



FILING THE RETURN OF INCOME

The taxpayer has to communicate the details of his taxable income/loss to the Income-tax Department. These details are communicated to the Income-tax Department in the form of return of income. In this part you can gain knowledge about various provisions and procedure relating to furnishing (i.e. filing) the return of income. The provisions discussed in this part are applicable for furnishing the return of income for the assessment year 2019-20, i.e., financial year 2018-19.

Forms of return prescribed under the Income-tax Law

Under the Income-tax Law, different forms of return of income are prescribed for different classes of taxpayers. The return forms are known as ITR forms (Income-tax Return Forms).

The following table gives a brief overview of the return forms and is not an exhaustive discussion on the return forms. For more provisions of applicability/non-applicability of the ITR Forms, the readers should go through the discussion on each ITR Form covered in this topic in later part.

Forms of return prescribed under the Income-tax Law for the assessment year 2019-20

However, ITR-4 can only be used by a person who is ordinarily resident in India and whose total income does not exceed Rs. 50 Lakh.

<i>Return Form</i>	<i>Brief Description</i>
ITR – 1	Also known as SAHAJ is applicable to a ordinarily Resident individual having salary or pension income or income from one house property (not a case of brought forward loss or loss to be carried forward) or income from other sources (not being lottery winnings and income from race horses and in come chargeable to tax at special rates). However, an individual who is a director in a company or has held equity shares of an unlisted company shall not be eligible to use ITR -1.
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



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	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), co-operative society, local authority Private Discretionary Trust, Society registered under Society Registration Act, 1860, trust other than trusts eligible to file ITR 7, estate of deceased person, estate of an insolvent, business trust and investment fund. 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>i.e.</i> , 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>i.e.</i> , trusts, political parties, institutions, colleges.).
ITR – V	It is the acknowledgement of filing the return of income.

Modes of filing the return of income

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

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- (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.

Mode of filing of return

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:—



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TABLE

Sl.	Person	Condition	Manner of furnishing return of income
(i)	(ii)	(iii)	(iv)
1	<i>Individual or Hindu undivided family</i>	(a) <i>Accounts are required to be audited under section 44AB of the Act</i>	<i>Electronically under digital signature;</i>
		(b) <i>A super senior citizen (whose age is 80 years or above at any time during the previous year) who furnishes a return either in ITR-3 or ITR-4</i>	(A) <i>Electronically under digital signature; or</i> (B) <i>Transmitting the data electronically in the return under electronic verification code; or</i> (C) <i>Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V; or</i> (D) <i>Paper form;</i>
		(c) <i>In any other case</i>	(A) <i>Electronically under digital signature; or</i> (B) <i>Transmitting the data electronically in the return under electronic verification code; or</i> (C) <i>Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;]</i>
2	<i>Company</i>	<i>In all cases.</i>	<i>Electronically under digital signature.</i>



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3	<i>A person required to furnish the return in Form ITR-7</i>	<i>(a) In case of a political party; (b) In any other case</i>	<i>Electronically under digital signature; (A) Electronically under digital signature; or (B) Transmitting the data in the return electronically 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.</i>
4	<i>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</i>	<i>(a) Accounts are required to be audited under section 44AB of the Act; (b) In any other case.</i>	<i>Electronically under digital signature; (A) Electronically under digital signature; or (B) Transmitting the data in the return electronically 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</i>



No documents to be attached 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)(via), 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.

Applicability of ITR – 1 (SAHAJ)

Return Form ITR – 1 (SAHAJ) can be used by a ordinarily resident 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 loss to be carried forward; or)
- (3) Income from other sources (excluding winnings from lottery, income from race horses and income chargeable to tax at special rates).

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.

Non-applicability of ITR – 1 (SAHAJ)

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

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



10. Who wants to claim relief under Section 90 or 91
11. Who wants to claim credit of tax deducted at source in the hands of any other person.
12. Who has any assets (including Financial Interest in an entity) located outside India.
13. Who has signing authority in any account outside India
14. Who has any income to be apportioned in accordance with provisions of Section 5A
15. 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

Applicability of ITR – 2

This Return Form is to be used by an individual or an Hindu Undivided Family who is not having income chargeable to income-tax under the head “Profits or gains of business or profession”.

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 if income to be clubbed falls in any of the above categories.

Non-applicability of ITR – 2

Return Form ITR – 2 cannot be used by an individual or an Hindu Undivided Family whose total income for the year includes income from Business or Profession or he wants to claim deduction under section 10AA or part-c of chapter VI-A

Applicability of ITR – 3

Form ITR – 3 can be used by an individual or a Hindu Undivided Family who is having income under the head business or profession.

Non-applicability of 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.



Applicability of ITR – 4 (SUGAM)

Form ITR – 4 (SUGAM) can be used by an individual/HUF/Firm 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 computed as per the provisions of section 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 losses to be carried forward); or
- e) Income from other sources (excluding winnings from lottery and income from race horses).

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.

