



***JAGAT GURU NANAK DEV PUNJAB STATE OPEN
UNIVERSITY, PATIALA***

(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

COURSE COORDINATOR AND EDITOR:

Dr. Pooja Aggarwal

Assistant Professor in Commerce

School of Business Management and Commerce JGND PSOU, Patiala

PAPER CCIT2 TAX ACCOUNTING AND DOCUMENTATION FOR E- FILING AT INCOME TAX PORTAL

Max. Marks: 100
External: 70
Internal: 30
Pass: 40%
credits: 6

Objective:

Develop a detailed understanding in the students mind regarding documents, records, books of accounts and tax returns, and the requirement for the payment of Income Tax using computer hardware and software packages in a business set-up.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

TAX ACCOUNTING AND DOCUMENTATION FOR E- FILING AT INCOME TAX PORTAL

SECTION A

Unit-1

Conceptual knowledge of documents related to filing of returns:-Knowledge of Form no 16, 16A, 15G,15 H 26AS, TIS(Tax Payer Information Summary) and Annual Information System (AIS) and its cross verification with relevant financial information.

Unit-2

Understanding of financial statements like Balance Sheet, Trading and Profit and loss Account.

SECTION B

Unit-3

Awareness in regards to the Income Tax e-filing portal and other concepts like PAN application, PAN updating, Aadhar linking, Intimation, Revised , Belated and updated returns etc.

Unit-4

Conceptual knowledge of Form No 49A and 49B and their relevant data fields. Knowledge of different income tax return forms like ITR 1, ITR2, ITR3, and ITR 4 and their relevant data fields.

Unit-5

Awareness regarding provisions for deposit of Advance tax, tax deduction at source and introduction to tax collection at source. Deposit of income tax challan for self-assessment tax, advance tax and TDS.

Suggested Readings:

1. Manoharan, T. N. Students Handbook on Income Tax Law. Snow White Publications
2. Mehrotra, H. C. Income Tax Law and Accounts including Tax Planning. Sahitya Bhawan Publications.
3. Narang and Gaur. Income Tax. Himalaya Publishing House.
4. Prasad, B. Direct Taxes - Law and Practices. Wishwa Prakashana
5. Singhania, Vinod K and Singhania, Kapil. Direct Tax Planning and Management. Taxman.
6. Singhania, Vinod, K. Direct Taxes - Law and Practices. Taxman Publications.

Note: Latest edition of text books may be used.

Unit I: Knowledge of Form no 16, 16A, 26AS, 15G, 15H and Annual Information System(AIS).

STRUCTURE

1. Form no 16
 - 1.1 Introduction
 - 1.2 Who can issue
 - 1.3 Purpose of form 16
 - 1.4 Contents of the form 16
2. Form no 16A
 - 2.1 Introduction
 - 2.2 Who can issue
 - 2.3 Purpose of form 16A
 - 2.4 Contents of the form 16A
3. 3. Form 26AS, Annual Tax Statement under Section 203AA of the Income Tax Act, 1961
 - 3.1 Introduction
 - 3.2 *How to Download Form 26AS?*
 - 3.3 Different Parts of Form 26AS
 - 3.4 *Why is Form 26AS Important?*
4. Form 15 G
5. Form 15 H
6. Annual Information System (AIS)

6.1 Procedure to check AIS

6.2 Information displayed in the AIS

1. Form 16

1.1 Introduction: Form 16 is a certificate issued by the employer to their employees on paying the salary when the employer deducts tax from the employee salary. Form 16 is a vital document that is issued in accordance with the provisions of the Income Tax Act, 1961. It includes details of the amount of tax deducted at source (TDS) on salary by your employer along with the salary breakup for the financial year. This is a certificate under section 203 of the Income-tax Act, 1961 for tax deducted at source on salary paid to an employee under section 192 or pension/interest income of specified senior citizen under section 194P, also [see rule 31(1)(a)].

1.2 Who can issue Form 16?

It is required by the Income Tax Act 1961 that the employer who holds valid TAN number and deducts tax on the salary of an employee is required to issue Form 16.

1.3 Purpose of form 16

Form 16 is a very important document as it is a proof that the employer has deposited the tax with the government for the tax deducted by the employer. This form assists in the process of filing the income tax return with the Income Tax Department.

1.4 Contents of the form 16

Form 16 is divided in to two section Part A and Part B.

Part A of Form 16:

Part A of income tax form 16 covers employer, employee, TDS payment details. It also shows quarter-wise details of the tax deducted and deposited with the government. Some of the details which are the included in Part A are Name and Address of the employer, PAN and TAN of the employer, Name and Address of the employee, PAN of the employee and Statement of taxes paid by the employer.

Part B of Form 16:

This section contains the breakup of the salary paid by your employer, various deductions, exemptions (if any) and the tax calculation after considering all the items according to the effective tax rates. The details mentioned in Part B are as follows.

Whether opting for Taxation under section 115BAC: Yes or No

1. **Gross Salary:** This part of Form 16 requires details of salary as per provisions of section 17(1), perquisites and any profits received in lieu of salary u/s 17(2)&17(3) respectively.
2. **Exemptions and allowances considered:** Earlier in this part of form, total information of all the exemptions under Section 10 was required, but with the change of the new Form 16, a list of allowances is provided, and the details are required to be filled. Like Travel concession or assistance under section 10(5), Death-cum-retirement gratuity under section 10(10), Commuted value of pension under section 10(10A), Cash equivalent of leave salary encashment under section 10(10AA), House rent allowance under section 10(13A) and Amount of any other exemption under section 10.

3. **Total Amount of Salary received from Employer:** This part of the form calculates the total salary received including allowances and other perquisites.
4. **Deductions under Section 16: Like,** Standard deduction under section 16(ia), Entertainment allowance under section 16(ii) and Tax on employment under 16(iii).
5. Total amount of deduction under section 16.
6. **Income Chargeable under the head Income from Salaries :** This section shows the net income form salary after deduction of all the allowances and deductions. This includes Income from House Property and Income from Other Sources.
7. **Any other income declared by the employee as per section 192(2)B:** This includes the details of any other income to be reported for deduction of TDS to the employer, like Income from house property and income from other sources.
8. **Total amount of other income reported by the employee:** This column provides a total of all income earned by an employee other than salary.
9. **Gross Total Income :** This column of the form indicates the total income of employees reduced by the exemptions but before deduction under Chapter VI-A.
10. **Deduction under Chapter VI-A: Under this column deduction under section, 80C, 80CCC, 80CCD, 80CCE, 80D, 80DD, 80DDB, 80E, 80EE, 80EEB, 80G, & 80TTA are required to be reported.**

11. **Aggregate of deductible amount under Chapter VI-A:** This column totals the amount of deduction from all the sections under Chapter VI- A as claimed by the employee.
12. **Total taxable Income (12):** This column refers to the net income of the employee after providing deduction under Chapter VI- A. This is the amount on which tax is to be calculated.
13. **Tax on Total Income:** This column specifies the Tax amount to be paid as per the applicable tax slabs on the income declared in point number column above.
14. **Rebate under section 87A, if applicable :** This Column specifies the tax rebate, If the total income of a person doesn't exceed Rs. 5,00,000/- then a tax rebate of 100% will be available to the person under this column subject to a maximum amount of Rs. 12,500/-.
15. **Surcharge, wherever applicable:** This column refers to the additional tax in form of a surcharge which is applicable if income exceeds a certain benchmark limit.
16. **Health and Education Cess :** The health and education Cess is applicable at the applicable rates.
17. **Tax payable :** This column is sum total of 13+15+16-14.
18. **Relief under section 89 :** This column refers to any relief which is allowed against the arrear of salary received in the Previous year.
19. **Net tax payable:** This column is sum total of **17-18.**

At the end verification is required to be done on the form by the employer or his designated person in this regards. This include name of the person signing the documents, his father name, designation, place and date. Further the designated person is required to certify that the information given above is true, complete and correct and is based on the books of account, documents, TDS statements, and other available records.

2. Form 16A

2.1 Introduction

Form 16A is also a TDS Certificate. While Form 16 is for only salary income. Form 16A is applicable for TDS on Income Other than Salary. For instance, a Form 16A shall be issued to the receiver of any income, when a bank deducts TDS on the interest income paid by the banks on fixed deposits, interest on secured and unsecured loans by any person, TDS deducted on insurance commission, TDS deducted on rent receipts, fees for professional or technical services etc. In fact, when TDS is deducted on any income other than salary by the payer that payer is liable for such deduction. There are different rates of TDS for different types of income and each income has a different threshold limit for TDS. This certificate is issued under section 203 of the Income-tax Act, 1961 for tax deducted at source also [See rule 31(1)(b)].

2.2 Who can issue?

The form no 16A is issued by the person who is the payer of the income to the payee and liable to deduct TDS at applicable rates as per the provisions of the Income Tax Act 1961.

2.3 Purpose of form 16A

Form 16A is a very important document as it is a proof that the deductor of the TDS has deposited the tax with the government for the tax deducted by the payer. This form assists in the process of filing the income tax return with the Income Tax Department.

2.4 Contents of the form 16A

- i. It contains the unique certificate number mentioned at the top on the left side.
- ii. It contains basic information about the tax deductor like name, address etc. Deductor is the individual who pays you and he/she is required to deduct TDS (if subject to it) before discharging the payment.
- iii. It provides basic information of the deductee like name, address PAN number etc. Deductee is the person receiving the payment.
- iv. PAN/ TAN are a unique identification of every deductor which is required on the certificate.
- v. Then there are details of CIT (TDS) Assessment year and period normally quarter.
- vi. Summary of payment includes Amount paid/ credited, Nature of Payment under which section, Deductee Reference No. provided by the Deductor (if any) & Date of payment/credit.
- vii. Summary of tax deducted at source in respect of Deductee includes Quarter, Receipt Numbers of original quarterly statements of TDS under sub-section (3) of section 200 , Amount of tax deducted in respect of Deductee and Amount of tax deposited/remitted in respect of Deductee.
- viii. Details of tax deducted and deposited in the central government account through book adjustment (The deductor to provide payment wise details of tax deducted and deposited with respect to the deductee). Government deductor to fill information, if tax is paid without production of an income-tax challan.
- ix. Details of tax deducted and deposited in the central government account through challan (The deductor to provide payment wise details of tax deducted and deposited with respect to the deductee).

At the end verification is required to be done on the form by the employer or his designated person in this regards. This include name of the person signing the documents, his father name, designation, place and date. Further the designated person is required to certify that the information given above is true, complete and correct and is based on the books of account, documents, TDS statements, and

other available records.

Details of specimen of the Form 16 and Form 16A can be downloaded from the income tax website, <https://incometaxindia.gov.in/Pages/downloads/most-used-forms.aspx>.

- 3. Form 26AS, Annual Tax Statement under Section 203AA of the Income Tax Act, 1961.** See Section 203AA and second provision to Section 206C (5) of the Income Tax Act, 1961 and Rule 31AB of Income Tax Rules, 1962.

3.1 Introduction:

Form 26AS is an annual tax statement that includes all the details about the tax deducted at source (TDS) by the payer of the income, information regarding the tax collected by your collectors (TCS) is also displayed on this form, the advance tax which has been paid by the assessee during the previous year, self-assessment tax payments, information in regards to the refund which has been received, regular assessment tax, Details of SFT Transaction, Details of Tax Deducted at Source on Sale of Immovable Property, TDS Defaults* (Processing of Statements) and Details of Turnover as per GSTR-3B under GST.

3.2 How to Download Form 26AS?

Login to the Income Tax portal by following the link. <https://www.incometax.gov.in/iec/foportal>.

1. Click on 'Login'.
2. Enter the User ID. Then enter the PAN or the Aadhaar number to complete the login process. Before starting the process of viewing form 26AS one must be registered on the portal with the valid credentials.
3. After you have entered the User ID, click on 'Continue'. Tick the confirm message and enter the password.

4. Select 'e-file' and click on 'Income Tax Returns'.
5. Next, click on 'View Form 26AS' from drop down box.
6. Select 'Confirm' next.
7. On the next page, click on 'Proceed' after ticking the acceptance.
8. Next, click on 'View Tax Credit and select (Form 26AS)'.
9. Choose the 'View Type' Text or HTML and 'Assessment Year' next.
10. Select 'View/ Download' to complete the process
11. On clicking the download tab, the form can also be downloaded in pdf format.

3.3 Different Parts of Form 26AS

Form 26AS has 9 parts, viz. Part A, Part A1, Part B, Part C, Part D, Part E, Part F, Part G and Part H. Here are the different parts of Form 26AS:

- **Part A:** Information regarding TDS Part A of the form 26AS shows tax credit statement, which contains information regarding TDS on the salary, pension income, interest income, prize winnings, and any other income on which tax has been deducted at source. It also contains the section under which tax has been deducted, deductor's details, TAN of the deductor, Amount paid as income, tax deducted at source and tax deposited.
- **Part A1:** Information regarding TDS for Form 15G/Form 15H
Part A1 of Form 26AS contains information regarding the income where TDS has not been deducted as the assessee has submitted Form 15G/Form 15H. The status of the TDS deduction can be confirmed, if the assessee has submitted the above said form. 'No transactions will be displayed in this section in case the assessee has not furnished Form 15G/Form 15H.

