"** option under the **Profile Settings** section.
- Enter your **PAN, Aadhaar number**, and the **name** as it appears on your Aadhaar card.
- You will also need to confirm your **Aadhaar details**.
- You will receive an **OTP** (One-Time Password) on your registered mobile number linked with Aadhaar.
- Enter the OTP and click **Submit**.
- Once successfully linked, you will see a confirmation message.

2. Via SMS:

- You can link PAN with Aadhaar by sending an SMS to 567678 or 56161 in the following format:

objectivec

Copy code

UIDPAN <12-digit Aadhaar number> <10-digit PAN number>

Example: UIDPAN 123456789012 ABCDE1234F

- After sending the SMS, you'll receive a confirmation message from the Income Tax Department.

3. Offline Method (For Individuals Without Online Access):

- Visit a **Pan Aadhaar Linking Center** or a designated **Aadhaar Enrollment Center**.
- Fill out the form to link your PAN and Aadhaar.
- Provide your PAN card and Aadhaar card as proof.
- The concerned authorities will link your PAN with Aadhaar, and they will notify you once the process is completed.

Steps to Check PAN-Aadhaar Link Status:

1. Visit the official Income Tax e-filing portal: <https://incometaxindiaefiling.gov.in>.
2. Under the “**Link Aadhaar**” section, you will find an option to **check the status** of the PAN-Aadhaar linking.
3. Enter your **PAN** and **Aadhaar number** to check if they are successfully linked.

Deadline for PAN-Aadhaar Linking:

The deadline for linking PAN with Aadhaar was extended multiple times. As of now, the last date announced by the government was **March 31, 2024**. After this date, individuals who fail to link their PAN with Aadhaar will have their PAN rendered **inoperative**. This means they will not be able to file tax returns, or engage in financial transactions that require PAN, such as opening a bank account or buying/selling property.

Consequences of Not Linking PAN with Aadhaar:

1. **PAN Becomes Inoperative:** If your PAN is not linked with Aadhaar by the specified deadline, it will become inoperative.
2. **Penalties:** You may face difficulties in filing your taxes or claiming refunds if your PAN is inoperative.
3. **Difficulty in Financial Transactions:** Without a valid PAN, certain financial transactions will not be permitted, such as making large cash deposits, purchasing or selling property, or applying for loans.

Conclusion:

Linking your PAN with Aadhaar is an important compliance requirement. It helps in ensuring seamless financial and tax-related processes while preventing fraudulent activities. It's highly recommended to link your PAN and Aadhaar before the deadline to avoid any inconvenience.

XIII. Self-Assessment

Self-Assessment refers to the process where taxpayers calculate and report their own tax liability based on their income, deductions, exemptions, and other applicable provisions of the tax law. The concept of self-assessment empowers taxpayers to determine how much tax they owe and pay it voluntarily, without waiting for the tax authorities to assess it.

In India, **self-assessment** is a key aspect of the income tax system, especially for individual taxpayers. It is primarily associated with the process of filing tax returns, where the taxpayer is responsible for accurately reporting their income, claiming deductions, and calculating the tax due.

Key Aspects of Self-Assessment:

1. Tax Calculation:

- **Income Determination:** Taxpayers must calculate their total income from various sources such as salary, business income, rental income, capital gains, etc.
- **Deductions and Exemptions:** After determining the income, the taxpayer can apply various deductions (e.g., under Sections 80C, 80D) and exemptions (e.g., HRA, standard deduction) as per the Income Tax Act.
- **Tax Computation:** Once the net taxable income is calculated, the taxpayer computes the tax liability based on the applicable tax slabs.

2. Payment of Tax:

- The taxpayer is required to pay the tax due by the due date (which is generally before filing the return). This can include advance tax payments, self-assessment tax, or tax deducted at source (TDS).
- **Self-Assessment Tax** is the final amount of tax that a taxpayer needs to pay after accounting for any TDS or advance tax paid. It is paid when filing the return, if there is any outstanding balance after adjusting for all other payments.

3. Filing the Return:

- After calculating the tax liability and paying any remaining amount (self-assessment tax), the taxpayer files the income tax return (ITR). This includes details of income, deductions, tax paid, and any other required information.
- The return must be filed before the deadline specified by the Income Tax Department, and the self-assessment tax must be paid at the time of filing.

4. Taxpayer's Responsibility:

- **Accuracy:** The taxpayer is responsible for ensuring that the return is accurate and complete, and that the tax calculations are correct.
- **Penalties for Non-Compliance:** If the taxpayer underestimates their income or tax liability, they could face penalties or interest charges (under Sections 234A, 234B, 234C of the Income Tax Act).

5. Self-Assessment and Income Tax Act:

- **Section 140A** of the Income Tax Act, 1961, governs the provisions of self-assessment. It mandates that taxpayers calculate their tax due and pay any outstanding tax before filing their return.
- The income tax return must include details of the self-assessment tax paid, and the taxpayer is required to provide a proof of payment (Challan).

Process of Self-Assessment:

1. **Determine Total Income:** Calculate the total income from all sources (salary, business, etc.).
2. **Apply Deductions/Exemptions:** Deduct any eligible deductions and exemptions under the Income Tax Act.
3. **Calculate Taxable Income:** Subtract deductions and exemptions from total income to arrive at the taxable income.
4. **Compute Tax Liability:** Based on the taxable income, calculate the tax according to the applicable tax slabs.
5. **Pay Self-Assessment Tax:** If the total tax liability is greater than the tax already paid (through TDS or advance tax), pay the outstanding amount as self-assessment tax.
6. **File Income Tax Return:** Submit the return of income, providing details of income, tax paid, and self-assessment tax paid.

Example of Self-Assessment:

If your total income for the year is ₹10,00,000, and after applying deductions (such as under Section 80C, etc.), your taxable income is ₹8,00,000, you would compute your tax liability based on the applicable income tax slabs.

- For example, if the tax liability is ₹50,000 after calculating the tax, and you have already paid ₹30,000 through TDS, then the remaining ₹20,000 will be the self-assessment tax that you need to pay before filing your return.

Benefits of Self-Assessment:

- **Transparency:** Self-assessment encourages transparency and accountability in the tax filing process.
- **Simplicity:** Taxpayers can manage their taxes independently, reducing the burden on tax authorities.
- **Timely Payment:** It helps in ensuring timely payment of taxes and avoids penalties for underpayment or non-payment.

Conclusion:

Self-assessment is a system that places the responsibility of calculating and reporting tax liability on the taxpayer. It helps ensure that individuals pay the correct amount of tax and allows the government to process taxes efficiently. By following the rules of self-assessment, taxpayers contribute to the tax system while maintaining transparency and compliance.