

FAQs on filing the return of income

What is a return of income?

ITR stands for Income Tax Return. It is a prescribed form through which the particulars of income earned by a person in a financial year and taxes paid on such income are communicated to the Income-tax Department. It also allows carry -forward of loss and claim refund from income tax department. Different forms of returns of income are prescribed for filing of returns for different Status and Nature of income. These forms can be downloaded from www.incometaxindia.gov.in

What are the forms of return prescribed under the Income-tax Law?

Under the Income-tax Law, different forms of returns are prescribed for different classes of taxpayers. The return forms are known as ITR forms (Income Tax Return Forms). The forms of return prescribed under the Income-tax Law for filing of return of income for the assessment year 2019-20 (i.e., financial year 2018-19) are as follows:

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, income taxable under section 115BBDA or income referred in section 115BBDA or income referred in section 115BBE).

ITR - 2 It is applicable to an individual or an Hindu Undivided Family not having income chargeable to income-tax under the head "Profits or gains of business or profession"

ITR - 3 It is applicable to an individual or a Hindu Undivided Family who has any income chargeable to tax under the head business or profession

ITR - 4 Also known as SUGAM is applicable to individuals or Hindu Undivided Family or partnership firm who have opted for the presumptive taxation scheme of section 44AD/ 44ADA/44AE.

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), cooperative 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.e., trusts, political parties, institutions, colleges)

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.e., trusts, political parties, institutions, colleges).

ITR - V It is the acknowledgement of filing the return of income.

What are the different modes of filing the return of income?

The Return Form can be filed with the Income-tax Department in any of the following ways, -

- (i) by furnishing the return in a paper form;
- (ii) by furnishing the return electronically under digital signature;

(iii) by transmitting the data in the return electronically under electronic verification code;

(iv) by transmitting the data in the return electronically and thereafter submitting the verification of the return in Return Form ITR-V;

Note

Where the return of income is filed in the manner given at (iv) 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, Bengalore-560100 (Karnataka). The other copy may be retained by the taxpayer for his record.

Which mode of filing of return is applicable to whom?

The applicable return of income shall be furnished by a person mentioned in column (ii) of the Table below to whom the conditions specified in column (iii) apply, in the manner specified in column (iv) thereof:—

Person	Condition	Manner of furnishing return of income
Individual or Hindu undivided family	Accounts are required to be audited under section 44AB of the Act;	Electronically under digital signature;
	A super senior citizen (whose age is 80 years or above at any time during the previous year) who furnishes the return either in ITR-1 or ITR-4	(A) Electronically under digital signature; or (B) Transmitting the data electronically in the return under electronic verification code; or (C) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V; or (D) Paper form;
	In any other case	(A) Electronically under digital signature; or (B) Transmitting the data electronically in the return under electronic verification code; or (C) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;]
Company	In all cases.	Electronically under digital signature.
A person required to furnish the return in Form ITR-7	In case of a political party;	Electronically under digital signature;
	In any other case	Electronically under digital signature; or Transmitting the data in the return electronically under

		electronic verification code; or Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V.
Firm or limited liability partnership or any person (other than a person mentioned in Sl. 1 to 3 above) who is required to file return in Form ITR-5	Accounts are required to be audited under section 44AB of the Act;	Electronically under digital signature;
	In any other case.	Electronically under digital signature; or Transmitting the data in the return electronically under electronic verification code; or Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V

Is it necessary to attach any documents 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)(vii), 10A, 10AA, 12A(1)(b), 44AB, 44DA, 50B, 80-IA, 80-IB, 80-IC, 80-ID, 80JJAA, 80LA, 92E, 115JB or 115VW or to give a notice under section 11(2)(a) shall furnish it electronically on or before the date of filing the return of income.

Who can use 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, income taxable under section 115BBDA or Income of the nature referred to in section 115BBE).

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.

ITR - 1 (SAHAJ) For Individuals having Income from Salaries, one house property, other sources (Interest etc.) and having total income upto Rs.50 lakh

Who cannot use ITR – 1 (SAHAJ)?