- **Part A2:** Details of Tax Deducted at Source on Sale of Immovable Property u/s 194IA/ TDS on Rent of Property u/s 194IB / TDS on payment to resident contractors and professionals u/s194M (**For Seller/Landlord of Property/Payee of resident contractors and professionals**) will be displayed here.
- **Part B:** Information regarding TCS
Part B of Form 26AS contains information on the tax collected at the source by the seller. Entries will be shown in the Part B, if any person has purchased any items which is liable for TCS by the seller.
- **Part C:** Information regarding tax paid (other than TDS and TCS)
In case a person has made any tax deposits himself, details regarding the same will appear in Part C of Form 26AS. Information regarding self-assessment tax and advance tax will also be present in this part of Form 26AS. It will also include details regarding the challan used to deposit tax and contain the information as given in the challan.
- **Part D:** Information regarding paid refund
Part D of Form 26AS will contain details regarding refunds, if any. It will contain the details like the assessment year for which refund has been given, the mode of payment, the amount as well as the interest paid along with the date on which the payment was made.
- **Part E: Details of SFT Transaction.** *SFT* is a report of specified financial transactions by specified persons including prescribed reporting financial institutions. High-value transactions are expected to be reported by banks and financial institutions to the tax authorities. Part E of Form 26AS will contain information regarding purchases of high-value mutual funds, purchase of high-value corporate bonds, property purchases, etc.
- **Part F:** Details of Tax Deducted at Source on Sale of Immovable Property u/s 194IA/ TDS on Rent of Property u/s 194IB /TDS on payment to resident contractors and professionals u/s 194M (**For Buyer/Tenant of Property /Payer of resident**

contractors and professionals. Information regarding tax deducted on the sale of immovable property Part F of Form 26AS contains information regarding the TDS you have deducted and deposited in case you have purchased a property.

- **Part G:** Information regarding TDS defaults. Part G of Form 26AS contains information regarding the processing of statements in case of TDS defaults.
- **Part H:** Details of Turnover as per GSTR-3B. In this section the details of GSTR3B will be displayed for the data filed with the GST department. Main data fields will be like GSTIN, Application Reference Number(ARN), Date of Filing, Return period, Taxable Turnover and Total Turnover.

3.4 Why is Form 26AS Important?

Form 26AS is a very important document as one can check whether the deductor has properly filled the TDS statement or if the collector has correctly filled the details of Tax Collected at Source (TCS). The form contains all the details of the tax deducted and collected on behalf of the assessee. One can also check whether the tax deducted and collected on behalf of the deductee has been deposited in the government treasury on time. Person filing the returns must check the details of TDS and TCS appearing in the form 26 AS before filing the income tax return.

4. Form 15 G [See section 197A (1), 197A(1A) and rule 29C]

Declaration under section 197A (1) and section 197 A (1A) to be made by an individual or a person (not being a company or firm) claiming certain incomes without deduction of tax.

Form 15G is a self- declaration forms that an individual submits to the payer of the income like bank requesting not to deduct TDS on interest income as their income is below the basic exemption limit. For this, providing PAN is necessary. Now a day some

banks allow you to submit these forms online through the bank's website.

This form can be submitted by the Resident Individual or HUF or trust or any other assessee (but not a company or a firm) with age less than 60 years to the payer of the income, declaring that his income is less than the basic exemption limit, which is currently Rs 250000/-.

Form 15G are valid for one financial year. So, the person has to submit these forms every year at the beginning of the financial year. This will ensure that the bank does not deduct any TDS on your interest income.

How to fill Form 15G?

Name of the Assessee – Enter your name as per income tax records

PAN number as per your PAN card.

Status: Mention the status whether assessee is Individual, HUF or any other person.

Previous Year –Mention the previous year for which form is filled.

Residential Status: Mention the residential status only residents are allowed to fill this form.

Fill in Address details along with PIN code, email, and telephone number.

Whether assessed to tax under the income tax act, 1961? if yes, the latest assessment year for which assessed. The assessee is required to provide the latest year in which the income was above the taxable limit.

Estimated income for which this declaration is made. Provide the details of income on which TDS should not be deducted.

Estimated total income of the Previous Year. Calculate the income from all the sources and include the income mentioned in the above point.

Details of Form No. 15G other than this form filled during the previous year, if any. Person is also required to mention the total number of Form 15G filed for that particular year along with the total income of the previous year.

Declarant is also required to provide details of income for which the declaration is filed. The required details are like identification number of relevant investment account, etc., nature of income, section under which tax is deductible and amount of income. After putting the signature, the declarant is required to give verification as mentioned in the form 15 G.

Form 15G is divided in two parts. Part 1 is to be filled by the declarant and part 2 is to be filled by the person paying the income.

5. Form 15 H [See section 197A(1C) and rule 29C]

Declaration under section 197A(1C) to be made by an individual who is of the age of sixty years or more claiming certain incomes without deduction of tax.

Name of the Assessee – Enter your name as per income tax records

PAN number as per your PAN card. **Date of birth. Previous Year** –Mention the previous year for which form is filled.

Fill in Address details along with PIN code, email, and telephone number.

Whether assessed to tax under the income tax act, 1961? if yes, the latest assessment year for which assessed. The assessee is required to provide the latest year in which the income was above the taxable limit.

Estimated income for which this declaration is made. Provide the details of income on which TDS should not be deducted.

Estimated total income of the Previous Year. Calculate the income from all the sources and include the income mentioned in the above point.

Details of Form No. 15H other than this form filled during the previous year, if any. Person is also required to mention the total number of Form 15H filed for that particular year along with the total income of the previous year.

Declarant is also required to provide details of income for which the declaration is filed. The required details are like identification number of relevant investment account, etc., nature of income, section under which tax is deductible and amount of income. After putting the signature, the declarant is required to give verification as mentioned in the form 15H.

Form 15H is divided in two parts. Part I is to be filled by the declarant and Part II is to be filled by the person paying the income.

One can download the form 15G and 15 H from the income tax website link <https://incometaxindia.gov.in/Pages/downloads/most-used-forms.aspx>.

6. Annual Information System (AIS)

Annual Information Statement (AIS) is a wide view of information for a taxpayer displayed in Form 26AS. It also accepts feedback from the taxpayers on the facts displayed in AIS. AIS shows both reported value (value reported by the reporting

entities) and modified value (i.e. the value after considering taxpayer's feedback) for each type of information, i.e. TDS, SFT, other information, etc.

The main purpose behind the introduction of AIS is to display the complete information in regards to the financial transactions done by the tax payers with a facility to capture online feedback. Encourage the tax payer for the voluntary compliance while filling the income tax return after considering the information displayed in the AIS. Deterring the tax payer for being non-complaint.

6.1 Procedure to check AIS

Login to the Income Tax portal by following the link. <https://www.incometax.gov.in/iec/foportal>. After that Click on 'Login', Enter the User ID. Then enter the PAN or the Aadhaar number to complete the login process. Before starting the process of viewing form AIS one must be registered on the portal with the valid credentials. After you have entered the User ID, click on 'Continue'. Tick the confirm message and enter the password.

Go to 'Services' > Annual Information Statement. Click on the 'Proceed' button. It will redirect to the compliance portal. One can view Taxpayer Information Summary (TIS) and Annual Information Statement (AIS) on the AIS home page.

After selecting the relevant financial year one can view the Taxpayer Information Summary (TIS) or the Annual Information Statement (AIS) by clicking the relevant tiles. One can also download the AIS and TIS by clicking on the download button in the respective tiles. One can download the TIS in PDF format. AIS can be downloaded in PDF or JSON formats. The downloaded pdf file is password protected. To open the pdf file, the person is required to enter combination of the PAN (in upper case) and the date of birth in case of individual taxpayer or date of incorporation for a non-individual taxpayer in the format DDMMYYYY without any space.

6.2 Information displayed in the AIS

Part A General Information;

It displays general information such as PAN, concealed Aadhaar number, name, date of birth/incorporation/formation, contact details, email of the taxpayer.

Part B

TDS/TCS information: Information related to TDS/TCS is deducted by the payer of the income is displayed here. The Information in regards to the date of credit of the income, amount of income, TDS deducted, TDS deposited and status is shown.

SFT Information received from reporting authorities specified under the income tax act under Statement of Financial transaction (SFT) is displayed in this section. The various column includes information Category, SFT code, Information description, source of the information, no of data count, amount description and amount is depicted.

Payment of Taxes: Information relating to taxes such as advance tax and self-assessment tax is shown. Full breakup of the taxed paid is displayed here like amount of tax, assessment year, surcharge, education cess, date of deposit and challan identification number (CIN).

Demand and Refunds. Details of the demand raised and refund initiated by the income tax authorities are displayed here.

Information like assessment year, mode of refund, nature, amount and date of payment is mentioned in this section.

Any other information in relation to sub-rule (2) of rule 114-I. Details of the information received from the other sources, such as data pertaining to Annexure II salary, Interest on refund, outward foreign remittance/purchase of foreign currency etc. is displayed here.

Review Questions

1. What is Form 16? Discuss its content?
2. What is Form 16? Briefly explain its contents?
3. Write short note on form 15G? How it is different from Form 15H?
4. Why it is important to check Form 26AS before filing the Income Tax Return?
5. What is Form AIS? How to download it from the website?
6. Briefly discuss the content of Form AIS? Why it is necessary to check Form AIS?

UNIT-2 TRIAL BALANCE AND FINAL ACCOUNTS

STRUCTURE

2.0 Introduction.....	24
2.1 Features of Trial Balance.....	25

2.2 Objectives of Trial Balance	25
2.3 Preparation of Trial Balance	26
2.4. TEST YOUR UNDERSTANDING A	27
2.5. Methods of Trial Balance	28
2.6. Errors revealed by Trial Balance.....	28
2.7. Errors not revealed by trial balance.....	29
2.8. TEST YOUR UNDERSTANDING (B).....	29
2.9. ILLUSTRATION	30
2.10. Advantages of Trial Balance.....	34
2.11. Disadvantages of trial balance	34
2.12. TEST YOUR UNDERSTANDING (C).....	35
2.13. FINAL ACCOUNT	36
2.14. Advantages of Final Accounts	36
2.15. Trading Account:	37
2.16. Profit and loss Account:	37
2.17. Balance Sheet:	39
2.18. TEST YOUR UNDERSTANDING (D)	41
2.19. Documentation related to filling of returns	42

2.20.	PREScribed FORMS FOR FILLING RETURN OF INCOME (Rule 12 of income-tax rules 1962)	43
2.21.	Documents required for filling Income Tax Return	44
2.22.	TEST YOUR UNDERSTANDING E	46
2.23.	REVIEW QUESTIONS	46
2.24.	ANSWERS TO TEST YOUR UNDERSTANDING	47

OBJECTIVES

After studying this Unit, Students will be able to

- ✓ Define the concept of Trial Balance and Final Accounts.
- ✓ Explain the Advantages and limitation of the Trial Balance.
- ✓ Errors revealed and not revealed by Trial Balance.
- ✓ Procedure for preparing Trial Balance.
- ✓ Understand the Trading account and Profit & Loss account.
- ✓ Concept of Balance Sheet.
- ✓ Documents required for Filing a Income Tax Return.

2.0 Introduction

Just prior to generating final accounts, a trial balance is created, which comprises a balance sheet, profit and loss statement, cash flow statement, and notes to accounts. We can presume that it is the fundamental methodology used to prepare the final accounting. Each general ledger account's closing balance is shown in the trial balance, an accounting report. Accordingly, it gives the sum for each account's asset, liability, equity, income, expense, profit and loss.

The trial balance is prepared when posting to the ledger is completed. It consists of two columns for amounts: Debit columns with

amount and Credit column with amount. Trial balance agreement from both parties demonstrates that all transactions have been recorded and that the accounts are mathematically correct. But, if two sides do not agree, there are errors that need to be found and fixed.

Definitions:

“Trial balance is a statement, list of all the balance standing in the ledger and cash book of a concern at any given time”.

Spicer & Pegler

“Trial Balance is the list of Debit and Credit balances, taken out from ledger, it also includes the balances of cash and bank taken from cash book”
Carter.

2.1 Features of Trial Balance

- In accounting, the trial balance lists all ledgers, including the cash book.
- It is not a component of the double-entry accounting system. It is just used as a guide.
- A trial balance can be created at any moment, including the beginning and end of the year.
- It is an essential tool for assessing the mathematical precision of the books.
- It serves as a link between the balance sheet and the profit and loss account.
- It does not offer unambiguous evidence that a mistake did not occur. Principal errors and other mistakes could still happen.

2.2 Objectives of Trial Balance

- It helps in detecting clerical errors.
- It also assists in preparation of Final accounts.
- If there is any arithmetic error then it will get reflected in the Trial balance and ensure that the posting from ledger to Trial balance is done correctly.

- It is the summary of all ledger accounts.
- The objective of preparing Trial balance to use it as a connecting link between ledger and final accounts.

2.3Preparation of Trial Balance

- First step is to compute the balances of Ledger Accounts.
- Enter the balances of debit and credit in the trial balance.
- Keep track of all the ledger entries' debit balances and add them to the trial balance's debit column.
- Record all the credit balances of the various accounts of the ledger and put them to the credit column of the Trial Balance.
- Now, sum up the both columns (debit and credit).
- Check if debit is equal to credit column.

A specimen of Trial Balance

S. No.	Name of the Account	Ledger Folio	Debit Amount	Credit Amount

2.4. TEST YOUR UNDERSTANDING A

1. Define the term Trial Balance.

2. State the any four features of Trial Balance.

3. Explain the objectives of Trial Balance.



2.5. Methods of Trial Balance

2.5.1. Total method: If the total of the credit side of all the ledger accounts is placed in a distinct column from the total of the debit side of all the ledger accounts, it will be known that this list of totals was produced using the total technique. If both sides are equal after adding up all the accounts, it is assumed that the accounts are reasonably accurate. Despite being outdated, it is still used.

2.5.2. Balanced method: balanced approach In accordance with this system, a trial balance is created using account balances. Its foundation is the mathematical axiom that says that when equals are subtracted from equals, the results are still equal. This process is easy and involves less effort. The balance acquired through this process can easily be applied to the creation of the final account.

2.6. Errors revealed by Trial Balance

The Trial Balance cannot agree due to:

- I. **Failure to record a balance in the trial balance** will inevitably result in a discrepancy between the two sides of the trial balance, which is a sign of an accounting error.
- II. **Failure to post an item to the ledger:** The two sides of the trial balance must agree if an item is not posted from the journal or subsidiary book to the ledger.
- III. **Posting on the incorrect side:** If an item is inadvertently posted on the incorrect side of a ledger account, it will consequence in a discrepancy between the two sides of the trial balance. For instance, if a discount of Rs. 200 was authorised but the amount was credited to the account when it was posted to the discount account, there will be a discrepancy of Rs. 400 between the two sides of the trial balance.

