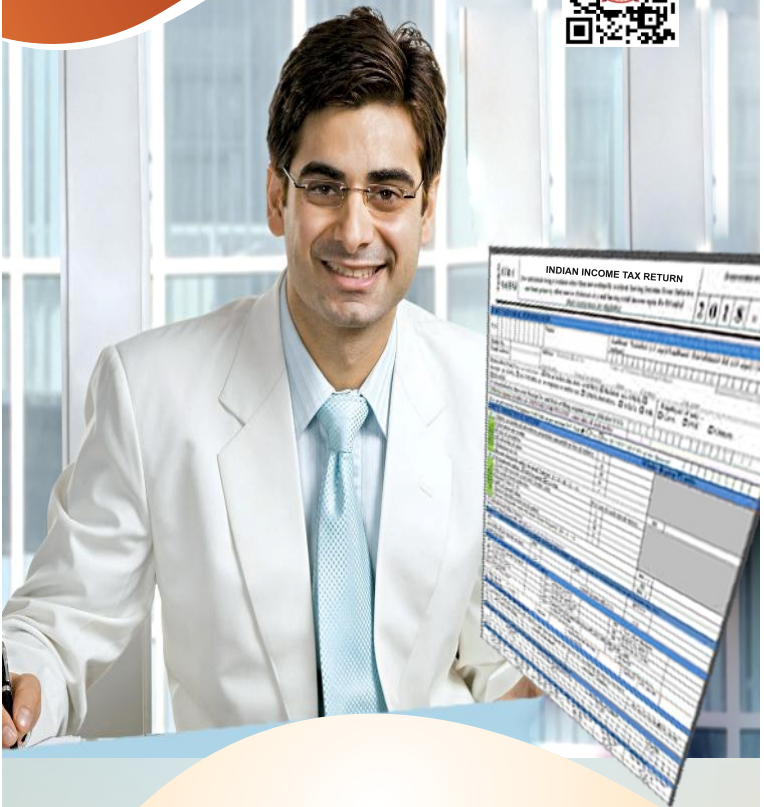


Filing your Income Tax Return- Benefits and Consequences



Income Tax Department

www.incometaxindia.gov.in

Filing of Income Tax Return (ITR) filing is mandatory in the following cases:

- (1) Being an individual, if the income exceeds the basic exemption limit, before claiming deductions under chapter VIA of Income Tax Act (which is called as Gross Income) in or for a financial year, then you are required to file Income Tax Return. The rule applies to Non Residents also, for their income which accrues or arises in India (ITR Form for Non Resident is ITR-2). Filing of Income Tax Return is mandatory irrespective of the fact whether tax has been Deducted/Collected at Source or not, so long as the income is above taxable limits.

The basic exemption limit varies in cases of various Individuals depending upon the age of person filing Income Tax Return. Currently i.e. for Assessment Year 2019-20 relevant to F.Y.2018-19, basic exemption limits are as follows:

Particulars of Individuals:	Amount (in Rupees)
For individuals of age below 60 years	2,50,000/-
Senior Citizens of age 60 years or more but below 80 years.	3,00,000/-
Senior Citizens of age 80 years or more.	5,00,000/-

Due dates for filing of Return:

Sl.	Dates	Particulars
1	31st July	Annual return of income for the assessment year 2019-20 if the assessee is not required to submit return of income on September 30th, 2019 or November 30th, 2019.
2	30th September	Annual return of income for the assessment year 2019-20 if the assessee is (a) corporate-assessee or (b) non-corporate assessee or (c) a trust, whose books of accounts are required to be audited or (d) working partner (of a firm whose accounts are required to be audited).
3	30th November	Annual return of income tax for the assessment year 2019-20 in the case of an assessee if he is required to submit a report under section 92E pertaining to international transaction(s).

2. If anyone wants to claim **Refund**.
3. If anyone wishes to **carry forward** any **Loss/es** under any head of income to the **next year**.
4. If anyone has an **Asset** or **Financial Interest** in an **Entity** located outside India. This point is applicable only to **Individuals** resident in India.
5. If anyone is a **Signing Authority** for **Foreign bank Account**. This point is applicable only to **Individuals** resident in India.
6. Every **Partnership Firm, Limited Liability of Partnership and Company**.
7. Every **Trust** (charitable/ religious/political/research association etc.) which derives income from the activities / property held by



trusts and the income of it exceeds the basic exemption limit, before claiming exemptions under S.11 and S.12 of the Income Tax Act.

8. Every Political Party, income of which exceeds the basic exemption limit, before claiming exemption under S.13A of the Income Tax Act.
9. Every research association, news agency, association or institution, fund, university, other educational institution, any hospital or other medical institution, trade union or body or authority or Board or Trust or Commission, infrastructure debt fund, Mutual Fund or securitisation trust or venture capital company or venture capital fund etc. incomes of which exceed the basic exemption limit, before claiming exemption under S.10 of the Income Tax Act.