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

- Who is a Non-resident or Not Ordinarily Resident
- Who is a Director of a company
- Whose total income exceeds Rs. 50 lakhs
- Who has income from more than 1 house property
- Who has held unlisted equity shares at any time during the previous year
- Who claims deduction under Section 80QQB or Section 80RRB in respect of royalty from patents or books
- Who claims deduction under Section 10AA or Part-C of Chapter VI-A
- Who has brought forward loss or losses to be carried forward under any head
- Person claiming deduction under Section 57 from income taxable under the head 'Other Sources' (other than deduction allowed from family pension)
- Who wants to claim relief under Section 90 or 91
- Who wants to claim credit of tax deducted at source in the hands of any other person.

- Who has any assets (including Financial Interest in an entity) located outside India.
- Who has signing authority in any account outside India
- Who has any income to be apportioned in accordance with provisions of Section 5A
- Who has any of the following income:
 - a) Income from Business or Profession
 - b) Capital Gains
 - c) Income taxable under the head 'Other sources' which is taxable at special rate
 - d) Dividend income exceeding Rs. 10 lakhs taxable under Section 115BBDA
 - e) Unexplained income (i.e., cash credit, unexplained investment, etc.) taxable at 60% under Section 115BBE
 - f) Agricultural Income exceeding Rs. 5,000
 - g) Income from any source outside India

Who can use ITR – 2?

For A.Y 2019-20, Form ITR – 2 can be used by an individual and Hindu Undivided Family who is not eligible to file ITR-1 Sahaj and not having income from “profit and gains of business or profession” and also not having income from “Profits and gains of business or profession” in the nature of interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from a partnership firm.

Further, in 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.

Who cannot use ITR – 2?

For A.Y 2019-20, Form ITR - 2 cannot be used by an individual and HUF whose total income for the year includes income from profit and gains from business or profession and also having income in the nature of interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from partnership firm

Who can use ITR – 3?

For A.Y 2019-20, Form ITR – 3 can be used by an individual or a Hindu Undivided Family who is having income from profits and gains of business or profession. ITR – 3 is also required to be filed by a person whose income is chargeable to tax under the head “Profits and gains of business or profession” is in the nature of interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from a partnership firm.

Who cannot use ITR – 3?

Form ITR – 3 cannot be used by any person other than an individual or a HUF. Further, an individual or a HUF not having income from business or profession cannot use ITR – 3.

Who can use ITR – 4 (SUGAM)?

Form ITR – 4 (SUGAM) can be used by an Individual/HUF/Firm (Other than LLP) whose total income for the year includes:

- (a) Business income computed as per the provisions of section 44AD or 44AE; or;
- (b) Income from Profession as computed as per the provisions of 44ADA; or
- (c) Income from salary/pension; or
- (d) Income from one house property (excluding cases where loss is brought forward from previous years); or
- (e) Income from other sources (excluding winnings from lottery and income from race horses dividend income in excess of Rs. 10 lakhs or unexplained Income, etc. as referred to in section 115BBE)

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.

Who cannot use ITR – 4 (SUGAM)?

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

- Who is a Non-resident or Not Ordinarily Resident
- Who is a Director of a company
- Whose total income exceeds Rs. 50 lakhs
- Who has income from more than one House Property
- Who has held unlisted equity shares at any time during the previous year
- Who claims deduction under section 80QQB or section 80RRB in respect of royalty from patent or books
- Who claims deduction under section 10AA or Part-C of Chapter VI-A
- Who has brought forward loss or losses to be carried forward under any head
- Person claiming deduction under Section 57 from income taxable under the head 'Other Sources' (other than deduction allowed from family pension)
- Who wants to claim relief under section 90 and section 91
- Who wants to claim credit of tax deducted at source in the hands of any other person.
- Who has any assets (including Financial Interest in an entity) located outside India.
- Who has signing authority in any account outside India
- Who has any income to be apportioned in accordance with provisions of Section 5A
- Who has any of the following income:
 - a) Income from Business or Profession
 - b) Income from Business or Profession Capital Gains or Loss
 - c) Income from Business or Profession Income taxable under the head 'Other sources' which is taxable at special rate
 - d) Income from Business or Profession Dividend income exceeding Rs. 10 lakhs taxable under Section 115BBDA
 - e) Income from Business or Profession Unexplained income (i.e., cash credit, unexplained investment, etc.) taxable at 60% under section 115BBE
 - f) Income from Business or Profession Agricultural Income exceeding Rs. 5,000

- g) Income from Business or Profession Income from any source outside India
- h) Income from Business or Profession Income from speculative business and other special incomes.
- i) Income from Business or Profession Income from agency business or commission or brokerage

In case the assessee keeps and maintains all books of accounts and other documents referred to in section 44AA, and also gets his accounts audited and obtains an audit report as per section 44AB, filling up the Form ITR-4 (Sugam) is not mandatory. In such a case, other regular return forms viz. ITR-3 or ITR-5, as applicable, should be used.