- IV. Incorrect posting:** If an incorrect amount is posted in one of the two accounts during posting, it will immediately result in a discrepancy in the trial balance. For instance, if goods worth Rs. 690 were sold to Y but his account was debited with Rs. 960, the debit side of the trial balance will raise by Rs. 270.
- V. Incorrect total of a subsidiary book:** If a subsidiary book's total is calculated incorrectly, it will result in a discrepancy in the Trial Balance. For instance, if the purchase book's total is Rs. 2500 instead of Rs. 2050, the debit side of the Trial Balance will be Rs. 450 more than the credit side.
- VI. Failing to record a sum in the ledger:** Two sides of the trial balance must agree if an item is not posted from a journal or subsidiary book to the ledger. For instance, if goods are sold to Y on credit and duly documented in the transaction but not deducted from Y's account in the ledger, the debit side of the trial balance must be short.

2.7. Errors not revealed by trial balance

- I. Errors of commission:** These mistakes are the result of accountants' negligence and cannot be found by creating a trial balance. 30,000 sales, for instance, were listed in books as 300. The trial balance won't be impacted because the balances of both accounts, the cash account and the sales account will only change by 300.
- II. Errors of omission:** The agreement of the trial balance is not impacted if a transaction is entirely missed from the books of accounts. For instance, a credit purchase of Rs 1000 from Ram was missed from the Purchase Book. The totals of Ram's account and the purchases book will not be impacted by this omission, and consequently, neither will the trial balance.
- III. Compensating errors:** These type of errors neutralizes the impact of errors committed earlier. For example the inflated price of a book Purchase Rs. 5000, and the extra credit to the sales account will then be mathematically balanced by either over-debiting or under-crediting one or more accounts with the total of Rs. 5000.

2.8. TEST YOUR UNDERSTANDING (B)

1. Explain the errors of commission.

2. Fill in the blanks:

- i. If purchase of goods on credit is not recorded in the books of accounts, it is known as an error of
- ii. If bought furniture is recorded in the purchase book, it is considered as an error of.....
- iii. There is a.....column and a..... Column for balances of accounts in a Trial Balance.
- iv. Errors cancelled by them are called.....
- v. Posting of Rs. 585 in X 'account as Rs.558 and error of.....

2.9. ILLUSTRATION

Enter the following transaction in Ram’s journal and post them into ledger and prepare a trial balance:

June 2021		Rs.
------------------	--	-----

2	Purchased goods for cash	2,000
3	Paid for carriage	500
5	Rent paid	500
7	Received Commission	8,000
8	Paid salaries	1,000

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
2021 June 2	Purchase a/c Dr. To Cash a/c		2,000	2,000
June 3	Carriage a/c Dr. To cash a/c		500	500
June 5	Rent a/c Dr. To cash a/c		500	500
June 7	Cash a/c Dr. To commission received a/c		8,000	8,000
June 8	Salaries a/c Dr. To cash a/c		1,000	1,000

LEDGER

Cash Account

Date	Particular	J.F.	Amount	Date	Particular	J.F.	Amount
June 7	To commission received a/c		8,000	June 30	By purchase a/c		2,000
				June 3	By carriage a/c		500
				June 5	By rent a/c		500
				June 8	By salaries a/c		1,000
				June 30	By balance c/d		4,000
			8,000	\			8,000
July 1	To Balance b/d		4,000				

Purchase Account

Date	Particular	J.F.	Amount	Date	Particular	J.F.	Amount
June 2	To cash a/c		2,000	June 30	By Balance c/d		2,000
			2,000				2,000
July 1	To Balance b/d		2,000				

Carriage Account

Date	Particular	J.F.	Amount	Date	Particular	J.F.	Amount
June3	To cash a/c		500	June30	By Balance c/d		500
			500				500
July 1	To Balance b/d		500				

Commission Received Account

Date	Particular	J.F.	Amount	Date	Particular	J.F.	Amount
June7	To cash a/c		8,000	June30	By Balance c/d		8,000
			8,000				8,000
July 1	To Balance b/d		8,000				

Salaries Account

Date	Particular	J.F.	Amount	Date	Particular	J.F.	Amount
June8	To cash a/c		1,000	June30	By Balance c/d		1,000
			1,000				1,000
July 1	To Balance b/d		1,000				

Trial Balance as on 31st March, 2021

Name of Account	Debit Balance	Credit Balance
Purchase a/c	2,000	
Cash a/c	4,000	
Rent a/c	500	
Carriage a/c	500	
Commission Received a/c		8,000
Salaries a/c	1,000	
Total	8,000	8,000

2.10. Advantages of Trial Balance

- It demonstrates the mathematical precision of a ledger's accounting entries.
- Any error that it finds can then be fixed.
- Without a trial balance, it is impossible to prepare final accounting.
- It guarantees that the transactions listed in the books have the identical amount for the debit and credit.
- If a mistake is made, it is simple to fix.

2.11. Disadvantages of trial balance

- It merely provides a summary of each account's information.
- By accident, an entry was posted twice.
- The final accounting generated from an inaccurately written trial balance would not be trustworthy.
- It doesn't guarantee that every transaction has actually been recorded in the subsidiary records.

2.12. TEST YOUR UNDERSTANDING (C)

1. Explain any three advantages of Trial Balance.

2. What are the limitations of Trial Balance?

3. State which of the following statements are true or false:

- i. A Trial Balance is drawn as on a particular date.

- ii. All nominal accounts will appear in the credit column of the Trial Balance.
- iii. Compensating errors affect the Trial Balance.
- iv. Errors of Principle cause disagreement of a trial balance.
- v. The balances of ledger accounts are posted to the Trial Balance.

2.13. FINAL ACCOUNT

Final accounts are prepared following the preparation of the Trial Balance. Organization is interested to know the final results of the company. The prime objective of preparing final accounts is to know whether company has earned income or incurred loss and to ascertain the financial status of the company.

Financial statements are created at the conclusion of the accounting year in order to accomplish the aforementioned goals. An income statement, trading, and profit and loss accounts are created to track profit and loss. Final accounts are the condensed statements created to demonstrate a company organization's periodic performance and its financial state at the conclusion of that period. The balance sheet and profit and loss account are referred to as the final accounts.

As per American Institute of certified public accountants “Financial statements are prepared for the purpose of presenting a periodic review on the progress by the management and deal with the status of the investments in the business and result achieved during the period under review”

2.14. Advantages of Final Accounts

- The creation of final accounts improves the efficacy and correctness of the accounts.
 - Any unintentional errors or fraud can be found during the preparation and swiftly fixed.
 - The audit of this account provides a check on the entity and its operations, lowering the risk of fraud and misrepresentation.
- This account displays the status of the entity and business for the time.

- The information needed to value the company and determine its true worth should be provided.

The following two income statements are prepared:

2.15.Trading Account: Trading account is the name of the first section of the revenue statement. When the accounting period is through, this account will reveal the gross profit or loss. Only direct expenses are taken from this account.

Format of Trading Account

Particulars	Amount	Particulars	Amount
To Opening Stock		By Sales	
To Purchase		Less: sales return	
Less: purchase return		By Closing Stock	
To Direct Expenses		By Gross Loss (balancing Figure)	
To Gross Profit (balancing figure)			
Total	Xxxxx	Total	xxxxxx

Profit and loss Account: The second part of income statement is Profit and Loss Account. It discloses the Net Profit or Net Loss at the end of accounting period. All indirect expenses like general and administrative, selling and distribution are shown on the debit side of the Profit and Loss account. On credit side, other incomes such as discount received, gain from sale of fixed assets, commission received are taken.

Specimen of Profit & Loss Account

Particulars	Amount	Particulars	Amount
To Gross Loss b/d		By Gross Profit b/d	
To general and administration		By Other income:	

<p>expenses:</p> <ul style="list-style-type: none"> ✓ Rent, rates and taxes ✓ Salaries ✓ Stationary and printing ✓ Telephone bill ✓ General expenses ✓ Trade expenses ✓ Insurance premium ✓ Loss by fire, theft, etc. ✓ Discount allowed (dr) ✓ Office lighting ✓ Depreciation <p>To selling and distribution expenses:</p> <ul style="list-style-type: none"> ✓ Carriage outward ✓ Packaging material ✓ Salesman commission ✓ Conveyance 		<ul style="list-style-type: none"> ✓ Rent received ✓ Discount received (Cr.) ✓ Sale of scrap material ✓ Commission received ✓ Interest received ✓ Dividend received ✓ Bad debt recovered <p>By Net Loss (bal. fig)</p>	
--	--	---	--

✓ Advertisement			
✓ Export duty etc.			
To Financial Expenses:			
✓ Interest paid			
✓ Tax paid			
To Net Profit (bal.fig)			
Total	Xxxxxx	Total	Xxxxxx

Balance Sheet: It is prepared to measure the financial position of a business on a particular day. In other words, it is a brief statement of various assets and liabilities as on that day. Balance sheet has two sides; on the left hand side the liabilities of business are shown while on the right hand side, the Assets of the business are shown.

According to Palmer “The balance sheet is a statement at a given date showing on side the traders property and possessions and on the other side his liabilities”

The format of balance sheet

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Capital	—	Fixed Assets	———
	—	- Land and building	
Add Net Profit or Less Net Loss			

(as per P & L A/c)		- Plant and machinery	
Less drawings		- Furniture	
Long-term loan	—	- Fixture and	_____
	—	fittings Investments	
Current liability	—	- Marketable	_____
	—	securities Current	
- Trade creditors/sundry creditors (Crs)		assets	
- Bills Payable (B/P)		- Cash in hand	
- Bank overdraft		- Cash at bank	
- Outstanding expenses e.g. Outstanding Rent/Tax/Wages etc.		- Trade debtors/sundry debtors (Drs)	
		- Bills Receivable (B/R)	
		- Prepaid expenses like Prepaid Rent/ Tax/Wages etc.	
Total	=	Total	=

2.15. TEST YOUR UNDERSTANDING (D)

1. What is Trading Account?

2. What is Profit and Loss Account?

3. Tick the correct alternatives

- i. Trading account is prepared to ascertain the:
 - a) Gross Profit
 - b) Gross Loss
 - c) Both (a) & (b)
 - d) Net Profit
- ii. Final accounts are prepared:
 - a) At the end of the accounting period
 - b) During the accounting period
 - c) At the beginning the accounting period
 - d) None of above
- iii. Profit and Loss accounts deal with:
 - a) Real account
 - b) Nominal account
 - c) Personal account
 - d) All of the above

2.19. Documentation related to filling of returns

Filing of Return (Section 139 (1))

- (i) Any person who is a company or a firm, regardless of whether they had profits or losses in the previous year; or
- (ii) any person who isn't a company or a firm whose total income, or the total income of any other person for whom he is liable for assessment under the act, does not exceed the exempted limit;

- (iii) Individual, HUF, AOP/BOI- Gross total income (total income for allowing deduction under section 80c to 80u for without giving impact to exemption under section 10 (38) for examination under section 10A or tax free zone or under section 10B under 100 percent EOU or under section can be a for export a certain special goods the example limit he will be obtained to find his return of income for due date mentioned under Section 139 (1).

PRESCRIBED FORMS FOR FILLING RETURN OF INCOME (Rule 12 of income-tax rules 1962)

- **Form no. ITR-1 (Rule 12 (1)(a):** For individual having income from salary pension one house property other sources (except winning from lottery and race horse) and having total income up-to rupees 50 lakh

. Who cannot file returned in ITR 1

Return in ITR1 cannot be filled by a individual if he:

- a) is resident and ordinarily resident and has an assets located outside India or has signing authority outside India or income from any source outside India;
 - b) has claimed any relief under section 90 or 90 A;
 - c) has income not chargeable to tax, rupees 5000;
 - d) has total income exceeding rupees 50 lakh;
 - e) has income taxable under section 115BBDA;
 - f) has losses under the head income from other sources
- **Form No. ITR-2 (Rule 12 (1)(c):** For a person who is an individual Hindu undivided family, where the total income excludes money from a proprietary business or profession, or from income obtained from a proprietary business.
 - **Form no. ITR-3(Rule 12 (1)(d):** For a person who is an individual or a Hindu undivided family other than the ones mentioned in clauses (a), (c), or (ca) and who derives their income from a private company or profession.

- **Form no. ITR-5 (Rule 12 (1) (e)):** For someone who is not an individual, a Hindu undivided family, a business, or someone to whom clause (g) applicable.
- **Form no. ITR-6 (Rule 12 (1) (f)):** For a business that is not a business to which clause (g) applicable.
- **Form no. ITR- 7(Rule 12 (1)(g)):** For anyone, including corporations, who is required to submit a return under Section 139 (4A), Section 139 (4B), Section 139 (4C), Section 139 (4D), Section 139 4E, or Section 139 of the Company Act of 1956, (4F).
- **Form no. ITR-V:** when submitting tax return data electronically without using a digital signature or an electronic confirmation code

Documents required for filling Income Tax Return

- **Form 16:** The TDS (Tax Deducted at Source) Certificate is another name for Form 16. The foundation for submitting income tax returns is Form 16. Form 16 should be obtained first as a result. Your employer gives you the form after giving you the details about the taxes they paid for you. Your salary, allowances, and deductions are taken into account while determining this.
- **Form 16 A:** The form known as Form 16 A is used to record all information pertaining to tax deducted at source by parties other than the employer. Banks and other organizations typically deduct this tax from the interest and commission you earn throughout the year. You can obtain this Form from the relevant banks or organizations.
- **Form 26AS:** Form 26AS contains information on each tax that has been withheld from your income and submitted on your behalf by any withholding agent. The income tax department's official website offers a download for Form 26AS. You will be taken to the TRACES website, where you can download the statement, as soon as you choose the Form 26AS option on the

page. The entire tax paid in relation to a PAN during a fiscal year is shown on this statement. It is advised that you pay the necessary tax if there is a disparity in order to prevent any future issues.