E-Filing of Income Tax Returns is mandatory in the following cases:

Income Tax department accepts only online returns in the cases where-

- ♦ The gross total income of person exceeds Rs.5,00,000/-
- ♦ A person wishes to claim refund from the Department.
- ♦ Books of account are required to be audited u/s 44AB of the Income Tax Act.

Is there any benefit of filing return if income of any Individual or HUF does not exceed basic exemption limit i.e. Rs.2.5 lakhs?

If your Income doesn't exceed Rs. 2,50,000/- during the year, then **you are not legally bound** to file your Income Tax Return. However, the Income Tax Act does not prevent or restrict you from filing your Income Tax Return. It is advisable that even if **you are not legally bound** to file your Income Tax Return, you should file it, as filed Income Tax Return may be of use in following situations (illustrative only):

- ♦ **Accidental Claims:** In the cases involving accidental claim against insurance companies, the court may apply simple formula to arrive at the claim amount by multiplying the yearly income in ITR with years of expected life of deceased.
- ♦ **Proof of Income / Proof of Net Worth:** The best authentic document in support of claim of income level is the Income Tax Return of the person.
- ♦ **Eligibility in Loan Application:** Income Tax Returns of last three years are one of the basic documents required for loans.
- ♦ **Obtaining Visa:** Foreign embassies/consulates of many countries ask you to furnish last 3 years' Income Tax Returns or current year's Income Tax Return while applying for a visa.
- ♦ **For Startup Funding:** If you are looking to raise funds, keep in mind that many investors study Income Tax Returns to adjudge the business stability, profitability and other cost parameters in the business.
- ♦ **Protection against Suspicious Black Money:** Income Tax Return of every year substantiates the income which will not be at risk of being termed as black money, as any income not reported to Income Tax Department comes under the suspicion of black money.
- ♦ **Buying Insurance Policy with high life cover:** Some insurance companies always ask for Income Tax Return while providing high life cover to verify your annual income.
- ♦ **Obtaining Government Tender:** Very often, when government tender of high value is being awarded, furnishing Income Tax Return is a must to apply for it to justify the business credentials of a bidder especially.
- ♦ **Credit Card Application:** If anyone wants to have a high limit Credit Card then your Income Tax Return may help to get it.



Consequences of Not Filing of Income Tax Returns within Time:

- ♦ One cannot carry forward any of the losses incurred during the year to next year.

- ♦ **Fee for Late Filing of Income Tax Return for AY 2018-19:**

From A.Y.2018-19, a fee of Rs.5,000/- will be charged if an ITR is filed after the due date and up to 31 December of Assessment Year, and Rs.10,000/- if it is filed between 1 January to 31 March of such Assessment Year. This amount of late fee is required to be paid before filing the Income Tax Return.

If the total income of the person doesn't exceed Rs.5 lakhs, the maximum late fee is Rs.1,000/-.

- ♦ **Interest for Late Filing of Income Tax Return/non-filing of Income Tax Return:**

In case a person fails to file the return in time or fails to file return at all, then he is liable to pay interest as per provisions of Sec. 234A of Income tax Act @1% p.m. on the shortfall in tax payable.

Time limit for filing a Belated Tax Return

An Income tax return filed after the due date stipulated u/s.139(1) of the Income Tax Act but filed before 31st March of the relevant assessment year. For example, the belated ITR for A.Y. 2018-19 needs to be filed before 31 st March 2019.

(Besides penalties and disadvantages that when your return is not filed by the due date, the income tax department may send you a notice of inquiry to ask you to file the return online as per the date specified in the notice).

Best judgment assessment (Assessment under section 144):

The Income Tax Department may make a best judgment assessment in the following cases: –

1. If the taxpayer fails to file the return required, and
2. If the taxpayer fails to comply with the terms of a notice issued under section 142(1).

- ♦ **Reopening of case:**

If you are required to file ITR and you don't file it at all, Income Tax Department may send you a notice u/s.148 of the Act up to 6 years from the end the relevant assessment year to reopen your case for taxing your income for that assessment year which has escaped assessment.

- ♦ **Penalty:**

If you have taxable income and do not file the return of Income, you may end up paying penalty for under-reporting or misreporting of income. The penalty leviable may go upto 200% of the tax on the under reported/misreported income.

- ♦ **Prosecution for Failure to Furnish Return of Income:**

In case you fail to furnish the return of Income, you may receive notice of prosecution u/s 276CC from your assessing officer. Section 276CC provides for rigorous imprisonment for a term up to 7 years and fine.

DIRECTORATE OF INCOME TAX
(Public Relations, Publications & Publicity)
6th Floor, Mayur Bhawan, New Delhi

This brochure should not be construed as an exhaustive statement of the law. For details - reference should always be made to the relevant provisions in the Acts and the Rules.

