

COMMON PRECAUTIONS WHILE FILING INCOME TAX RETURN (ITR)

- 1. Liable to file ITR even if no tax dues:** It should be kept in mind that ITR has to be filed irrespective of the fact that due taxes have been paid by way of advance tax /TDS in the following cases:
- (a) If income exceeds basic exemption limit.
 - (b) If assessee is resident in India (other than not ordinarily resident) and he holds (as a beneficial owner or otherwise) any asset or financial interest in any entity located outside India or he has signing authority in any account located outside India and
 - (c) Is a beneficiary in any asset including financial interest in any entity located outside India

Any Person (may be individual or a person other than individual) who satisfied the above conditions, furnishing the return has become mandatory, irrespective of the fact whether the persons have taxable income or not.

- 2. Selecting the correct Form for ITR:** Income from all sources of income that are taxable and tax-exempt need to be reported using the correct ITR form applicable. Selection of appropriate ITR form based on the nature of income or the category to which the taxpayer belongs. If the ITR is filed using the wrong form, then the return will be termed as 'defective'. You will then have to file a revised return using the correct form.

ITR FORMS	Subject
ITR-1 (Sahaj)	For a resident or ordinary resident individual who has income from salary/family pension/one house property (not being brought forward loss or loss to be carried forward) / income from other sources (not being loss and nor being winning from lottery/income from race horses) and who has not claimed any deduction under section 57 (except standard deductions pertaining to family pension)
ITR-2	For an individual /HUF where the total income does not include income under the head business or Profession.
ITR-3	For an individual /HUF having income under the head business and profession.
ITR-4 (Sugam)	For an individual or a resident and ordinary resident HUF or a resident firm (not being LLP) deriving business income and such income is computed in accordance with special provisions referred to in sec 44AD, 44ADA or 44AE
ITR-5	For Firms, AOPs and BOI or any other Person (not being individual or HUF or company or to whom ITR-7 is applicable)
ITR-6	For companies other than companies claiming exemptions under section 11.
ITR-7	For persons including companies required to furnish return u/s 139(4A) / (4B)/ (4C) / 4(D)
ITR-V	Where the data of ITR in forms ITR-1, ITR-2, ITR-3, ITR-4 and ITR-5 transmitted electronically without digital signature.

3. **Furnishing Personal Information:** All required personal details viz name, address, e-mail id, phone number, PAN, date of birth, all bank account detail(s), IFSC code etc be filled accurately and should be matching with the details given in the PAN. All bank accounts held by taxpayer except dormant accounts are mandatorily required to be reported in the ITR. **One bank account for which PAN and Mail ID link to bank should be nominated for Refund**
4. **Clubbing of Income from previous employer:** If there is change of job during the Year, one need to report the salary income earned from previous employer(s) as well.
5. **Failure to declare Deemed Rent/Expected Rent:** Effective 1st April, 2019, two residential properties can be claimed as self-occupied. The other properties are taxable at actual realised rent/realisable municipal rates even if it is self-occupied or vacant.
6. **Interest and Repayment of Housing Loan:** Interest paid on loan taken for self-occupied house property is deductible from the Income u/s 24 up to Rs.2,00,000/-. Interest paid on loan taken for purchase of property which is let out is fully deductible from the Income from such property. Repayment of Principal on House loan is deductible under section 80C upto Rs. 1,50,000 including all other investment prescribed under section 80C.
7. **Reporting Income from Investment/ Deposits:** All income from deposits/investments such as interest income from fixed deposits (FDs), capital gains arising from sale of mutual funds or any other asset are required to reported.
Individuals generally forget to report interest earned from savings bank account, fixed deposits, recurring deposits, etc. under the head 'Income from other sources'.
Individuals are also required to report and pay tax, if any, on LTCG arising from the sale of equity shares and equity oriented mutual funds.
However, an individual (other than senior citizen) can claim exemption U/s 80TTA on interest received from saving account up to Rs 10,000/- in a year.
In case of senior citizen individual, the deduction allowed on interest received is Rs. 50,000/- in a year from saving account, FD & RD.
8. **Reporting of exempt income(s):** Income Tax Laws requires to report All income(s) including 'Exempted Income' like Interest on PPF (Public Provident Fund), dividends, long term capital gain, maturity proceeds of insurance policies etc.
"As per section 139(1) of the Income Tax Act, if the gross total income of an assessee exceeds the basic exemption limit, he/she has to file ITR for the relevant year. Exempt income usually doesn't form part of the gross total income; hence it would not be mandatory for the assessee to file the ITR. However, the income tax department may serve you a notice to check the nature of income and whether it is exempt or not as per provisions of the law."
9. **Clubbing of income(s):** Income of specified persons (i.e. minor children, spouse, etc.) is to be added in the taxpayer income in certain cases for calculating taxable income.
"As per the provisions of the Income Tax Act, an assessee is required to mandatorily club income in certain cases with his/her total income. If an assessee does not include the income to be clubbed in his/her ITR, the department may serve a notice to the assessee for