- **Capital Gain Tax:** You must obtain a capital gain statement if you invested in shares, mutual funds, etc. Your broking house will issue this statement. It includes information on any short-term capital gains that must be paid if you sold particular shares before their one-year holding period. Long-term capital gains may not be subject to taxation, but you are still obligated to include them in your statement.
- **Aadhaar Card:** Because the Supreme Court decision is still pending, there is a stay order on the mandate requiring the linking of Aadhaar and PAN. However, it is advised to have your Aadhaar card on hand since you must enter your Aadhaar number in the ITR form. By using the One Time Password (OTP) that is delivered to the phone number associated with your Aadhaar, the e-verification process is made simpler with an Aadhaar number.
- One of the most crucial things you should always have with you is your PAN card. Your income tax returns must include information about your Permanent Account Number (PAN), which serves as identification.
- **Tax-saving evidence:** By claiming exemptions on investments and expenses that qualify for exemption under Sections 80C, 80CCC, and 80CCD(1) of the Income Tax Act, you can reduce your tax obligation. Several frequent investments and costs that reduce taxes include:
 - **National Pension Plan (NPP)** Employees Provident Fund (EPF) (NPS), Paid life insurance premiums, investments in mutual funds' ELSS plans, contributions to the Public Provident Fund (PPF), etc.
 - **Advance tax and self-assessment challan:** When submitting your income tax returns, you must fill out the relevant form if you have completed a self-assessment and paid any self-assessment taxes.
 - **Details for accessing Income Tax (IT):** Finally, in order to access the official portal and begin the e-filing process, you will need your IT login credentials.

2.19. TEST YOUR UNDERSTANDING E

1. Tick the correct alternatives

- i. In the income tax following certificate is issued by employer to his employees:
 - a) Form 16
 - b) Form12
 - c) Form 15
 - d) Form 26AS
- ii. The partnership firm is required to file its return of income in:
 - a) Form ITR-4
 - b) Form ITR-3
 - c) Form ITR-2
 - d) Form ITR-7
- iii. Which Form is used where the data of the return of the income is transmitted electronically without Digital Signature or without electronic verification code?
 - a) Form ITR-2
 - b) Form ITR-2
 - c) Form ITR-2
 - d) Form ITR-V

2.19. REVIEW QUESTIONS

1. What do you mean by Trial Balance? What are its objectives?
2. Write the steps in preparation of Trial Balance.

3. Explain in detail the advantages and limitation of Trial Balance.
4. Explain the Errors not revealed by trial balance.
5. Explain the Errors revealed by trial balance.
6. Draw the format of Profit and Loss Account.
7. What are the advantages of Final Accounts?
8. Explain in detail documents required for filing returns.
9. Explain the Rule 12 forms of Income Tax Act.
10. Draw the format of Balance Sheet.

2.19.ANSWERS TO TEST YOUR UNDERSTANDING

Test your understanding B

- 2 (i) Omission
- 2 (ii) Principle
- 2 (iii) Debit, Credit
- 2 (iv) Compensating
- 2 (v) Commission

Test your understanding C

- 3 (i) True
- 3 (ii) False
- 3 (iii) False
- 3 (iv) False
- 3 (v) True

Test your understanding D

3 (i) (a)

3 (ii) (a)

3 (iii) (b)

Test your understanding E

1. (i) (a)

2. (ii) (b)

3. (iii) (d)

Further Reading

1. Charles T. Horngren and Donna Philbrick, *Introduction to Financial Accounting*, Pearson Education.
2. J.R. Monga, *Financial Accounting: Concepts and Applications*. Mayur Paper Backs, New Delhi.
3. Tulsian, P.C. *Financial Accounting*, Pearson Education.
4. Taxmann's, *Income Tax Act*, as amended by Finance Act 2021.

UNIT -3 (PART-1) AWARENESS IN REGARDS TO THE INCOME E-FILING PORTAL

STRUCTURE

3.0. Objectives50

3.2. What is electronic filing of return?51

3.3. E-filing methods.....51

3.4. TEST YOUR UNDERSTANDING A52

3.5. E-FILING PROCESS.....53

3.6. Benefits of e-filing.....57

3.7. Limitation of e-filing57

3.8. TEST YOUR UNDERSTANDING B58

3.9. Review Questions.....	60
3.10. Answer to test your understanding B.....	61
3.11. Further Reading	61

3.0. Objectives

- After studying this unit student is able to understand the:
- Meaning of e-filing of return.
- How to use e-filing portal.
- Process of e-filing.
- Methods of e-filing of returns.
- Benefits and drawbacks of e-filing.
- Forms required for e-filing.

3.1. Introduction

In the era of advancement and technology, everything is going to be digital and government has understood the significance of the technology and innovation. so, prefers e-filing of all income tax returns. E-filing an income tax return is the successful submission of an income tax return online. The idea and methods for electronically filing income tax returns using the internet have been created by

e-governance

3.2. What is electronic filing of return?

E-filing is the procedure for electronically submitting income tax returns online. The Indian government has recently adopted a number of initiatives. One of the most significant and cutting-edge E-government services is e-filing. It makes tax assessments and payments more convenient for taxpayers. With a few mouse clicks, consumers may complete transactions online.

3.3. E-filing methods

The assessee has the following three alternatives if the return of income is submitted electronically:

Electronic filing with a digital signature: To file electronically, use a DSC. If the return is filled out with DSC, no further action is required.

E-filing without a digital signature: File electronically without a certificate of digital signature. An ITR-V form is produced in this instance. Within 120 days of the date of filing, the form must be printed, signed, and sent to CPC, Bangalore, through regular mail or speed mail.

Submitting electronically using an electronic verification code

Definition of EVC It refers to a code created with the intention of electronically verifying the identity of the individual providing the income tax return in as per the data structure and rules established by the primary director general of income tax.

Who the EVC cannot return: utilizing this technique, the following person cannot locate a return:

- a) individuals whose finances must be audited in accordance with Section 44ab
- b) political parties submitting income tax returns in ITR 7

c) companies

There are four different ways for taxpayers to generate EVC, as listed below:

- (i) **Using online banking:** The account holder of a bank that is registered with the Income Tax Department has access to the website for electronic filing. The account holder can generate the EV C utilizing the E-file menu by selecting the e-filing option, which will bring him to the e-filing website. The taxpayer's registered email address and mobile number will receive the created EVC, which may be applied to authenticate their income tax return.
- (ii) **Assessee can create EVC by linking their Aadhar card** number to their PAN on the e-filing website. Aadhaar numbers can only be used if the PAN database's data matches that of the UIDAI for taxpaying individuals' Aadhaar numbers.
- (iii) **By using an ATM:** A taxpayer may only create an EVC using an ATM if their ATM card is connected to a PAN-validated bank account and their bank is registered with the Income Tax Department. Taxpayers can use their debit or credit cards to access registered bank ATMs, and then on the ATM screen, they must choose the option to create EVC for filing income tax returns. In order to produce and send the EVC to the assessee on his registered mobile number, the bank will send this information to the e-filing website.
- (iv) **Through the Income Tax e-filing official website:** The assessee can also produce EVC utilizing the Income Tax official e-filing website. (www.incometaxindiafiling.gov.in) However, only those assessees who have total incomes of rupees 5 lakhs or less and who are not requesting income tax refunds are eligible for this provision.

3.4. TEST YOUR UNDERSTANDING A

1. What do you mean by e-filing of returns?

2. What are the modes of generating EVC?

3.5. E-FILING PROCESS

Generate the User ID and Password

For E-filing of Income Tax Return as assessee has to get himself registered on the official website of the Income Tax

Department.

www.incometaxindiaefiling.gov.in

Procedure of Registration

- Go to the webpage www.incometaxindiaefiling.gov.in
- Select Register as New User by clicking.
- Mention your PAN because your PAN is your user ID.
- A new page will load if the PAN has not yet been registered; otherwise, the message "PAN is already registered" will show.
- The assessor must provide his name, his father's name, his date of birth, his email address, his phone number, and a password of his choosing.
- Choose one of the four provided hidden questions, and then offer any possible response.
- After entering the provided verification code, click "register."
- Delivered to the registered email address.
- The user will be able to utilize all of the income tax department's facilities and can e-file his return once the link is established.

Income tax return preparation utility

Procedure

- Go to the portal: www.incometaxindiaefiling.gov.in
- Decide on e-filing A.Y.
- Choose the assessee who will file the income tax return next.
- Choose and download the relevant tool in accordance with the assessee's ITR form.

Selection of appropriate ITR Form

There are many forms available for different categories of assessee's generating various types of income to file their income returns. According to Rule 12 of the Income Tax Rule of 1962, following forms are required. An assessee who must file an income return must only use the designated approved form.

Pre-requisite for filling of forms

- a) Enable Macros in excel worksheet before filling the ITR.
- b) Filling the excel utility.

Import of data-form 26AS

- First by entering the assessee's user ID and password, log on to www.incometaxindia.gov.in.
- Visit "My Account." then select View Tax Credit Statement (Form 26AS), and then enter the information requested.
- Once you click "Submit," a new window will open.
- Once you select "Confirm," Form 26AS will display.
- Copy the Form 26AS data from the website, and then put it on a regular Excel worksheet.
- Paste the format cell (green colour) from the Excel TDS scheduling tool onto a blank Excel worksheet. Rows and columns after the one holding the data shown below should be deleted.
- Using the structure Excel's formal TDS scheduling tool can be used to paint every column of a standard Excel spreadsheet.
- Add the necessary number of rows to the Excel tool's TDS schedule.
- Paste the TDS information from that standard Excel spreadsheet into the Excel utility's TDS schedule.

Validation of files

- Once the correct income tax return has been filed, click the validate button that appears on each and every sheet of the form.

- This aids in locating any errors in the sheet. If the sheet is error-free, the window will show that the sheet is valid.
- Every single sheet must be handled using the same process.
- Avoid using special characters like percent, &, etc. because the income tax return software won't allow them.

Creating an XML file

- Click on generate XML to do a final validation check after all necessary schedules have been filled up and verified.
- The next choice that appears once XML is generated is for XML to be saved.
- Click the "Save XML" button to store the XML in the same folder as the Excel result.

Submitting the tax return online

- By using the following process, the validated XML file produced is ready for upload to the Income Tax Department:
- Using the user name and password, log in to the Income-Tax Department website.
- On the left panel, select the assessment year by clicking on submit return.
- The ITI form that needs to be filled out.
- Choose whether to submit the IT work with or without a digital signature.
- Your return will be submitted on screen after you click the next button.
- By choosing a file, enter the location of an XML file that has been validated.
- Send the ITR-V with the proper signatures to CPC Bengaluru if the return was filled out on the digital press and printed.
- Follow the steps listed below to update the digital signature with the department if the return is to be filled out using a digital signature and signing and uploading the income tax return form.

Acknowledgement Receipt

An acknowledgment receipt is generated once the income tax returns have been successfully uploaded. It is known as ITR-V for this acknowledgement.

- ITR-V is not necessary to be provided to the Income Tax Department if the return is submitted online and includes a digital signature.
- If the return is electronically filed without a digital signature, ITR-V must be sent to the Income Tax Department as proof of filing the tax return. 120 days of electronic data transmission must be included in ITR-V.

3.6. Benefits of e-filing

- The ease of submitting returns electronically allows taxpayers to do so from the comfort of their homes, which lessens the burden.
- The ability to track status as desired is a benefit of filing tax returns online for the taxpayer. It makes it easier for the user to determine whether a specific return has been received by the Income Tax Department and its current status.
- When filing returns electronically, the user is prompted to upload the required files, creating a database that may be accessed anytime necessary. There was no such clause for manual filing of returns.
- The e-verification capability now allows for the online verification of income tax returns. However, the assessee needs to have an Aadhaar card in order to use the e-filing facility. Additionally, the Aadhaar card's phone number must be current because it is the only one to which the verification OTP (One Time Password) is issued.

3.7. Limitation of e-filing

- At the Income Tax Portal, the assessee's digital signature is not being updated correctly and is frequently buggy.
- At the e-proceeding portal of the e-filing site, uploading answers and submissions happens quite slowly. The Income Tax Portal occasionally does not display responses that have been uploaded.
- There are no requests for refunds.

3.8. TEST YOUR UNDERSTANDING

1. Chose the right alternative
1. To submit an online return, a person must upload an XML file, which they can create using one of the tools the income tax department has made available:
 - a) Word utility
 - b) Excel utility
 - c) Access utility
 - d) PPT utility
2. Mr. X can electronically check his return if his income is less than Rs. 5 lakhs and he is not requesting a refund:
 - a) Net banking
 - b) Email ID
 - c) Aadhaar card

d) All of the above

3. Which of the following is not true?

a) E-filing enables assessors to see the return's current status.

b) For residents of India with incomes over Rs. 5 lacs, electronic filing of returns is required.

c) Companies are not required to file returns electronically.

d) One of the steps in the electronic filing process is to browse and choose the XML file.

4. Which of the following describes how to properly file an income tax return electronically?

i) Fill out the Java or Excel utility and validate

ii) Make an XML file and store it in the desired location.

iii) Download the Excel or Java version of the ITR tool.

iv) Check out the website at www.incometaxindiaefiling.gov.in.

a) iv, iii, ii, i

b) iv, iii, I, ii

c) i, ii, iii, iv

d) ii, iii, iv, i

5. full form of EVC is.....

a) Electronic verified code

b) Electronic verification code

c) Electrical vocal code

d) Electronic verified centre

2.what are the benefits of the e-filing of returns?

3. Explain the limitation of e-filing of returns.

3.9. Review Questions

1. Explain the procedure of e-filing in detail.
2. What are the methods of e-filing of returns?

3. What types of ITR forms required for e-filing?
4. How to create XML File?
5. What are the modes to create EVC?
6. What are the benefits and drawback of e-filing?

3.10 Answer to test your understanding

- 1 (b)
- 2 (d)
- 3 (b)
- 4 (b)
- 5 (b)

Further Reading

- Rahul Agarwal, *Direct Tax Law*. 4TH edition. Taxmann.
- Vinod K.Singhania and Dr. Kapil Singhania, *Direct Taxes: Law & Practice*. 64th edition. Taxmann.

