

INCOME TAX RETURN
CHECKLIST



Income Tax Return (ITR) is a form which a person is supposed to submit to the Income Tax Department of India. It contains information about the person's income and the taxes to be paid on it during the year. Information filed in ITR should pertain to a particular financial year, i.e. starting on 1st April and ending on 31st March of the next year.

Income can be of various forms such as :

Income from salary

Profits and gains from business and profession

Income from house property

Income from capital gains

Income from other sources such as dividend, interest on deposits, royalty income, winning on lottery, etc.

Types of ITR Forms

There are nine different types of ITR forms which you can use during ITR filing. According to the Central Board of Direct Taxes in India, you must use the relevant form to file your income tax. Here is a brief about the forms:

ITR 1 or Sahaj

ITR 1 or Sahaj is a form for those individuals who have income of up to Rs. 50 lakh from pension, salary, income from other sources and one house property. However, all salaried persons can not use this form to file taxes.

ITR 2

This form can be used by resident individuals or Hindu Undivided Families (HUF) who cannot file the ITR 1 or Sahaj form. However, if your income comes from a business or profession, then you cannot use ITR-2.

ITR 2A

This is a newly launched ITR form created for HUFs and individuals who own more than one house property without any capital gains income and have salary income. If you have long-term capital gains and you have paid Securities Transaction Tax, this form is for you.

ITR 3

This form is for individuals or HUFs having income from proprietary business or profession. In short, Hindu Undivided Families or individuals who are ineligible for ITR 1, ITR 2, and ITR 4, can file ITR 3. Anyone receiving interest, bonus, salary or commission from a partnership firm as business income must also file ITR 3.

ITR-4 or Sugam

ITR 4 or Sugam is for all types of professions, businesses, HUFs and undertakings. You can file ITR-4 if your total income includes business or professional income u/s 44AD, 44ADA or 44AE, income from one house property, salary income, and income from other sources. However, you can not file this form if your income is more than Rs. 50 lakh in a financial year.

ITR-4S

ITR-5 is for LLPs (Limited Liability Partnerships), firms, business trusts, Artificial Juridical Persons (AJP), Estate of deceased, BOIs (Body of Individuals), AOPs (Association of Persons), estates of insolvents and investment funds.

ITR 5

Co-operative societies, firms, Artificial Juridical Persons, Associations of Persons, local authorities, and Bodies of Individuals are eligible to file their income taxes with this form.

ITR 6

This form can be filed by any company only through online mode. Firms and organisations can use this form only if they are not claiming tax exemption under Section 11.

ITR 7

This form can be used only by political parties, religious or charitable trusts, colleges, universities, etc. to claim tax exemption.

Is it mandatory to file Income Tax Return?

As per the tax laws laid down in India, it is compulsory to file your income tax returns if your income is more than the basic exemption limit. The income tax rate is pre-decided for taxpayers. A delay in filing returns will not only attract late filing fees but also hamper your chances of getting a loan or a visa for travel purposes.

Who should file Income Tax Returns?

According to the Income Tax Act, income tax has to be paid only by individuals or businesses who fall within certain income brackets. Mentioned below are entities or businesses that are required to compulsorily file their ITRs in India:

- All individuals, up to the age of 59, whose total income for a financial year exceeds Rs 2.5 lakh. For senior citizens (aged 60-79), the limit increases to Rs. 3 lakh and for super senior citizens (aged 80 and above) the limit is Rs. 5 lakhs. When using an income tax calculator, remember to input your gross income before applying deductions under Sections 80C to 80U and exemptions under Section 10. This ensures accurate tax calculations based on your total earnings.
- All registered companies that generate income, regardless of whether they've made any profit or not through the year.
- Those who wish to claim a refund on the excess tax deducted/income tax they've paid.
- Individuals who have assets or financial interest entities that are located outside India.
- Foreign companies that enjoy treaty benefits on transactions made in India.
- NRIs who earn or accrue more than Rs. 2.5 lakh in India in a single financial year.

What are the Advantages of filing Income tax return?

1. Prompt processing

The acknowledgment of Income Tax Return (ITR) is quick. More importantly, refunds, if any, are processed faster than paper-filed returns.

2. Better accuracy

E-filing software with built-in validations and electronic connectivity is seamless and minimizes errors considerably. Paper-filings can be prone to errors. Also, when any paper-based form is migrated to the electronic system, there is a possibility of human error in data entry.

3. Convenience

No time and place constraint in filing returns online. E-filing facility is available 24/7 and you can file anytime, anywhere at your convenience.

4. Confidentiality

Better security than paper filings since your data is not accessible to anyone either by design or by chance. With paper filings details of your income can fall in the wrong hands at your chartered accountant's office or in the income tax slab rates Department's office.

5. Accessibility to past data

You can easily access past data while filing returns. Most e-filing applications store data in a secure manner and allow for easy access at the time of filing subsequent returns.

6. Proof of receipt

You get prompt confirmation of filing, both at time of filing and subsequently, via email on your registered email id

7. Ease of use

E-filing is friendly and the detailed instructions make it easy even for individuals not very conversant with the internet

FAQs

Q: Is it possible to file Income Tax Returns after the due date?

A. Yes. You can file your Income Tax Return after the due date. However, it will be considered under belated tax filing and you have to pay an additional amount as a penalty ranging between Rs. 1,000 to Rs. 10,000.

Q: Why do we need to file income tax returns?

A. Income tax is the main earning source for the government of a country. This amount is used to pay salaries, funding of government projects, defence, etc.

Q: Is it mandatory to file Income Tax Returns (ITR)?

A. Yes. It is mandatory to file the ITR if your income profile falls under any taxable income slab according to the Income Tax Act.

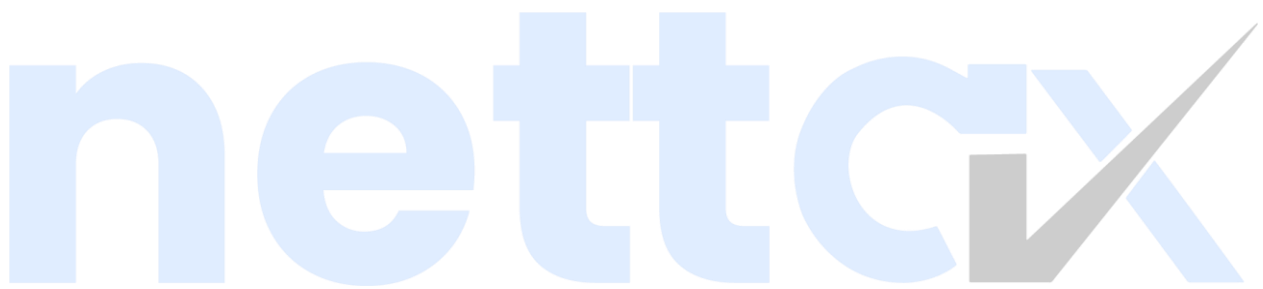
Q: What is the minimum salary liable to income tax?

A. For all HUFs and individuals (aged under 60) the minimum annual salary is Rs. 2.5 lakh or more to pay income tax under the old regime. For senior citizens, the amount is Rs. 3 lakh in a financial year.

Q: Is it possible to file IT returns without Form 16?

A. Yes. It is possible to file IT Returns without Form 16. In that case, you have to use alternative documents like– Form 26AS, payslips, and investment records.

**Good Luck
For Your Business**



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