under reporting of income and the assessee would be liable to pay tax, interest and penalty on the same,"

Sections	Clubbing Provisions
60	Transfer of Income without Transfer of Assets
61	Revocable Transfer of Assets
64(1)(i)	Remuneration of Spouse
64(1)(iv)	Income from assets transferred to spouse
64(1)(vi)	Income from assets transferred to son 'wife
64(1)(vii)	Income from assets transferred to a person for the benefits of spouse
64(1)(viii)	Income from assets transferred to a person for the benefits of Son 'wife
64(1A)	Income of Minor Child
64(2)	Conversion of self acquired property into joint family property and subsequent partition

- 10. Reconcile TDS With Form 26AS and AIS/TIS statement:** Check Form 26AS before filing the ITR and match Incomes and tax paid to avoid any discrepancy, which may lead to less refund or more payable taxes.

Note: Income disclose in ITR may be higher than Form 26AS but should not less than income as specified in Form 26 AS.

AIS and TIS report from the income tax portal should be download and consider the incomes as specified in same to prepare Income Tax Return.

- 11. Paying Advance Tax/ Self-Assessment Tax:** Pay your taxes within due dates to avoid interests and penalties later. Ensure that the tax dues are cleared on or before 31st March of the financial year. Pay Advance Tax is mandatory where advance tax payable is 10,000 or more

Due dates of Payment of Advance tax	For any assessee	An assessee who declare his business/ professional income u/s 44AD(1) or 44ADA(1)
On or before June 15 of the previous year	Upto 15 % of advance tax Payable	-
On or before September 15 of the previous year	Upto 45 % of advance tax Payable	-
On or before December 15 of the previous year	Upto 75 % of advance tax Payable	-
On or before March 15 of the previous year	Upto 100 % of advance tax Payable	Upto 100 % of advance tax Payable

12. **Dispatch ITR V or E-Verify return on Time:** After e-filing of ITR, please-verify your ITR-V via Net banking, Aadhaar Card or through the EVC process on your mobile number and email, because the IT department will start processing your returns only after the verification. If you are unable to e-verify your return, sign and send the ITR-V to the CPC via ordinary or speed post only within 120 days from the date of e-filing of tax return.
The central board of Direct taxes (CBDT) has reduced the time limit for verification of Income tax Return to 30 days from 120 days earlier. The reduce time limit of 30 days applies to ITRs filed on after 01, August 2022
13. **Claiming deductions under Section 80C to 80U:** All deductions must be claimed under correct heads to avoid their rejection and consequent arising of tax liability.
14. **Quoting the Wrong Assessment Year:** Make sure to provide the correct AY. ForexampleFY 2022-23 the correct corresponding AY is 2023-24.
15. **Filing of ITR within Due Date:** Starting from April 1, 2018, a Late filling penalty (u/s 234F) of Rs. 5000 is imposed if the return is filled after the due Date but before December 31 of that assessment year and Rs. 10,000 after December 31. However, as relief to small Taxpayers, not having income more than Rs. 5 Lakhs, the maximum penalty levied will be Rs. 1000. A penalty of Rs. 5000 may be imposed u/s 271F if belated return is submitted after the end of assessment year. **If Return of loss is submitted after due date a few losses cannot be carried forward.**