UNIT-3 (PART-2)

APPLYING NEW PAN AND TAN, REGISTRATION AND AMENDMENTS OF THE TAX PAYER INFORMATION AT THE PORTAL

STRUCTURE

3.0. Objectives	63
3.1. Introduction.....	64
3.2. Obtaining a PAN is a requirement, mandatory	64
3.3. Who must submit a PAN application? Article 139A(1).....	65
3.4. USES OF PAN CARD	66
3.5. How to apply for PAN.....	67
3.6. TEST YOUR UNDERSTANDING A	68

3.7. Meaning of TAN	69
3.8. PERSONS LIABLE TO APPLY FOR TAN.....	70
3.9. Significance of TAN	70
3.10. PROCEDURE FOR APPLYING TAN.....	71
3.11. Authority empowered to allot TAN	72
3.12. Procedure for Online TAN Application	72
3.13. PAN cannot replace TAN when being quoted.....	72
3.14. A taxpayer is only allowed to own one TAN.	73
3.15 TEST YOUR UNDERSTANDING B	73
3.16 ANSWER OF TEST YOUR UNDERSTANDING A	75
3.17. ANSWER OF TEST YOUR UNDERSTANDING B	75
3.18. Further Readings	75

3.0. Objectives

After studying this unit student is able to understand the:

- Meaning of PAN CARD.
- How to apply for PAN CARD.
- Process of PAN CARD.

- Uses of PAN CARD.
- Meaning of TAN.
- Who can apply for TAN
- Procedure of TAN
- Forms required for PAN and TAN

3.1. Introduction

Every taxpayer receives a Permanent Account Number (PAN), a code number provided by the Income Tax Department. Using this code, you may identify an assessee who is covered by the Income Tax Act of 1961. This PAN, which has 10 characters of alphanumeric data, is given out in the form of a laminated card. A Form 49A application must be submitted to the Assessing Office with the authority to assess the applicant. The simplicity of finding the Assessing Officer, faster assessment, processing refunds, assuring tax compliance, credit for payment of taxes, and monitoring over unregulated and undeclared transactions are the key benefits of having a PAN.

The application form must be filled out completely and accurately, including the assessee's name, father's name, residence, birth date, and income sources.

3.2. Obtaining a PAN is a requirement, mandatory

The following persons are required to obtain a PAN:

- **If person income exceeds the exemption limit or your turnover exceeds Rs. 5,000,00 (Rs. 5 lakh)**

A person must apply for a PAN before May 31 of the assessment year in which your income exceed amount of tax you can pay or

before the end of the accounting year in which your gross receipts or turnover exceed Rs. 5,000,000.

- **Charitable Trust**

A charity trust that is required to submit a return of income under section 139(4A) must get a PAN.

- **Financial transactions totaling at least Rs. 2,50,000 -**

With effect from April 1, 2018, PANs are required for any resident person (who is not an individual) who engages in financial transactions totaling Rs. 2,50,000 or more during a fiscal year, as well as any managing director, director, partner, trustee, writer, creator, karta, chief executive officer, principal officer, or office bearer of such a person or any person qualified to act on their behalf.

- **Central Government specified person:**

The Central Government has the authority to notify any individual to apply for a PAN (for the purpose of collecting any information). The Central Government has informed the following individuals that they must apply to the Assessing Officer for a PAN for this objective: exporters, importers, and assesseees under the Central Excise, Service Tax, and Sales Tax.

3.3. Who must submit a PAN application? Article 139A(1)

In the following circumstances, anybody who has not yet received a permanent account number must submit an application to the Assessing Officer for the issuance of a permanent account number:

- a) if his total income during any prior year, or the total income of any other person for whom he is assessable under this Act, exceeds the maximum amount exempt from income tax; or
- b) if he is engaged in any company or profession with annual sales, turnover, or gross earnings that exceed or are anticipated to exceed Rs. 5,00,000; or

c) He must submit a return of income, or return of trust and charity organizations, in accordance with section 139(4A).

3.4. USES OF PAN CARD

- In order to create a new bank account, whether it be a savings or a current account, a PAN card is necessary. To open an account with any bank, whether public, private, or cooperative, a PAN card must be submitted.
- IT Returns Filing: IT returns must be filed by all people and organizations that qualify for income tax. People and other entities apply for a PAN card primarily because doing so is required in order to file IT returns.
- Applying for a credit or debit card: According to rules, you must provide your PAN card information when applying for a debit card or credit card at any bank or financial institution. If this criterion is not satisfied, the bank will not issue the card.
- Investments: Purchasing securities is regarded as a wise strategy to increase your money. If you're thinking about investing in securities, you'll need to provide your PAN information for any transactions that cost more than Rs. 50,000. This includes bonds, debentures, mutual funds, and stocks.
- Loans: If you need a loan, all banks and other lending organizations will ask you to supply information about your PAN when you apply for the loan. For the loan to be granted, PAN information is required for all loans, including personal and student loans.
- Proof of Identity: A PAN card is recognized throughout the nation as a reliable form of identification and is also taken into account as evidence of age. Additionally, it may be used as identification evidence when applying for a passport, voter ID, driver's licence, power connection, etc.
- Opening a demat account with a depository, participant, securities custodian, or any individual registered with SEBI.
- A contract that exceeds Rs. 1 lakh in value for the sale or acquisition of securities (other than shares).

3.5. How to apply for PAN

UTI Infrastructure Technology and Services Limited (UTIITSL) and National Securities Depository Limited (NSDL) have been given permission by the Income Tax Department to establish and operate PAN Service Centers. PAN application centers of UTIITSL/NSDL are the PAN Service centers and TIN facilitation centers that UTIITSL and NSDL have created in various locations around India's main cities. Thus, a person who wants a PAN can apply for one by bringing the required paperwork, Form 49A/49AA, to the UTIITSL or NSDL PAN Application facility, along with the required costs. Additionally, a website for UTIITSL or NSDL can be used to submit an online application.

Therefore, it won't be required for a person (as stated above) to provide his or her Aadhaar Number in the PAN application form. The application for the assignment of a Permanent Account Number may be made in Spice- INC-32, which is designated under sub-section (1) of section 7 of the aforementioned Act for incorporation of the company, in the case of an applicant being a company that has not been registered under the Companies Act, 2013, for the said Act.

When applying for a PAN, a resident must use form 49A, and non-residents, including foreign companies, must use form 49AA.

On the PAN application form, each individual applicant must attach two current, colored photographs (stamp size 3.5 cm × 2.5 cm). An official document that verifies your "identity," "address," and "date of birth" must be provided.

In the PAN application form, the Designation and Code of the relevant Assessing Office of the Income Tax Department must be specified.

You may get information on PAN application centers run by UTIITSL or NSDL, including their addresses and contact information, by visiting the following websites:

- i. UTIITSL's website is at www.utiitsl.com
- ii. Visit NSDL's website at www.tin-nsdl.com.

3.6. TEST YOUR UNDERSTANDING A

1. The Income Tax Department issues Permanent Account Numbers (PANs), which are unique alphanumeric numbers with _____ digits.
2.Form must be used to submit an application for a PAN (in case of a resident).
3. The last character of PAN indicates.....
4. The provisions for allotment of PAN are laid down under section.....
5. PAN card application form for a PAN of a company is to be signed by.....
6. Each individual must use their PAN, which is defined in regulation 114B, in which of the following transactions.
 - a. Opening an account with a bank
 - b. Sale of motor vehicle
 - c. Demate account
 - d. all of the above

7. How can a person obtain PAN CARD?

8. What are the uses of PAN CARD?

9. How can we apply for PAN?

3.7. Meaning of TAN

A 10-digit alphanumeric number known as a tax deduction account number or tax collection account number is one that the income-tax department issues (we will refer to it as TAN). All individuals who are obligated to collect or are responsible for deducting tax at source (TDS) must get a TAN (TCS).

The TAN's first four digits are alphabets, the following five digits are numeric, and the last digit is an alphabet.

The first three letters of a TAN stand for the jurisdiction code, and the fourth letter is the first letter of the TAN holder's name, which may be a person, business, or other entity. For instance, the TAN allocated to Adarsh of Punjab may look as:

PUN A 12345

3.8. PERSONS LIABLE TO APPLY FOR TAN

Everybody who is obligated to withhold tax at source or collect tax at source must get a TAN. However, as they are not needed to get TAN, those who are obligated to deduct tax under section 194-IA may use their PAN in place of it.

Additionally, a person who must deduct tax under sections 194-IB or 194M is exempt from needing a tax deduction account number (TAN).

If the rent paid for any land or building, or both, exceeds Rs. 50,000 for a month or part of a month, section 194-IB requires any individual or HUF [whose books of account are not required to be audited under section 44AB] to deduct tax at the rate of 5%.

A person or HUF [whose books of account are not required to be audited under Section 44AB] who pays or credits a resident in a year for contractual work, commission (other than insurance commission as referred to in Section 194D), brokerage, or professional fees is subject to tax deduction under Section 194M at the rate of 5% if the total of such sum exceeds Rs. 50 lakhs.

3.9. Significance of TAN

Every person that withholds or collects tax at source is required to apply for the allocation of a TAN under section 203A of the Income-tax Act of 1961. In accordance with Section 203A, the following papers must use TAN quotation marks:

- A) TDS statements, or returns,
- B) Return TCS statements
- C) Statement of financial transactions

D) TDS/TCS certificate

3.10. PROCEDURE FOR APPLYING TAN

There are two methods for applying for TAN:

1. ONLINE MODE
2. OFFLINE MODE

1. **ONLINE MODE:** On the NSDL-TIN website, an online TAN application may be submitted.

Where Form 49B may be purchased

- a. The Income Tax Department's website (<http://www.incometaxindia.gov.in>) offers a free download of Form 49B.
 - b. IN-FCs furthermore sell it.
 - c. Forms legibly printed in accordance with the Income-tax Department's format or legible photocopies of Form 49B are also acceptable.
2. **OFFLINE MODE:** Any TIN-FC must receive a completed Form 49B application in duplicate requesting the allocation of a TAN. TIN-FC addresses may be found on the NSDL-TIN website (<https://www.tin-nsdl.com>).

The application for the allocation of a Tax Deduction Account Number may be made in Form No. INC-32 (SPICe), which is specified under subsection (1) of Section 7 of the said Act for incorporation of the company, if the applicant is a company that has not been registered under the Companies Act, 2013, for that Act.

3.11. Authority empowered to allot TAN

The Income-tax Department assigns TANs based on applications filed either offline to TIN-FC run by NSDL or online at the NSDL-TIN website. At the location provided in the application, NSDL will notify the applicant of TAN.

3.12. Procedure for Online TAN Application

On the NSDL-TIN website, the deductor can submit an online application for a TAN (<https://tin.tin.nsdl.com/tan/index.html>).

An acknowledgment will appear on the screen upon verification of the validity of the online application upload. The list of acknowledgements includes:

Unique 14-digit acknowledgement number

- Status of the applicant
- Name of the applicant
- Contact details
- Payment details
- Space for signature

The acknowledgement must be saved by the applicant, who should also print it off.

The acknowledgement must be signed by the applicant. Only the space given in the acknowledgment box should be signed.

The authorised signatory must sign the acknowledgement and affix the proper seal or stamp in the case of applicants other than individuals.

If a thumb impression is utilised, it must be confirmed by a magistrate, notary public, or officer with a gazette.

3.13. PAN cannot replace TAN when being quoted.

In fields where TAN must be quoted, PAN should never be used. In other words, neither the deductor nor the collector may substitute

his PAN for the TAN. If he does not already have TAN, he must apply for it. However, as they are not needed to get TAN, those who are obligated to deduct tax under section 194-IA may use their PAN in place of it.

3.14 A taxpayer is only allowed to own one TAN.

Multiple TANs are prohibited for both possession and usage. However, different branches or divisions of a business may have their own TANs. The TAN that is now being used frequently should be kept and the other TAN should be immediately submitted for cancellation using the "Form for modifications or correction in TAN," which may be acquired from the NSDL-TIN website or obtained from TIN-FC.

3.15 TEST YOUR UNDERSTANDING

- 1. An alpha-numeric number called a Tax Deduction Account Number (TAN) or Tax Collection Account Number (TAN) is one that the Income-tax Department issues.**
 - a. 10 digits
 - b. 5 digits
 - c. 15 digits
 - d. 20 digits
- 2. The first three alphabets of TAN represent the:**
 - a. Surname of the TAN holder
 - b. Name of the TAN holder
 - c. Jurisdiction code
 - d. Residential status of the TAN holder
- 3. What do you mean by TAN?**

4. Explain the procedure of how to apply for TAN?

5. What is the importance of TAN?

3.16 ANSWER OF TEST YOUR UNDERSTANDING A

1. Ten
2. 49 A
3. Alphabetic check digit
4. 49A
5. Director
6. All of the above

3.17. ANSWER OF TEST YOUR UNDERSTANDING B

1. (A)
2. (C)

3.18. Further Readings

- Rahul Agarwal, *Direct Tax Law*. 4TH edition. Taxmann.
- Vinod K.Singhania and Dr. Kapil Singhania, *Direct Taxes: Law & Practice*. 64th edition. Taxmann.

UNIT -4

Form No 49A and 49B, ITR 1, ITR2, ITR3, and ITR 4

STRUCTURE

4.1 Permanent Account Number (PAN) Section 139A and Rule 114.

4.1.1 Steps for filing form 49 A

4.2 Form 49 B TAN [See sections 203A and rule 114A].

4.2.1 How to apply for TAN?

4.3 Who should file return of income [sixth proviso to section 139(1)]?

4.3.1 Further, other persons who are required to file return of income mandatorily.

4.3.2 Documents required to be attached with the return of income.

4.3.3 Belated Return [Section 139(4)].

4.3.4 Revised Return [Section 139(5)].

4.4 Income tax return forms.

4.1 Permanent Account Number (PAN) Section 139A and Rule 114.

Every person who has not having permanent account number shall with in such time as may be prescribed apply to the Assessing Officer for the allotment of PAN.