Who can use ITR – 5?

Form ITR – 5 can be used by a person being a firm, LLP, AOP, BOI, Artificial Juridical Person (AJP) referred to in section 2(31)(vii), local authority referred to in section 2(31)(vi), representative assessee referred to in section 160(1)(iii) or (iv), cooperative society, society registered under Societies Registration Act, 1860 or under any other law of any State, trust other than trusts eligible to file Form ITR-7, estate of deceased person, estate of an insolvent, business trust referred to in section 139(4E) and investments fund referred to in section 139(4F).

Who cannot use 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 party, institutions, colleges).

Who can use ITR – 6?

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

Who cannot use ITR – 6?

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

Who can use 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 party, institutions, colleges).

Who cannot use 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 party, institutions, colleges).

How to file the return of income electronically?

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

Step by step procedure to file Income-tax return online-<https://www.incometaxindia.gov.in/Pages/tax-services/file-income-tax-return.aspx>

What is e-filing utility provided by the Income-tax Department?

The Income-tax Department has provided free e-filing utility (i.e., Java & excel) to generate e-return and furnishing of return electronically. The e-filing utility provided by 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 returns of income. Utility can be downloaded from www.incometaxindiaefiling.gov.in

Is there any e-filing help desk established by the Income-tax Department?

In case of queries on e-filing of return, the taxpayer can contact 1800 180 1961.

What is the difference between e-filing and e-payment?

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

Will I be put to any disadvantage by filing my return?

No, on the contrary by not filing your return inspite of having taxable income, you will be liable to the penalty and prosecution provisions under the Income-tax Act.

What are the benefits of filing my return of income?

Filing of return is your duty and earns for you the dignity of consciously contributing to the development of the nation. Apart from this, your income-tax returns validate your credit worthiness before financial institutions and make it possible for you to access many financial benefits such as bank credits, etc.

What are the 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.

Is it necessary to file return of income when I do not have any positive income?

If you have sustained a loss in the financial year, which you propose to carry forward to the subsequent year for adjustment against subsequent year(s) positive income, you must make a claim of loss by filing your return before the due date.

What are the due dates for filing returns of income/loss?

Due date of filing of return of income

Any company other than a company who is required to furnish a report in Form No. 3CEB under section 92E (i.e. other than covered in 2 below) - September 30 of the assessment year

Any person (may be corporate/non-corporate) who is required to furnish a report in Form No. 3CEB under section 92E - November 30 of the assessment year

Any person (other than a company) whose accounts are to be audited under the Income-tax Law or under any other law - September 30 of the assessment year

A working partner of a firm whose accounts are required to be audited under this Act or under any other law - September 30 of the assessment year

Any other assessee (See Note) - July 31 of the assessment year

Note : The due date for e-filing of tax-return had been extended to August 31, 2019 for the Assessment Year 2019-20 vide Order No. F. No. 225/157/2019-ITA.II], dated 23/07/2019

Will I be penalized on late filing of ITR even if I am not liable to file it?

No, late filing fee under section 234F not leviable in case you are not required to file ITR as per section 139 but filing it voluntary though after the due date.

If I fail to furnish my return within the due date, will I be fined or penalized?

Yes, if a person who is required to furnish a return of income under section 139 and fails to do so within time prescribed in sub-section (1) , you will have to pay interest on tax due. W.e.f. assessment year 2018-19, fee as per section 234F is required to be paid if return is furnished after due date. Fee for default in furnishing return of income will be as follows:

Rs. 5000 if return is furnished on or before the 31st day of December of the assessment year;

Rs. 10,000 in any other case

However, late filing fee shall not exceed Rs. 1000 if the total income of an assessee does not exceed Rs. 5 lakh.

Can a return be filed after the due date?

Return of income which has not been furnished on or before the due date specified under section 139(1) is called belated return. Belated return of income is furnished under section 139(4).

