

What is Income Tax Return?

Income Tax Return is a proof that you have paid your income tax. It contains details about your annual income and the amount of tax you have paid. Every year, Indian citizens who earn taxable income have to file Income Tax Return (ITR). Filing ITR will help you in getting a refund in case you pay more tax than what you are required to pay. If you fail to file your ITR, you might have to pay penalty or face legal consequences.

Income Tax Return (ITR)

Due Date 2018-19 :

The due date for filing ITR for 2018-2019 for Individuals/Body of Individuals (BOI)/Hindu Undivided Family (HUF) /Association of Persons (AOP) is 31st July, 2018. Individuals whose accounts need to be audited must file their IT Returns by 30 Sep 2018. Individuals who are required to provide a report as has been referred to in section 92E, must file their returns by 30th Nov 2018.

Income Tax :

Income Tax is a kind of tax that is imposed by the government directly on the annual income of an individual. Income tax is imposed on both earned and unearned income. Earned income includes salary, wage, etc., and unearned income includes interest, rent, etc. Every Indian citizen who earn an income have to pay income tax at the end of the financial year. The interest rate varies depending on the income tax slab.

Income Tax Slab

(Declared in the Budget for Financial Year 2018 – 2019) :

For Individuals and HUF (Age - Below 60 years) :

Income Tax Slab	Tax Rate
Up to Rs.2,50,000	NIL
Above Rs.2,50,000 and up to Rs.5,00,000	5%
Above Rs.5,00,000 and up to Rs.10,00,000	20%
Above Rs.10,00,000	30%

*10% of tax will be taken as surcharge if total income is between Rs.50 Lakhs and Rs.1 crore.

*15% of tax will be taken paid as surcharge if total income is above Rs.1 crore.

For Individuals and HUF (Age - 60 years and above, but below 80 years) :

Income Tax Slab	Tax Rate
Up to Rs.3,00,000	NIL
Above Rs.3,00,000 and up to Rs.5,00,000	5%
Above Rs.5,00,000 and up to Rs.10,00,000	20%
Above Rs.10,00,000	30%

*10% of tax will be taken as surcharge if total income is between Rs.50 Lakhs and Rs.1 crore.

*15% of tax will be taken as surcharge if total income is above Rs.1 crore.

For Super Senior Citizens (Age - 80 years and above) :

Income Tax Slab	Tax Rate
Up to Rs.5,00,000	NIL
Above Rs.5,00,000 and up to Rs.10,00,000	20%
Above Rs.10,00,000	30%

*10% of tax will be taken as surcharge if total income is between Rs.50 Lakhs and Rs.1 crore.

*15% of tax will be taken as surcharge if total income is above Rs.1 crore.

Income Tax Slab (2016 – 2017) :

For Individuals and HUF (Age - Below 60 years) :

Income Tax Slab	Tax Rate
Up to Rs.2,50,000	NIL
Above Rs.2,50,000 and up to Rs.5,00,000	10% of the amount exceeding Rs.2,50,000
Above Rs.5,00,000 and up to Rs.10,00,000	20% of the amount exceeding Rs.5,00,000
Above Rs.10,00,000	30% of the amount exceeding Rs.10,00,000

*12% surcharge has to be paid if total income is more than Rs.1 crore.

For Senior Citizens (Age - 60 years and above, but below 80 years) :

Income Tax Slab	Tax Rate
Up to Rs.3,00,000	NIL
Above Rs.3,00,000 and up to Rs.5,00,000	10%
Above Rs.5,00,000 and up to Rs.10,00,000	20%
Above Rs.10,00,000	30%

*12% surcharge has to be paid if total income is more than Rs.1 crore.

For Super Senior Citizens (Age - 80 years and above) :

Income Tax Slab	Tax Rate
Up to Rs.5,00,000	NIL
Above Rs.5,00,000 and up to Rs.10,00,000	20%
Above Rs.10,00,000	30%

*12% surcharge has to be paid if total income is more than Rs.1 crore.

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What is a Return of Income?

A return of income is a defined form which can list out the particulars of income and the taxes paid on the same by an individual, firm or organisation in a financial year. This in turn can be presented to the Income Tax Department. There are differing forms for incomes of different status and nature and they are readily available on the online portal of the Income Tax Department of India.

There are currently nine different forms available for filing of income tax returns. They go from ITR-1 to ITR-7 and also include the ITR-4S and ITR-V.

Income Tax Return Online

Filing an Income Tax Return - Is it Necessary?