In the following cases every person is required to apply for the PAN in the prescribed manner and time. The relevant form for applying the PAN is form no **49A**. Permanent Account Number is a 10 -digit alpha-numeric number issued by the Income-tax Department.

- i. If the total income or the total income of any other person in respect of which he is assessable under this Act during any previous year exceeded the maximum amount which is not chargeable to income-tax; or
- ii. he is carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed Rupees 500000/- in any previous year; or
- iii. who is required to furnish a return of income under sub-section (4A) of section 139 i.e. return of trust and charitable institution,
- iv. Any resident person (not being an individual) who enters into a financial transaction of an amount aggregating to Rs. 2,50,000 or more during a financial year
- v. The person is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of such person or any person competent to act on behalf of such person) is required to obtain PAN.
- vi. If the person intends to enter in to such transactions as may be prescribed by the Board in this regards.

The form prescribed for applying the permanent account number is Form No 49A. Application for Allotment of Permanent Account Number [In the case of Indian Citizens/Indian Companies/Entities incorporated in India/ Unincorporated entities formed in India] See Rule 114.

Form can be downloaded from the website of the income tax. <https://incometaxindia.gov.in/forms/incometax%20rules/103120000000007917.pdf> for offline filing with **the nearest NSDL office or UTITSL PAN service centre** along with the application charges as prescribed.

The form can also be downloaded in offline mode from the website https://www.tinnsdl.com/downloads/pan/download/Form_49A.PDF.

The necessary instructions for filing the form 49A is available at the bottom of the form. One must read the instructions before filing the form either offline or online mode. Online applicant for applying the PAN can be made on the website after following necessary instructions. <https://www.onlineservices.nsd1.com/paam/endUserRegisterContact.html>

Detailed instructions for filing the form 49A on online basis can be studied by logging the website link before filing the form. <https://tin.tin.nsd1.com/pan/Instructions49A.html>

4.1.1 Steps for filing form 49 A

1. Mention the name of the person applying the PAN application as per instructions given in the form. HUFs shall mention HUF after their full name. In case of Company, the name should be provided without any abbreviations.
2. Abbreviation of the full name to be printed on the PAN card. Individual applicants should provide full/abbreviated name to be printed on the PAN card.
3. Have you ever been known by any other name? If applicant selects 'Yes', then it is mandatory to provide details of the other name.
4. Gender. This field is mandatory for Individuals. Field should be left blank in case of other applicants.
5. Date of Birth/Incorporation / Agreement / Partnership or Trust Deed / Formation of Body of Individuals / Association of Persons. Date cannot be a future date. Read the full instructions as provided in the form 49A.
6. Details of Parents (Applicable to Individuals only). If none of the option is selected, then father's name shall be considered for printing on the PAN card. In case of mother as a single parent, mother's name shall be considered for printing on the PAN Card. Read the full instructions as provided in the form 49A.

7. Address - Residence and office. For Individuals, HUF, AOP, BOI or AJP, residential address is mandatory. Other applicants should leave this field blank. In case of Firm, LLP, Company, Local Authority and Trust, name of office and complete address of office is mandatory.
8. Address for communication. Individuals/HUFs/AOP/BOI/AJP may indicate either 'Residence' or 'Office' and other applicants should necessarily indicate 'Office' as the Address for Communication.
9. Telephone Number and Email ID. Telephone number should include country code (ISD code) and STD code or Mobile No. should include Country code (ISD Code). It is mandatory for the applicants to mention either their “Telephone number” or valid “e-mail id” so that they can be contacted in case of any discrepancy in the application and/or for receiving PAN through e-mail.
10. Status of Applicant. This field is mandatory for all categories of applicants. In case of ‘Limited Liability Partnership’, the PAN will be allotted in 'Firm' status.
11. Registration number. Not applicable to Individuals and HUFs. Mandatory for ‘Company’.
12. In case of a person, who is required to quote Aadhaar number or the Enrolment ID of Aadhaar application form as per section 139AA. As per provisions of section 139AA of Income Tax Act, 1961, Aadhaar number has to be provided. Copy of Aadhaar letter/card shall be provided as proof of Aadhaar.
13. Source of Income. It is mandatory to indicate at least one of the sources of incomes, as mentioned in the form. In case, the income from Business/profession is selected by the applicant then an appropriate business/ profession code should be mentioned. Table given in the form should be referred in this regard.
14. Name and address of Representative Assessee. This field will contain particulars of the Representative Assessee. This field is mandatory if applicant is minor, deceased, idiot, lunatic or mentally retarded. Column 1 to 13 will contain details of person on whose behalf this application is submitted. Proof of Identity and Proof of address are also required for representative assessee.

15. Proof of Identity, Proof of Address and Proof of Date of Birth documents. It is mandatory to attach proof of identity, proof of address and proof of date of birth with PAN application. Documents should be in the name of applicant. List of documents which will serve as proof of identity, address and date of birth for each status of applicant is provided in the form 49A.
16. Signature / Thumb impression. Application must be signed by (i) the applicant; or (ii) Karta in case of HUF; or (iii) Director of a Company; or (iv) Authorised Signatory in case of AOP, Body of Individuals, Local Authority and Artificial Juridical Person; or (v) Partner in case of Firm/LLP; or (vi) Trustee; or (vii) Representative Assessee in case of Minor/deceased/idiot/lunatic/mentally retarded. Applications not signed in the given manner and in the space provided are liable to be rejected.

4.2 Form 49 B TAN [See sections 203A and rule 114A]

Tax Deduction Account Number or Tax Collection Account Number is a 10 -digit alpha-numeric number issued by the Income-tax Department. TAN is to be obtained by all persons who are responsible for deducting tax at source (TDS) or who are required to collect tax at source (TCS).

Every TDS payment or TCS payment should be made using the TAN. Also, every TDS return must have TAN quoted on it. A penalty of up to Rs. 10,000 can be levied if a person deducting tax at source does not have a TAN. Also, a penalty of Rs. 10,000 is levied for a failure to quote TAN in TDS challans and TDS certificates.

4.2.1 How to apply for TAN?

There are two modes for applying for TAN:

- **OFFLINE** - An application for allotment of TAN is to be filed in Form 49B in duplicate and submitted to any TIN-FC. Addresses of TIN FCs are available at NSDL TIN website (<https://www.tin-nsdl.com>).
- **ONLINE** — Online application for TAN can be made from the website of NSDL- TIN website.

Steps for filing form 49 B online mode.

Step : Visit the URL <https://tin.tin.nsdl.com/tan/form49B.html>

Step 2: Click on the option ‘Online Application for TAN (Form 49B)’.

Step 3: Scroll down to the end of the screen to find a drop-down list under ‘Category of Deductors’.

Step 4: After that applicant will be redirected to a page displaying Form 49B. Fill in all the necessary details, check the entered details, and submit the form by clicking on ‘Confirm’ button. Pay the necessary fees online and an acknowledgement will be displayed.

Step 5: A screen will be displayed confirming the submission of the form to the income tax department. Make a note of the 14-digit acknowledgement number displayed.

Step 6: Print the acknowledgement form and sign on the printed copy in the space provided.

Step 7: Send the acknowledgement slip to NSDL along with the supporting documents mentioned in the printout.

Steps for filing form 49 B offline mode.

1. Name: Deductor/Collector should fill the details of its name depending on its category in only one of the fields 1 (a) to 1 (h) specified in the form.
2. Address: Deductor/Collector should mention the address of the location where the tax is being deducted. It is compulsory for the deductor/collector to mention at least two details out of four i.e. (Flat/Door/Block No., Name of Premises/Building/Village, Road/Street/Lane/Post Office and Area/Locality/Taluka/Sub Division). Town/City/ District, State/ Union Territory and PIN Code are mandatory. The applicant should not mention a foreign address.

Telephone Number and e-mail ID. It is mandatory for applicants to mention either their telephone number or e-mail id so that they can be contacted in case of any discrepancy in the application form. Applicants may provide their valid e-mail IDs for receiving intimation about the status of their application through e-mail.

3. Nationality of Deductor/Collector. This field is mandatory for all categories of deductor/collector.
4. Permanent Account Number. Deductor/Collector should mention the existing 10-digit Permanent Account Number allotted to it, if any, (PAN) else leave this field blank.
5. Existing Tax Deduction Account, If a deductor has existing Tax Deduction Account number in old format, it should mention the same in this Number (TAN) field.
6. Existing Tax Collection Account. If a collector has Tax Collection Account Number in the old format, it should mention the same in this field. Number (TAN).

7. Applicant is required to put his signature along with the date in the format DD/MM/YY. After signing the applicant verification is to be done on the application with signature, date and place.

1. Who should file return of income [sixth proviso to section 139(1)]?

Every individual , HUF, Association of Person (AOP) , Body of Individual whether incorporated or not has to file the return of income if his total income (including income of any other person in respect of which he is assessable) without giving effect to the provisions of section 54 or 54B or 54D or 54EC or 54F or 54G or 54GA or 54GB Chapter VIA (i.e., deduction under section 80C to section 80U), exceeds the maximum amount which is not chargeable to tax i.e. exceeds the exemption limit.

4.3.1 Further, other persons who are required to file return of income mandatorily, if that person fulfills one or more conditions specified below is obligated to furnish his return of income [seventh proviso to section 139(1)].

- i) Deposit of amount or aggregates of amount exceeding Rs 1 crore in one or more current accounts maintained with the banking company or a cooperative bank;
- ii) Incurred expenditure of an amount or aggregate of amount exceeding Rs 2 lakh for **travel to a foreign country** for himself or any other person;
- iii) Incurred expenditure of amount or aggregate of amount exceeding Rs 1 lakh on consumption of electricity.
- iv) Fulfills such other conditions as may be prescribed in this behalf.

4.3.2 Documents required to be attached 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.

However, in case of a taxpayer who is required to furnish a report of audit under various section of the act as prescribed shall furnish it electronically on or before the date of filing the return of income.

4.3.3 Belated Return [Section 139(4)]

As the name suggests, a belated return is a return which is filed after the stipulated due date mentioned in the income tax rules. “Under Section 139(1) of the Income-tax Act (“the Act”). Section 139(4) of the Act allows a taxpayer to file a belated return up to three months before the end of the assessment year i.e. December 31 of the relevant assessment year or before completion of the assessment, whichever is earlier.

4.3.4 Revised Return [Section 139(5)]

If any person, having filed the return of income under section 139(1) or section 139(4), discovers any omission or any wrong statement therein, he may furnish the revised return at any time before the end of the relevant assessment year or before completion of the assessment, whichever is earlier.

4.4 Income tax return forms

Every person who is required to furnish the return of income must select appropriate income tax return form before filing, See income tax [Rule 12]. Before filing the returns one must be aware of the different provisions of the Income Tax Act 1961 and Income Tax Rules so that the return of income can be filed accurately.

To make tax compliance easier, the income tax department has categorized taxpayers into many groups based on income and its source. So, one need to file correct return form.

ITR 1, also known as Sahaj Form, is for a person who is resident other than not ordinary resident and with an income of up to Rs.50 lakhs. This form can be used by a person whose total income includes income chargeable to income tax, under the head-

- i. income from Salary/Pension
- ii. Income from One House Property (excluding cases where loss is brought forward from previous years or loss to be carried forward).
- iii. Income from Other Sources (excluding winning from Lottery and Income from Race Horses and does not have loss under that head).

Who cannot file ITR-1

An individual having an income above Rs 50 lakh cannot use this form.

An individual who is either a director in a company and any person who has held any unlisted equity shares at any time during the financial year cannot use this form. Also, individuals who have earned income through the following means are not eligible to file form ITR-1. Person having more than one House Property, income from lottery, racehorses, legal gambling, etc. Taxable capital gains (Short term and Long term), Agricultural income exceeding Rs. 5,000, Business and Profession and Individual who is a Resident and has assets (including financial interest in any entity) outside India or signing authority in any account located outside India etc.

Structure of the ITR-1 Form

Part A General Information

Part B Gross Total Income.

Part C - Deductions And Taxable Total Income.

Part D - Computation Of Tax Payable.

Part E - Other Information

Details of all Bank Accounts held in India at any time during the previous year (excluding **dormant accounts**).

Mode of filing ITR-1 Form: One can submit ITR-1 Form either online or offline.

Offline mode: An individual at the age of 80 years or more at any time during the previous year. For offline, the return is furnished in physical paper form. The Income Tax Department will issue an acknowledgement at the time of submission of your physical paper return.

Online mode: By filing the tax return electronically and one can then submit the verification of the return either in the form of sending ITR-V to CPC, Bengaluru within 120 days of e-filing or by doing the verification on online mode and e verifying the ITRV through net banking/aadhaar OTP/EVC. If the return has been submitted electronically, the acknowledgement will be sent to the registered email id. Acknowledgement and return form which has been filed in electronic mode can also be downloaded manually from the income tax website. One can send the ITRV form after signing to the Income Tax Department's CPC office in Bangalore within 120 days of e-filing. Alternatively, one can e-verify the filed return.

ITR 2: Please see Rule 12 of the Income-tax Rules, 1962) (Please refer instructions for filling the ITR2 form)

Eligibility to file ITR2

ITR2 form can be used by a person being an individual or Hindu undivided family (HUF) whose total income does not include income under the head business or profession.

Income from the following sources can be shown in the ITR2.

Income from Salary/Pension, income from House Property (Income Can be from more than one house property), Income from Capital Gains/loss on sale of investments/property (Both Short Term and Long Term), Income from Other Sources (including winning from Lottery, bets on Race Horses and other legal means of gambling), Foreign Assets/Foreign Income, Agricultural Income more than Rs 5000 and Resident not ordinarily resident and a Non-resident.

Any individual or HUF who is having income chargeable under the head Business or Profession and individuals who are eligible to fill out the ITR-1 form cannot file ITR2.

Structure of the ITR-2 Form

Before filing the return form ITR2 one must read the necessary instructions given in the form.