Non-applicability of ITR – 4 (SUGAM)

Form ITR – 4 (SUGAM) cannot be used by a person:

1. Who is a Non-resident or Not Ordinarily Resident
2. Who is a Director of a company
3. Whose total income exceeds Rs. 50 lakhs
4. Who has income from more than one House Property
5. Who has held unlisted equity shares at any time during the previous year
6. Who claims deduction under section 80QQB or 80RRB in respect of royalty from patent or books
7. Who claims deduction under section 10AA or Part-C of Chapter VI-A
8. Who has brought forward loss or losses to be carried forward under any head
9. Person claiming deduction under Section 57 from income taxable under the head 'Other Sources' (other than deduction allowed from family pension)
10. Who wants to claim relief under Sections 90 or 91
11. Who wants to claim credit of tax deducted at source in the hands of any other person.
12. Who has any assets (including Financial Interest in an entity) located outside India.
13. Who has signing authority in any account outside India
14. Who has any income to be apportioned in accordance with provisions of Section 5A
15. Who has any of the following income:
 - a) Income from Business or Profession



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- b) Capital Gains or Loss
- 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
- h) Income from speculative business and other special incomes.
- i) 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.

Applicability of 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).

Non-applicability of 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 parties, institutions, colleges, etc.).

Applicability of ITR – 6

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

Non-applicability of ITR – 6

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

Applicability of 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 parties, institutions, colleges, etc.).

Non-applicability of ITR – 7



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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 parties, institutions, colleges, etc.).

Source for obtaining the return forms

The return forms (ITR forms) can be downloaded from www.incometaxindia.gov.in

Procedure for e-filing the return of income

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

E-filing utility provided by the Income-tax Department

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

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.

E-filing help desk of Income-tax Department

In case of queries on e-filing the return, the taxpayer can contact 1800 1030025.

Difference between e-filing and e-payment

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

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 the account of the taxpayer 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.

Procedure to be followed in case of discrepancies 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.

Precautions to be taken while filing the return of income

Following is the list of few important steps/points/precautions to be kept in mind while filing the return of income:

- 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) cannot be carried forward.
 - Levy of interest under section 234A.
 - Levy of fee under section 234F*
 - Exemptions under sections 10A, 10B, are not available.
 - Deduction under Part-C of Chapter VI-A shall not be available.

* 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:

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





b) 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.

- 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.
- 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. 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.
- If any tax is payable as per the return of income, then the same should be paid before filing the return of income.
- Ensure that other details like PAN, address, e-mail address, bank account details, etc., are correct.
- 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 do not forget to post the acknowledgement of filing the return of income at CPC Bengaluru (as discussed earlier).

For details on e-filing please logon to :

www.incometaxindiaefiling.gov.in

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MCQ ON FILING THE RETURN OF INCOME

Q1. The return of income is to be furnished in _____

- (a) ITNS 281 (b) Form 26AS
(c) Form 26Q (d) ITR 1 – to 7 (as the case may be)

Correct answer : (d)

Justification of correct answer :

Under the Income-tax Law, different forms of return of income are prescribed for different classes of taxpayers. The return forms are known as ITR forms (Income-tax Return Forms). Thus, the return of income is to be furnished in ITR 1 – to 7 (as the case may be).

Thus, option (d) is the correct option.

Q2. _____ is the acknowledgement of filing the return of income.

- (a) ITR - 4 (b) ITR - V
(c) Form 26AS (d) Form 26QB

Correct answer : (b)

Justification of correct answer :

ITR – V is the acknowledgement of filing the return of income.

Thus, option (b) is the correct option.

Q3. The return of income can be filed with the Income-tax Department in electronic mode only.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

Return Forms 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;

Thus, the statement given in the question is false and hence, option (b) is the correct option.





Q4. A company can file its return electronically without digital signature.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

Every company shall furnish the return of income electronically under digital signature. In other words, for corporate taxpayer e-filing with digital signature is mandatory.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q5. A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under section 44AB shall furnish the return of income electronically under digital signature.

- (a) True (b) False

Correct answer : (a)

Justification of correct answer :

A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under section 44AB shall furnish the return of income electronically under digital signature. In other words, in such a case, e-filing with digital signature is mandatory.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q6. A resident and ordinarily resident individual/HUF having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with digital signature.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

A resident and ordinarily resident individual/HUF having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with or without digital signature or by using electronic verification code.

Thus, the statement given in the question is false and hence, option (b) is the correct option.





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Q7. A super senior citizen (i.e., an individual whose age is 80 years or more at any time during the previous year) can file return in paper form if he is filing_____.

- (a) ITR- 1
- (b) ITR- 2
- (c) ITR- 4
- (d) ITR 1 or ITR- 4

Correct answer: (d)

Justification of correct answer:

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 can file return in any of the following modes:-

- a) Electronically under digital signature
- b) Transmitting the data electronically in the return under electronic verification code
- c) Transmitting the data electronically in the return and thereafter submitting the verification of the return in Form ITR-V
- d) Paper form

Thus, option (d) is the correct option.

Q8. 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).

- (a) True
- (b) False

Correct answer : (a)

Justification of correct answer :

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.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q9. A partnership firm required to get its books of account audited shall file the return of income electronically with or without digital signature

- (a) True
- (b) False

Correct answer : (b)

Justification of correct answer :

A person who is required to file ITR - 5 shall file the same electronically with or without digital signature. However, a firm liable to get its accounts audited under section 44AB shall furnish the return electronically under digital signature.

Thus, the statement given in the question is true and hence, option (b) is the correct option.





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Q10. Where the return of income is electronically filed without digital signature and without using electronic verification code, then a 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 or courier to “Income-tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru–560100 (Karnataka).

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

Where the return of income is electronically filed without digital signature and without using electronic verification code, 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, Bangalore–560100 (Karnataka). The other copy may be retained by the taxpayer for his record.

It should be noted that aforesaid copy is to be mailed only through ordinary post or speed post and not by courier.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