Currently (as of 2018), is mandatory for one to file income tax returns in India if the following conditions are applicable -

- If the gross total annual income (before deductions under 80C to 80U) is Rs. 2,50,000 (for ages less than 60 years), Rs. 3,00,000 (for ages 60 years but less than 80 years) and Rs. 5,00,000 (for ages 80 years and above)
- If it's a company or firm, irrespective of the profit or loss made in a financial year
- If a tax refund needs to be claimed
- If a loss under a head of income needs to be carried forward
- If being a resident of India, one has an asset or financial interest in any entity located outside India
- If being a resident of India, one is a signing authority in a foreign account
- If one receives income derived from property held under a trust for charitable or religious purposes or a political party or a research association, news agency, educational or medical institution, trade union, a not for profit university or educational institution, a hospital, infrastructure debt fund, any authority, body or trust
- If one is applying for a loan or a visa

If an NRI derives any or all of his/her income through sources in India, that income is liable to be taxable in India, and income tax returns for the same will be necessary.

With the implementation of e-filing of Income Tax Returns, the following cases will require an e-filing of Income Tax:

- In case a refund is required
- In case the gross total annual income exceeds Rs. 5,00,000
- In case an income tax refund is required
- ITR-3, 4,5,6,7 have to be mandatorily e-filed

Income Tax Returns - Explanation on the Forms:

The various forms that are available for the purpose of income tax returns have the following functionality -

Form Name	Brief
ITR-1	Otherwise known as SAHAJ, deals with income of an individual with salary or pension or income from one house property or other sources (not including lotteries or race horses)
ITR-2	Applicable for individuals or Hindu Undivided Families having any income other than 'Profits and gains of business or profession'
ITR-3	Applicable for individuals or Hindu Undivided Families having income sources from 'Profits and gains of business or profession'
ITR-4S	Known as SUGAM, it is applicable to individuals and HUFs opting for presumptive taxation scheme under Section 44AD/44AE
ITR-4	Applicable for an individual or a HUF carrying out a proprietary business or profession For entities being a firm, LLP, AOP, BOI, artificial juridical person, co-operative society and local authority. This, however, does not include trusts, political parties, institutions, colleges or entities who are required to file the return of income under Section 139(4A), 139 (4B), 139(4C) or 139(4B)
ITR-5	
ITR-6	Applicable to companies other than the ones which claim a deduction under section 11
ITR-7	Applicable to all entities who should furnish a return of income under Section 139(4A), 139 (4B), 139(4C) or 139(4B)
ITR-V	The acknowledgement form of filing a return of income

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How to File Income Tax Return Online? - E-filing of Income Tax Returns

Further to the different forms available for filing tax returns, there are a few things that become a prerequisite to filing for an income tax return online. They are -

- Bank statements
- Form 16
- Copy of the previous year's return

Having the documents ready, the following steps need to be observed to allow for a smooth filing of income tax return online. The URL that needs to be followed is [e-Filing](#)

The steps further to that are -

1. Registration - The Permanent Account Number (PAN) is the user ID
2. Tax Credit Statement (Form 26AS) - This needs to be checked for the previous financial year. This will list all the taxes deducted that are actually deposited with the Income Tax Department.
3. The Tax Deducted at Source (TDS) of the Form 16 should tally with the ones in Form 26AS
4. Tax Return for the current year - Under the 'Download' menu, click on Income Tax Return Forms and choose the current financial year. The appropriate ITR form should be downloaded. There is an option to complete the process on the portal itself, through the 'Quick e-file ITR' link
5. Return Preparation Software - It is a spreadsheet that can be used through Microsoft Office, Open Office or other online spreadsheet applications and it should be filled in using the details from Form 16
6. Find out the tax payable by clicking the 'Calculate Tax' tab. If applicable, pay the tax and fill in the details of the challan in the tax return
7. Confirm all the information through the 'Validate' tab
8. Generate an 'XML file' and save it on your local disk on the computer
9. Upload Return - After selecting the current financial year in the 'Upload Return' link on the portal's left hand navigation area, select the XML file that had been saved earlier. There might be an option to digitally sign the file. In case you have a digital signature, choose 'Yes' else 'No'
10. ITR - V - If the process of filing has been completed successfully, the website will flash an appropriate message and you will be able to download the acknowledgement form, the ITR-V
11. A printed copy of the ITR-V needs to be signed by you and sent to the Income Tax Department office nearest to you through normal or Speed Post within 120 days of filing the return

Apart from the official site operated by the Government of India, there are many private portals that allow filing of returns and charge a specific fee depending upon the service level they offer.

Benefits of Filing Income Tax Return Online

Though it might be a tedious process to keep a track of every nifty detail needed in order to file the proper details for the Income Tax Return, it actually helps a lot when it is done in the earnest and ahead of time, preferably, online -

1. Online filing of returns ends by July 31 or every financial year, and being a month or two in advance in filing the income tax returns actually ensures one encounters lesser traffic and the entire process goes much smoother.
2. In case one has missed filing tax returns for the previous year, every additional day till July 31 increases the penal interest. Thus, filing a tax return in advance is very advisable.
3. Creating a favourable financial history - Online filing of the income tax returns actually creates a history of your financial records with the tax department in a much faster and easier way. This history is favoured by a lot of organisations, be it financial or otherwise, whom you might have a business relationship with in the future.
4. Proof of financial record - Having an ITR-V form is always handy, since one can readily furnish the same as a proof for any kind of financial liability or opening a line of credit.