Part A: General Information.

Schedule S: Details of income from salaries.

Schedule HP: Details of income from House Property.

Schedule CG: Computation of income under Capital gains both short term and long term.

Schedule 112A- From sale of equity share of a company or a unit of equity oriented fund /business trust on which STT is paid.

Schedule 115AD (D)(b)(iii) proviso- For Non-Residents -From sale of equity share of a company or a unit of equity oriented fund /business trust on which STT is paid.

Schedule OS: Computation of income under Income from other sources.

Schedule CYLA: Statement of income after set off of current year's losses.

Schedule BFLA: Statement of income after set off of unabsorbed loss brought forward from earlier years.

Schedule CFL: Statement of losses to be carried forward to future years.

Schedule VIA: Statement of deductions (from total income) under Chapter VIA.

Schedule 80G: Statement of donations entitled for deduction under section 80G.

Schedule 80GGA: Statement of donations for scientific research or rural development.

Schedule AMT: Computation of Alternate Minimum Tax payable under section 115JC.

Schedule AMTC: Computation of tax credit under section 115JD.

Schedule SPI: Statement of income arising to spouse/ minor child/ son's wife or any other person or association of persons to be included in the income of the assessee in Schedules-HP, CG and OS.

Schedule SI: Statement of income which is chargeable to tax at special rates,

Schedule EI: Details of Exempt Income. Agriculture income or other exempt income.

Schedule PTI: Pass through income details from business trust or investment fund as per Section 115UA, 115UB.

Schedule FSI: Statement of income accruing or arising outside India.

Schedule TR: Details of taxes paid outside India.

Schedule FA: Details of Foreign Assets and income from any source outside India.

Schedule 5A: Statement of apportionment of income between spouses governed by Portuguese Civil Code.

Schedule AL: Asset and liability at the year-end (applicable in case the total income exceeds Rs 50 lakhs).

Part B-TI: Computation of Total Income.

Part B-TTI: Computation of tax liability on total income.

Tax payments- Details of payment of advance tax and self-assessment tax.

Details to be filled if the return has been prepared by a Tax Return Preparer.

For ease of filing and processing of the return the same should be filed in electronic mode and e-verify the same at the portal as discussed earlier.

ITR 3: Please see Rule 12 of the Income-tax Rules, 1962) (Please refer instructions for filling the ITR3 form)

Eligibility to file ITR 3:

ITR3 can be filed by individuals or HUFs having income from profits and gains of business or profession and whose income is not computed in accordance with the special provisions referred to in section 44AD, section 44ADA and section 44AE of the Income Tax Act.

The persons having income from following sources are eligible to file ITR 3

Carrying on a business or profession (both tax audit and non-audit cases)

The return may include income from House property, Salary/Pension, capital gains and Income from other sources. **Structure of the**

ITR-3 Form

Part A-GEN: General information and Nature of Business

Part A-BS: Balance Sheet as of March 31, of the Proprietary Business or Profession

Part A- Manufacturing Account: Manufacturing Account for the financial year ending on 31st March.

Part A- Trading Account: Trading Account for the financial year.

Part A-P&L: Profit and Loss for the financial Year.

Part A-OI: Other Information (optional in a case not liable for audit under Section 44AB).

Part A-QD: Quantitative Details (optional in a case not liable for audit under Section 44AB).

Schedule-S: Computation of income under the head Salaries.

Schedule-HP: Computation of income under the head Income from House Property.

Schedule BP: Computation of income from business or profession.

Schedule-DPM: Computation of depreciation on plant and machinery under the Income-tax Act

Schedule DOA: Computation of depreciation on other assets under the Income-tax Act

Schedule DEP: Summary of depreciation on all the assets under the Income-tax Act

Schedule DCG: Computation of deemed capital gains on the sale of depreciable assets

Schedule ESR: Deduction under section 35 (expenditure on scientific research)

Schedule-CG: Computation of income under the head Capital gains both long term and short term.

Schedule 112A: Details of Capital Gains where section 112A is applicable

Schedule 115AD(1)(b)(iii) Proviso: For Non-Residents Details of Capital Gains where section 112A is applicable

Schedule-OS: Computation of income under the head Income from other sources.

Schedule-CYLA-BFLA: Statement of income after set off of current year's losses and Statement of income after set off of unabsorbed loss brought forward from earlier years.

Schedule-CYLA: Statement of income after set off of current year's losses

Schedule BFLA: Statement of income after set off of unabsorbed loss brought forward from earlier years.

Schedule CFL: Statement of losses to be carried forward to future years.

Schedule- UD: Statement of unabsorbed depreciation.

Schedule ICDS – Effect of Income Computation Disclosure Standards on Profit

Schedule- 10AA: Computation of deduction under section 10AA.

Schedule 80G: Statement of donations entitled for deduction under section 80G.

Schedule RA: Statement of donations to research associations etc. entitled for deduction under section 35(1)(ii) or 35(1) (iia) or 35(1)(iii) or 35(2AA)

Schedule- 80IA: Computation of deduction under section 80IA.

Schedule- 80IB: Computation of deduction under section 80IB.

Schedule- 80IC/ 80-IE: Computation of deduction under section 80IC/ 80-IE.

Schedule VI-A: Statement of deductions (from total income) under Chapter VIA.

Schedule AMT: Computation of Alternate Minimum Tax Payable under Section 115JC

Schedule AMTC: Computation of tax credit under section 115JD

Schedule SPI: Statement of income arising to spouse/ minor child/ son's wife or any other person or association of persons to be included in the income of the assessee in Schedules-HP, BP, CG and OS.

Schedule SI: Statement of income which is chargeable to tax at special rates

Schedule-IF: Information regarding partnership firms in which assessee is a partner.

Schedule EI: Statement of Income not included in total income (exempt incomes)

Schedule PTI: Pass through income details from a business trust or investment fund as per section 115UA, 115UB

Schedule TPSA: Secondary adjustment to transfer price as per section 92CE(2A)

Schedule FSI: Details of income from outside India and tax relief

Schedule TR: Statement of tax relief claimed under section 90 or section 90A or section 91.

Schedule FA: Statement of Foreign Assets and income from any source outside India.

Schedule 5A: Information regarding apportionment of income between spouses governed by Portuguese Civil Code

Schedule AL: Asset and Liability at the end of the year (applicable where the total income exceeds Rs 50 lakhs)

Schedule GST: Information regarding turnover/ Gross receipt reported for GST

Part B-TI: Computation of Total Income.

Part B-TTI: Computation of tax liability on total income.

Verification

ITR-4 SUGAM

For Individuals, HUFs and Firms (other than LLP) being a resident having total income up to Rs.50 lakhs and having income from

business and profession which is computed under sections 44AD, 44ADA or 44AE. [Not for an individual who is either Director in a company or has invested in unlisted equity shares or if income-tax is deferred on ESOP or has agricultural income more than Rs.5000] (Please refer instructions of the ITR4 SUGAM for eligibility).

The income computed shall be presumed to have been computed as if full effect to every loss, allowances, depreciation or deduction under the Income Tax Act has been given.

The persons having income from following sources are eligible to file ITR4 SUGAM.

Business income under section 44AD or 44AE

Income from profession calculated under section 44ADA

Salary/pension income. Income from One House Property (excluding the brought forward loss or loss to be carried forward cases under this head). Income from Other Sources (Excluding winning from lottery and income from horse races).

Structure of ITR4 SUGAM

Part A General Information

Part B Gross Total Income

Part C - Deductions And Taxable Total Income (Refer To Instructions For Deductions Limits As Per Income-Tax Act

Part D - Tax Computations And Tax Status

Schedule BP - details of income from business or profession. Computation of presumptive business income under section 44ad.

Computation of presumptive income from professions under section 44ada. Computation of presumptive income from goods carriages under section 44ae.

Information regarding turnover/gross receipt reported for gst

Financial particulars of the business

Schedule it details of advance tax and self assessment tax payments

Schedule tcs details of tax collected at source [as per form 27d issued by the collector(s)]

Schedule tds1 details of tax deducted at source from salary

[as per form 16 issued by employer(s)]

Schedule tds2 details of tax deducted at source on income other than salary

[As per Form 16 A issued or Form 16C or Form 16D furnished by Deductor(s)]

Details of Tax Deducted at Source [TDS 2(ii)] [as per form 16C furnished by the payer(s)]

Schedule 80D & DETAILS OF DONATIONS ENTITLED FOR DEDUCTION UNDER SECTION 80G

VERIFICATION

If the return has been prepared by a Tax Return Preparer (TRP) give further details of the TRP

Review Questions.

1. What are the steps involved in filing new PAN in Form number 49A?
2. When TAN is necessary? How to file Form 49B in online mode?
3. What is belated return?
4. Who can file ITR Form number 2?
5. What is the structure of ITR form 3?
6. Who can file ITR-4 SUGAM? What are the steps involved in it?

Unit-5

Advance Tax, Filling Of Income Tax Challan For Self-Assessment Tax And Advance Tax Etc.

STRUCTURE

5.1 Introduction to Advance Tax

5.1.1 Liability for payment of advance tax [Section 207]

5.1.2 Senior citizen is not required to pay any advance tax.

5.1.3 Conditions for being liable to pay advance tax Section [208]

5.1.4 How Advance Tax Liability is calculated by the assessee himself [Section 209(1)(a) and (d)]?

5.1.5 What is included in current income?

5.1.6 Payment of Advance tax.

5.1.7 Instalments of Advance tax and due dates [Section 211]

5.1.8 Section 218 of Income Tax Act "When assessee deemed to be in default

5.1.9 Section 219 of Income Tax Act "Credit for advance tax":

5.1.10 Payment of advance tax in case of capital gains and casual income [Proviso to section 234C]

5.2 Self-Assessment [section 140A]

5.2.1 Procedure to deposit self -assessment tax and determining the tax liabilities.

5.2.2 Consequences of failure to pay self-assessment.

5.2.3 Filling of income tax challan for self-assessment tax and advance tax etc.

5.2.4 Deposit of tax on online mode.

5.2.5 Deposit of tax on offline basis.

5.2.6 It is a convenient method to deposit the taxes in online mode as this has the under mentioned advantages.

5.2.7 Cautions to be taken while depositing the taxes

5.2.8 Challan Status Inquiry: One can check the status of tax deposited by following the undermentioned steps.

5.2.9 Correction of challan for providing incorrect details in challan like selecting wrong assessment year etc.

5.2.10 If the payment has been made by online challan

Annexure A Copy of the Challan number ITNS 280

5.1. Introduction to Advance Tax

Advance payment of tax is another method of collection of income tax by the Central Government in the form of prepaid taxes. The advance tax is in addition to the TDS/ TCS deducted. The scheme of advance tax is also known as 'Pay as you Earn'. Meaning there by the assessee is required to pay the advance tax in the previous year itself, although, income is chargeable to tax during the assessment year. In other words, advance tax is payable on current income in specified instalments during the previous year.

Advance tax payments benefit both the government and all the assessee. From the government's point of view, it provides a continuous flow of income throughout the year. From the assessee's perspective, it reduces the year-end burden of paying taxes in a lump sum. Non-payment of advance tax could result in the taxpayer being liable to interest under the Income Tax law. Hence, timely payments of advance tax should be made.

5.1.1 Liability for payment of advance tax [Section 207]

As per the provision laid down in the Income Tax Act, tax shall be payable in advance in the financial year in respect of the total income of the assessee earned during that financial year. Although, income is chargeable to tax in the assessment year but advance tax is to be paid in the financial year immediately preceding that assessment year in which such income is chargeable to tax earned. For Example, total income earned during the previous year 2021-22, advance tax on such total income was to be paid in the year 2021-22 itself. Although, such total income was chargeable to tax in the assessment year 2022-23.

5.1.2 Senior citizen is not required to pay any advance tax.

Senior citizens who are resident in India and who are 60 years or older at any time during the previous year and do not run a business, are exempt from paying advance tax.

5.1.3 Conditions for being liable to pay advance tax Section [208]

Liability to pay advance tax according to the provision of The Income Tax Act only arises during the financial year, if an assessee is required to pay Rs 10000 or more as tax on the total income after deducting TDS/TCS.

5.1.4 How Advance Tax Liability is calculated by the assessee himself [Section 209(1)(a) and (d)]?

The advance tax payable by the assessee on his total income as computed by himself will be paid by following under mentioned steps.

Step 1 Make an estimate of the current income for which advance tax is payable from 1st of April to 31st March.

Step 2 compute the income tax payable on the income computed at step 1 as per the prevailing tax rates.

Step 3 On the tax computed at step 2 add surcharge if the same is applicable.

Step 4 Add the health and education cess on the amount calculated at step 3.

Step 5 Allow the reliefs as computed in section 89, 90, 90A and 91, if any.

Step 6 Deduct the amount of TDS and TCS if any deducted.

Step 7 The balance is the amount of advance tax to be paid. The liability to pay only arises if the tax payable is Rs 10000 or more.

However, the tax is to be paid in instalments as discussed later in this UNIT.

5.1.5 What is included in current income? Current income includes all types of income which are taxable under the five different heads of income as provided in the Income Tax Act. It also included both long term and short term capital gains, winning from the lotteries, crossword puzzles, etc. For computing the current income as mentioned in this paragraph, even agriculture income will be taken in to account for the rate purposes, wherever it is provided in the Act.

5.1.6 Payment of Advance tax.

By the assessee of his own accord under section 210 (1): Every person who is liable to pay advance tax under section 208 (whether or not he has been previously assessed by way of regular assessment) shall, of his own accord, pay, on or before each of the due dates specified in section 211, the appropriate percentage, specified in that section, of the advance tax on his current income, calculated in the manner laid down in section 209.

As per section 210(2), a person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax payable in the remaining instalment or instalments to accord with his estimate of his current income and the advance tax payable thereon, and make payment of the said amount in the remaining instalment or instalments accordingly.

