K.T.S.P.Mandal's

SAHEBRAOJI BUTTEPATIL MAHAVIDYALAYA

Rajgurunagar, Tal-Khed, Dist-Pune, 410505

Department of Commerce

T.Y.B.COM

SEM-VI

Subject
Income Tax

Chapter 4
E-Filling and E Provisions

Chapter 4th
E-Filling & E-Provisions

1) Tax deduction at source

Tax deduction at source (TDS) in India is a means of collecting tax on income, dividends or asset sales, by requiring the payer (or legal intermediary) to deduct tax due before paying the balance to the payee (and the tax to the revenue authority).

TDS is the amount of tax which is deducted by the employer or deductor of an assessee and is deposited to the Income Tax Department on behalf of him/her. The TDS rates are set on the basis of the age bracket and income of different individuals.

TDS or Tax Deducted at Source is a specific amount which reduced when a certain payment like salary, commission, rent, interest, professional fees, etc is made. The person who makes the payment deducts tax at source, and the person who receives a payment/income has the liability to pay tax. It lowers tax evasion because tax will be collected at the time of making a payment.

Tax Deducted at Source has to be deposited using Challan ITNS-281 on the government portal.

Under the Indian Income Tax Act of 1961, income tax must be deducted at source as per the provisions of the Income Tax Act, 1961. Any payment covered under these provisions shall be paid after deducting a prescribed percentage of income tax. It is managed by the [Central Board for Direct Taxes] (CBDT) and is part of the Department of Revenue managed by Indian Revenue Service. It has a great importance while conducting tax audits. Assese is also required to file quarterly return to CBDT. Returns states the TDS deducted & paid to government during the Quarter to which it relates.

Types of TDS

Here are some of the income sources that qualify for TDS:

- Salary
- Amount under LIC
- Bank Interest
- Brokerage or Commission
- Commission payments
- Compensation on acquiring immovable property
- Contractor payments
- Deemed Dividend
- Insurance Commission
- Interest apart from interest on securities
- Interest on securities
- Payment of rent
- Remuneration paid to director of the company, etc.
- Transfer of immovable property
- Winning from games like a crossword puzzle, card, lottery, etc.

Advantages of TDS

Some of the advantages of TDS are:

- It ensures that people do not evade payment of taxes.
- TDS acts as a steady source of revenue for the Government.
- It is much more convenient for the deductee as the tax amount payable is automatically deducted.
- The burden on Tax Collection Agencies to collect tax significantly reduces.

Rates of TDS

1. Salaries (Section 192): To be deducted for average rate of tax on estimated salary of the previous year.

2. Interest on securities (Section 193): 10%.

3. Interest other than interest on securities (Section 194 A):10%

4. Winning for lottery, crossword puzzle, card game, etc. (Section 194 B):30%

5. Winning from horse races (Section 194 BB):30%

6. Payment to resident contractor (Section 194 C):1% if the amount is paid or credited to an individual or HUF. 2% in any other case.

7. Insurance premium (Section 194 D): 5%

8. Payment for life insurance company if taxable (Section 194 DA): 1%

9. Payment of non-resident sportsmen or sport association (Section 194 E):20%

10. Payment in respect of deposits under national saving scheme, etc.(Section 194 EE):20%

11. Commission, etc. on sale of lottery tickets (Section 194 G): 5%

12. Commission or brokerage (Section 194 H): 5%

13. Rent (Section 194 - I

(a) Rent for plant, machinery or equipment- 2%.

(b) Rent for land, or building or furniture - 10%

14. Transfer of certain immovable properties (Other than agricultural land - 1%

15. Fees for professional technical services, etc. (Section 194 j): 10%.

16. Payment of compensation and acquisition of creation immovable property. (Section 194 LA):10%

17. Income from the way of infrastructural debt fund. (Section 194 LB):10%

18. TDS on distributed income payable by the business trust (Section 194 LBA): 10%. If the unit holder is resident and 5% in case, he is not resident.

19. Income by way of interest form Indian Company (Section 194 LC): 5%

20. Payment on interest on or after 1.6.2013 but before 1.6.2015 rupee dominated bond of an Indian Company or Government securities on rupee dominated bond of an Indian Company or Government securities. (Section 194 LD): 5%.

21. Payment to non-resident (Section 194): At rate in force.

2). Return of Income: According to section 139 (i),

(i) Every person being a company or a firm; or

(ii) Being a person other than a company or a firm; if his total income or the total income of any person in respect of which his assessable under this Act during the provisions year, exceeded the maximum amount which is not changeable to income tax, shall furnish return of income within the due dates as prescribed.

Every person has required filing a return of income only if the total income including the income of a person in respect of which is assessable under the income tax act under chapter VI-A, exceeds the exemption limit (before deductions under section 10 A,10B,10BA and section 80 C to 80 U).

Due dates for Filing Returns:

The due dates are as follows:

1. In case of person being; a company, person whose accounts required to be audited under this Act or under any other law. Working partner of a firm whose accounts are so required to be audited, the due date of filing returns is **30th September** of the relevant assessment year.
2. In the case of any other assesse-the due date of filing returns is **31st July** of the relevant A.Y.
3. Which assesse make the report u/s 92E: **30th Nov.**

Forms-Return of Income

Rule 12 provides the following forms for filing return of income for different assessee:

Form No.	Forms Applicable to
ITR 1 SAHAJ	Income tax return form for individuals having income from salary/pension and interest.
ITR 2	Income tax return forms for individuals and HUFs not having income from business or profession
ITR 3	IT returns forms for individuals/HUFs being partners in firms and not carrying out business or profession under any proprietorship,
ITR 4 SUGAM	Income tax forms for individuals and HUFs having income from a proprietary business or profession.
ITR 5	New Tax Returns Form for firm, AOP and BOI.
ITR 6	IT Forms for the purpose of filing returns for claiming exemption under section 11.
ITR 7	Form for persons including companies companies other than companies required to furnish return under section . 139 (4A) or section 139 (4B) or section 139 (4C) or section 139 (4D)
ITR 8	forms for return for fringe benefits.
ITR 9	When the data of the return of the income in form ITR-1, ITR-2, ITR-3, ITR-4. ITR-5, ITR-6 transmitted electronically without digital signature.