How to e-File ITR offline?

To e-File ITR offline for 2018-2019, you have to

- Visit the website of the Income Tax Department of India and choose the option for e-filing.
- On selecting this option, you will be directed to another website where you can select the ITR form that is applicable to you.
- For 2018-2019, the IT Department has two utilities and you can download any one of them. These utilities are Excel Utility and Java Utility.

If you choose Excel Utility, then:

- After downloading the utility, open the file and fill the form.
- Validate the information, calculate the tax and click on Generate XML.
- Save the form and upload it on the e-filing website of the IT Department.

Once you have uploaded the form and attached all the documents, click on submit.

If you download JAVA utility, then:

- After downloading the utility, open it and click on 'Prefill'.
- Enter User ID, Password, DOB/DOI and choose Prefill Address.
- Enter details, calculate the tax and save the XML file.
- Click on Submit.

You have to attach the following documents as well:

- Bank Statement.
- Copy of Previous Year's ITR.
- TDS Certificates.
- Deductions or Savings Certificates.
- Interest Statement displaying that you had received interest during the financial year.

- Balance Sheet, Profit and Loss Account Statement and other Audit Reports (if applicable).

This process is the same for all the ITR forms.

Income Tax Returns

FAQ'S

I am a self-employed professional. My income this year is below the minimum income tax slab, but it was higher in the previous 2 years and I had filed ITRs then. Do I have to file a return this year?

A) Ideally, if your income is below the minimum slab, you do not need to file your income tax return. But if you have been filing it previously, it would be better if you file a return this year declaring low income. This is because the Income Tax Department may construe your non-filing as a delay or non-compliance because of your past record of filing ITR. They might send you a notice. In case you do not want to file ITR, be prepared to reply to the income tax notice if it comes into your mail box.

If I have already paid advance taxes and have no dues or refunds, can I skip filing of income tax return?

A) No, you have to file your ITR especially if you have paid the taxes. It is not an optional activity. An ITR gives the government a complete record of how your income is distributed – assets, total income, tax liability, tax paid and refunds. This helps them monitor people for tax fraud of any kind. If you fail to file ITR, you are liable to pay penalty or face scrutiny and prosecution.

Is an ITR useful to me in daily life?

A) Of course, yes. You'll find a duly-filed ITR very useful as a proof of income when you have to apply for a bank loan, when you have to make accident claims in third party insurance, for immigration and visa, for appointment in judicial and class 1 jobs, for winning government tenders, for registration in professional panels, for seeking funding for a startup, etc.

How long do we need to wait to get income tax refund?

A) Refunds are disbursed only after your ITR is processed. This may take up to 1 year after you file your return. It is also possible that even if you are claiming refund, the taxman may have ascertained that you are not liable for a refund for various reasons such as a calculation error on your part. If you think your calculations are right and you have to get a refund, then you can write to the I-T Department again. Sometimes, you do not get a refund because of wrong PAN or bank account number on the ITR, or the cheque not reaching you because of wrong address or you not being at home when the postman reached. If you filed your ITR online, you can check the status of your refund through your Income Tax e-filing account.

Best Way to File Income Tax Return:

- There are multiple ways of filing Income Tax Return. You can file your ITR yourself or take the help of a chartered accountant. The easiest way is to file your tax online yourself. You can do so on the website of the Income Tax Department. All you have to do is fill the relevant columns on the ITR form and submit it. You can also choose to file your ITR using any third-party e-filing website as well. If you find it difficult to file your ITR yourself and need expert advice, then it is best to take the help of a chartered accountant.

Can I File Income Tax Return after Due Date?

- Yes, you can file your Income Tax Return after the due date. Due to unavoidable circumstances sometimes people are unable to file their ITR by the due date. In such cases, they have the option of filing a belated return under Section 139 (4) before the end of Assessment Year or before the Assessment is completed (whichever is earlier).

How to Check the Status of Income Tax Return?

- Once you file your Income Tax Return, you can check the status of Income Tax Refund on the website of the Income Tax Department of India. You can check the status after 10 days, starting from the date the refund is sent by entering your Permanent Account Number and selecting the Assessment Year.

Income Tax Return for Salaried Individuals:

- Individuals who earn income from salary and interest have to fill and submit ITR 1 (SAHAJ) form while filing their Income Tax Return.

Income Tax Return Notice:

- If you do not file your Income Tax Return in an Assessment Year, then you may receive a notice from the Income Tax (IT) Department. The IT Department keeps a track on financial transactions and activities of individuals who are identified as non-filers. If there is a discrepancy with the amount of tax that you have declared in your ITR, then you may receive a notice from the IT Department. You may also receive a notice if the department wants to review any documents related to the ITR that you have filed.

TAX