Any person who has not furnished a return of income within the time period allowed under section 139(1) or within the time period allowed under a notice issued under section 142(1), may furnish return for any previous year - at any time before the end of the relevant assessment year or before completion of the assessment, whichever is earlier.

However, a belated return attracts late filing fees under section 234F.

As per section 234F, late filing fees of Rs.5,000 shall be payable if return furnished after due date specified under section 139(1) but before 31st December of the assessment year. In other cases, late filing fees of Rs. 10,000 is payable. However amount of late filing fees to be paid cannot exceed Rs.1,000, if the total income of the person does not exceed Rs.5 lakhs.

If I have paid excess tax how will it be refunded to me?

The excess tax can be claimed as refund by filing your Income-tax return. It will be refunded to you by crediting it in your bank account through ECS transfer. The department has been making efforts to settle refund claims at the earliest.

If I have committed any mistake in my original return, am I permitted to file a revised return to correct the mistake?

A return of income can be revised at any time during the assessment year or before the assessment made whichever is earlier.

If original return has filed in paper format or manually, then technically it cannot be revised by online mode or electronically.

How many times can I revise the return?

If a person after furnishing the return finds any mistake, omission or any wrong statement, then return should be revised within prescribed time limit.

A return can be revised before the end of the Assessment Year or before the completion of the assessment; whichever is earlier.

If original return has filed in paper format or manually, then technically it cannot be revised by online mode or electronically.

Revised return can be filed online under Section 139(5).

Am I required to keep a copy of the return filed as proof and for how long?

Yes, since legal proceedings under the Income-tax Act can be initiated up to four or six years (as the case may be) prior to the current financial year, you must maintain such documents at least for this period. However, in certain cases the proceedings can be initiated even after 6 years, hence, it is advised to preserve the copy of return as long as possible. Further, after introduction of the e-filing facility, it is very easy and simple to maintain the copy of return of income.

There are various deductions that are not reflected in the Form 16 issued by my employer. Can I claim them in my return?

Yes, it can be claimed if you are otherwise eligible to claim the same.

Why is return filing mandatory, even though all my taxes and interests have been paid and there is no refund due to me?

Amounts paid as advance tax and withheld in the form of TDS or collected in the form of TCS will take the character of your tax due only on completion of self-assessment of your income. This self-assessment is intimated to the Department by way of filing of the return of income. Only then the Government assumes rights over the taxes paid by you. Filing of return is critical for this process and, hence, has been made mandatory. Failure will attract levy of penalty.

Am I liable for any criminal prosecution [arrest/imprisonment, etc.] if I don't file my Income-tax return, even though my income is taxable?

Non-payment of tax attracts interests, penalty and prosecution. The prosecution can lead to rigorous imprisonment from 3 months to 2 years (when the tax sought to be evaded exceeds Rs. 25,00,000 the punishment could be 6 months to 7 years).

What is 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.

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 his account 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.

What to do if discrepancies appear 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.

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.

If discrepancy is due to deductor , then he may file TDS/TCS correction statement and correct the same.

What precautions should be taken while filing the return of income?

The followings are the important steps/points/precautions to be kept in mind while filing the return of income:

1) 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):

a. Losses cannot be carried forward.

b. Levy of interest under section 234A.

c. Late filing fees under section 234F is levied for return filed from A.Y 2018-19 onwards. Late filing fee of Rs. 5,000 shall be payable if return furnished after due date but before 31st December of the assessment year. In other cases, late filing fees of Rs. 10,000 is payable. However amount of late filing fees to be paid cannot exceed Rs. 1,000, if total income does not exceed Rs. 5 Lakh.

d. Exemptions under section 10A, section 10B, are not available.

e. Deduction under 80-IA, 80-IAB, 80-IB, 80-IC , 80-ID and 80-IE, are not available.

f. Deduction under 80IAC, 80IBA, 80JJA, 80JJAA, 80LA, 80P, 80PA, 80QQB and 80RRB are not available.
(From A.Y 2018-19)

2) 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.

3) 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.

4) 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.

5) Ensure that other details like PAN, address, e-mail address, bank account details, etc., are correct.

6) 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 and without electronic verification code do not forget to post the acknowledgement of filing the return of income at CPC Bangalore within 120 days of filing return of income.