Return of Loss: U/s 139(3)

If any person has suffered a loss in any P.Y. under the head "profits and gains of business or profession" or under the head "capital gains" and loss from the activity of owning and maintaining race horses and claims to carry forward and set off the loss against the profits under the same head the subsequent A.Y. then he must file the return of the income showing the loss, within the time allowed, and the prescribed.

Belated Return Section 139(4):

Belated return means the return not filed on or before the due date mentioned under section 139(4) or within the 4-time allowed under a noticed issued by the Assessing Officer under section 142(1). Belated return can be filed at any time before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment whichever is earlier

Return Section 139 (5):

Revised If after furnishing a return, any omission or wrong statement is discovered, a revised return can be filed at any time before the expiry of 1 year from the end of the relevant A.Y. or before the completion of assessment, whichever is earlier. No interest is chargeable.

Defective return: U/s 139(9)

If the Assessing officer considers that return of income furnished by the assess is defective, he may intimate the defects to the assess for rectifying the same within 15days from the date of such intimation or within such further period which may be granted. If the defect is not rectified within the period allowed, the return filled will be treated as invalid and the income tax authority may take actions against him.

3) Advance Payment of tax

Also called 'pay-as-you-earn' scheme, advance tax is the income tax payable if your tax liability is more than Rs 10,000 in a financial year. It should be paid in the year in which the income is received.

Any amount paid up to March 31 will also be accepted as advance tax for that financial year.

Individuals may pay advance tax using tax payment challans at bank branches authorized by the Income Tax (I-T) Department

Payment of advance tax: Self-employed and businessmen (Other)

Due date of instalment	Amount payable
On or before 15th September	Not less than 30% of the advance tax liability
On or before 15th December	Not less than 60% of the advance tax liability
On or before 15th March	100% of the advance tax liability

Payment of advance tax: Companies

Due date of instalment	Amount payable
On or before 15th June	Not less than 15% of the advance tax liability
On or before 15th September	Not less than 45% of the advance tax liability
On or before 15th December	Not less than 75% of the advance tax liability
On or before 15th March	100% of the advance tax liability

4. METHODS OF PAYMENT OF TAX

There are various options for payment of any outstanding tax liability. The salient features of the present system for payment of tax are called Online Tax accounting System (OLTAS). The assesses need to filing the appropriate Challan form properly. The applicable single copy Challans are:

Challan No.280: For payment of income tax (Advance tax/ self-assessment tax/tax on regular assessment by all categories of tax payers.

Challan No.281: For tax Deducted at Source.

Challan No.282: For Other direct taxes (Including Wealth tax securities transaction Tax).

Electronic Payment of Tax: (E-payment)

All assesses required for getting their accounts audited u/s 44AB and all companies are mandatorily required to make electronic payment of taxes through internet banking facility or through internet by way of credit or debit cards. Other assessee can also make payment of tax electronically. An assessee can make electronic payment of tax from his own account or from the account of any other person is an authorized bank. However, the challan must clearly indicate the PAN of the assesses or whose behalf the payment is made.

This method of payment is called as e-payment of tax. E-payment of taxes can be made only through a bank which provides e-payment facility. The assesee needs to log on to www.incometaxindia.gov.in and click 'E PAY TAXES or towww.tinnsdl.com click on the icon e-payment: pay tax online. The challan forms appear on the screen and the relevant on has to be filled in PAN is of utmost importance. The payment of taxes can made only when the PAN is available in the database of the income tax Department.

5. Refunds

Whereas assessee has submitted any return of income and any refund of tax is due. Such refund shall be granted by the assessing officer on his own.

Refund (Sec.237):

If any person satisfies the assessing officer that the amount of tax paid by him or on his behalf or treated as paid by him on his behalf of him for any assessment year exceeds the amount which he is properly chargeable under this act for that year, he shall entitled to a refund of the exceeds.

Claim for Refund (Sec.239)

Every claim for refund of income tax shall be made in prescribed form NO.30 and within one year from last day of relevant assessment year.

Time limit (Sec.239:

The refined should be claimed within one year from the last year of the assessment year.

Refund on Appeal (Sec.240):

The assessing officer shall, refund the amount to assessee without his having to make any claim in that behalf. Where refund arises as a result of any order passed in appeal or other proceeding, under the Act, the assessee is not required to file any formal application. The assessing officer is bound to grant refund.

Annual Information Return

Annual Information Return (AIR) of 'high value financial transactions' is required to be furnished under section 285BA of the Income-tax Act, 1961 by 'specified persons' in respect of 'specified transactions' registered or recorded by them during the financial year. The due date of filing of the return is the 31st of August of the following year. The 'specified persons' and the 'specified transactions' are listed in Rule 114E of the Income-tax Rules, 1962.

Specified Financial Transactions

SFT (Specified Financial Transactions) or (Statement of Financial Transactions), is report filed by 'specified persons' under Section 285BA of Income Tax Act, 1961 which record transactions exceeding threshold limit including investment and expenditure done by taxpayers in FY.

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,Any%20amount%20paid%20up%20to%20March%2031%20will%20also%20be,tax%20for%20that%20financial%20year