Section 210(3): This section says it is compulsory to pay advance tax, if there is any liability to be discharged in this regards. In the case of a person who has been already assessed by way of regular assessment in respect of the total income of any previous year , the Assessing Officer, if he is of opinion that such person is liable to pay advance tax, may, at any time during the financial year but not later than the last day of February, by order in writing, require such person to pay advance tax calculated in the manner laid down in section 209, and issue to such person a notice of demand under section 156 specifying the instalment or instalments in which such tax is to be paid.

Section 210(4): If, after the making of an order by the Assessing Officer under sub-section (3) and at any time before the 1st day of March, a return of income is furnished by the assessee under section 139 or in response to a notice under sub-section (1) of section, or a regular assessment of the assessee is made in respect of a later previous year for higher figure, then the Assessing Officer may make an amended to his order and issue to such assessee a notice of demand under section 156 on the basis of the income so declared in such return or income so assessed (including agriculture income which has been taken in to account for the rate purposes), requiring the assessee to pay, on or before the due date or each of the due dates specified in section 211 falling after the date of the amended order, the appropriate percentage, specified in section 211, of the advance tax computed on the basis of the total income declared in such return or in respect of which the regular assessment aforesaid has been made.

Section 210(5): A person who is served with an order of the Assessing Officer under sub-section (3) or an amended order under sub-section (4) may, if in his estimation the advance tax payable on his current income would be less than the amount of the advance tax specified in such order or amended order, send an intimation in the prescribed form to the Assessing Officer to that effect and pay such advance tax in accordance with his estimate, calculated in the manner laid down in section 209, at the appropriate percentage thereof specified in section 211, on or before the due date or each of the due dates specified in section 211 falling after the date of such intimation.

Section 210 (6): A person who is served with an order of the Assessing Officer under sub-section (3) or amended order under sub-section (4) shall, if in his estimation the advance tax payable on his current income would exceed the amount of advance tax specified in such order or amended order or intimated by him under sub-section (5), pay on or before the due date of the last instalment specified in section 211, the appropriate part or, as the case may be, the whole of such higher amount of advance tax in accordance with his estimate, calculated in the manner laid down in section 209.

5.1.7 Instalments of Advance tax and due dates [Section 211]

Advance tax payable by the assessee calculated in accordance with the provisions of section 209 shall be payable as per under.

1. The due dates of payment of advance tax for all assessee are given below other than covered under section 44AD or 44ADA [Section 211(1)(a)].

Due Date of payment of Advance Tax	Amount of advance tax
On or before June 15	Up to 15% of advance tax liability.
On or before September 15	Up to 45% of advance tax liability as reduced by the amount paid in earlier instalment.
On or before December 15	Up to 75% of advance tax liability as reduced by the amount or amounts, if any, paid in earlier instalment or instalments.
On or before March 15	Up to 100% of advance tax liability as reduced by the amount or amounts, if any, paid in earlier instalment or instalments.

2. Advance tax payable by the assessee covered under section 44AD or 44ADA Section 211(1)(b)].

Taxpayers covered under the presumptive scheme are required to pay the whole of tax at once before 15th March. Thus, persons who are opting for 44AD or 44ADA need not to pay the advance tax in 4 instalments i.e. need to pay in one instalment only in the month of March.

5.1.8 Section 218 of Income Tax Act "When assessee deemed to be in default"

If any assessee does not pay on the date specified in sub-section (1) of section 211, any instalment of the advance tax that he is required to pay by an order of the Assessing Officer under sub-section (3) or sub-section (4) of section 210 and does not, on or before the date on which any such instalment as is not paid becomes due, send to the Assessing Officer an intimation under sub-section (5) of section 210 or does not pay on the basis of his estimate of his current income the advance tax payable by him under sub-section (6) of section 210, he shall be deemed to be an assessee in default in respect of such instalment or instalments.

5.1.9 Section 219 of Income Tax Act "Credit for advance tax": Any sum, other than a penalty or interest, paid by or recovered from an assessee as advance tax in pursuance of this Chapter shall be treated as a payment of tax in respect of the income of the previous year, which is chargeable to tax in the assessment year, next following the financial year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment. Once the advance tax is paid by the assessee, the same will be reflected in the assessee's Form 26AS within 3-4 working days.

5.1.10 Payment of advance tax in case of capital gains and casual income [Proviso to section 234C]

As advance tax is payable in every type of income, including capital gains and winning of lotteries, crossword puzzles etc. Though, it is difficult to estimate the following income but still liability for advance tax arises.

- i. The amount of capital gains; or

- ii. Winning from lotteries, crossword puzzles, etc.:
- iii. Income under the head business or profession as in the of newly started business the income might arise after due dates of payment of advance tax.
- iv. Dividend income received in excess of Rs 10.00 lacs [section 115BBDA (1)]

Hence, in the above mentioned cases where income arises after the due date of instalment of advance tax the same may be paid in the remaining due instalments after deduction of TDS /TCS, if any. In case no instalment then by 31st March of the relevant Financial Year. If the entire amount is paid in this manner no interest will be levied on late payment of advance tax.

5.2 Self-Assessment [section 140A]

Every person who is required to file income tax return under section 139 or section 142(1) or section 148 or section 153A, is mandatorily required to make self-assessment of his income and after taking in to account the amount of tax, if any, already paid. pay the self-assessment tax, if due.

Tax calculated under self-assessment is required to be deposited by the assessee before submitting a return of income. The tax so paid shall be adjusted towards the tax liability as ascertained on regular assessment. The assessee shall be liable to pay such tax together with interest payable under any provision of this Act and fees for any delay in furnishing the return, or any default or delay in payment of advance tax before furnishing the return.

5.2.1 Procedure to deposit self -assessment tax and determining the tax liabilities

The detailed procedure for making self-assessment and determining the tax liabilities in this regards has been explained in the undermentioned steps.

Compute the total income earned during the previous year.

- i. Calculate the tax liability on the total income at the tax rates in force.
- ii. Add surcharge, if applicable, on tax so computed.
- iii. Add health and education cess @4%.
- iv. Form the tax computed at step (i) to (iv), deduct the following items.
 - a. Advance tax, if any, paid
 - b. Any tax deducted or collected at source.
 - c. Any relief of tax claimed under section 89.
 - d. Any relief of tax or deduction of tax claimed u/s 90 or 91 (Double Taxation Relief) on account of tax paid in a country outside India.
 - e. Any relief of tax claimed u/s 90 A on account of tax paid in any specified territory outside India.
 - f. Any tax credit claimed to be set off in accordance with the provision of section 115JAA or section 115JD.
- v. Add interest and fees payable for the undermentioned items to the net tax computed at step(v).
 - a. Interest for late filing of return under section 234A computed on the amount of tax on the total income as declared in the return as further reduced by the following items.
 1. Advance tax, if any, paid
 2. Any tax deducted or collected at source.

3. Any relief of tax claimed under section 89.
4. Any relief of tax or deduction of tax claimed u/s 90 or 91 (Double Taxation Relief) on account of tax paid in a country outside India.
5. Any relief of tax claimed u/s 90 A on account of tax paid in any specified territory outside India.
6. Any tax credit claimed to be set off in accordance with the provision of section 115JAA or section 115JD.
- b. Interest for default in payment of advance tax u/s 234B will be calculated on an amount equal to the assessed tax or as the case may be on the amount by which the advance tax paid falls short of assessed tax. Assessed tax means the tax on the total income as declared in the return as reduced by tax deducted or collected at source, any relief of tax claimed u/s 89, any relief of tax or deduction of tax u/s 90, 91 and 90A and any tax credit claimed to be set off under section 115JAA or 115JD, on balance amount interest will be computed.
- c. Interest for Deferment of advance tax under section 234C to be paid by the tax payer.
- d. Fees for delaying in filing the income tax return as explained in section 234F of the Act.
 - vii. The above tax, interest, and fees payable should be paid as self-assessment tax before filing of the income tax return.

5.2.2 Consequences of failure to pay self-assessment

If the assessee fails to pay the whole or any part of such tax, interest, fees, he shall without prejudice to any other consequences which he may face, be deemed to be assessee in default in respect of the tax, interest or fees remaining unpaid and therefore all the provisions of the act shall apply accordingly. Penalty under section 221 would also be levied.

5.2.3 Filling of income tax challan for self-assessment tax and advance tax etc.

The challan for the advance tax and self-assessment tax is deposited through challan number **ITNS 280**. The challan for depositing both the taxes is common. For depositing the advance tax assessee has to select account code 100 mentioned against advance tax in the challan. For depositing the self-assessment tax, the account code is 300 mentioned against self-assessment tax. The tax can be deposited both on online mode and in offline mode by filling the hard copy of the challan and depositing the same with the designated branch of a bank.

5.2.4 Deposit of tax on online mode: The above mentioned tax can be deposited on online mode by following the under mentioned website links <http://www.tin-nsdl.com> > Services > e-payment or <https://onlineservices.tin.egov-nsdl.com/etaxnew/tdsnontds.jsp>. Below mentioned are the steps for depositing the tax in online mode. One should go through it before depositing the tax.

Step-1

To pay taxes online, login to <http://www.tin-nsdl.com> > Services > e-payment: Pay Taxes Online.

Step-2

Select the relevant challan i.e. ITNS 280.

Step-3

Enter PAN (as applicable) and other mandatory challan details like accounting head under which payment is made.

For Individuals and non-companies assessee, first select the relevant assessment year for which tax is to be deposited and then select (0021) Income Tax (Other than Companies).

(100) Advance Tax, (300) Self-Assessment Tax.

Select 'Self-assessment tax', if you have any taxes due to pay while filing your income tax returns. If a person wants to deposit advance tax, then select that option.

Step-4

On submission of data entered, a confirmation screen will be displayed. If PAN is valid as per the ITD PAN master, then the full name of the taxpayer as per the master will be displayed on the confirmation screen. Fill the relevant details as displayed on the website like complete address, State, Pin code email ID and mobile number.

Step-5

On confirmation of the data so entered, the taxpayer will be directed to the net-banking site of the bank.

Step-6

The taxpayer has to login to the net-banking site with the user id / password provided by the bank for net-banking purpose and enter payment details at the bank site.

Step-7

On successful payment a challan counterfoil will be displayed containing CIN, payment details and bank name, BSR code of the bank through which e-payment has been made. This counterfoil is proof of payment being made.

The self-assessment taxes can also be paid while filing the income tax return, if there is any shortfall in the taxes which is to be paid before filing the income tax return. While filing the return if there is any tax to be paid then automatically the option of e-pay taxes will appear on the portal. Through clicking on the tab online payment of taxes can be done by following the above mentioned steps.

5.2.5 Deposit of tax on offline basis: advance tax and self-assessment taxes can also be paid by depositing the challan number ITNS280 in physical form (paper form). The challan can be downloaded from the website.

<https://incometaxindia.gov.in/Pages/downloads/challans.aspx>

The specimen of the challan is hereby attached as **Annexure-A** for ready reference. One must read the instructions at the first place before filling this challan. The contents of the challan are self-explanatory but care should be taken while mentioning the assessment year, applicability of tax as per status of the assessee, correct PAN should be mentioned otherwise penalty will be levied under the Income Tax Act.

Further name as per PAN card should be mentioned, address. Mobile number and PIN code is also required to be mentioned. After ticking the appropriate box in regards to advance tax or self-assessment tax, details of payment column should be filled carefully. Then the amount should also be mentioned in words and appropriate cheques details should be signed. The challan must be signed by the assessee before depositing with the bank and date is also necessary to be mentioned on the challan. The assessee must mention the details in the counterfoil of the challan. Before leaving the counter at the bank one must recheck the CIN, BSR code of the bank, amount of the tax deposited, and date of deposit of the challan.

One must verify form no 26AS in regards to the tax deposited before filing the income tax return to cross check the necessary details.

5.2.6 It is a convenient method to deposit the taxes in online mode as this has the under mentioned advantages.

- There is no chance of penalty as funds are transferred immediately after the payment is initiated from your end.
- All the information provided by you remain confidential and secured.
- Now keep your challan copy & receipt copy safe online.
- With online payment, checking your tax payment status is easy by visiting the Tax Information Network website.

- Upon your bank initiate the payment, a receipt of the payment will be forward to you
- You will get the transaction id of the e-payment in your bank statement.
- You can even check the status of your money, whether it is reached to the IT department or not.
- With an online facility, you can pay the taxes at any point of time from anywhere using the net banking facility.

5.2.7 Cautions to be taken while depositing the taxes

- Do not use incorrect type of challan for payment of taxes.
- Do not make mistake in quoting PAN / TAN.
- Do not give PAN in place of TAN or vice versa.
- Do not use a single challan to deposit tax deducted for corporate and non-corporate deductees.
- Do not use same challan for depositing various types of tax like advance tax, self-assessment tax etc.
- Do not make mistake in the F.Y. and A.Y. to be indicated in the challan.
- If you have multiple TANs for the same division filing TDS statements, do not use different TANs in different challans. Use one TAN consistently and surrender the others.
-

5.2.8 Challan Status Inquiry: One can check the status of tax deposited by following the undermentioned steps.

For Tax Payers

To track the status of challan deposited in bank

Step – 1

Visit <https://tin.tin.nsdl.com/oltas/index.html> or

Step – 2

Select either from CIN (Challan Identification Number) based view or TAN based view

Step – 3

Fill the requisite details in order to view the Status

Step – 4

Tax Deductors may also download the Challan Details file for a selected period through TAN based view, which shall be used to verify the Challan entries filled in the e-TDS/TCS Statement

For Bank Branch**a) Collecting Bank Branch**

On providing the branch scroll date and the major head code - description, the tax collecting branch can access the total amount and total number of challans for each major head code. Further, the collecting branch can view following details:

- Challan Serial Number
- Challan Tender Date
- PAN/TAN
- Name of Taxpayer
- Amount
- Date of receipt by TIN

5.2.9 Correction of challan for providing incorrect details in challan like selecting wrong assessment year etc.

If the payment has been made by physical challan: there are two scenarios applicable.

i] Correction within 7 days from payment of tax:

Many taxpayers make the tax payment through physical challans. In such cases, Income-tax department has allowed a 7-day period during which the correction in Assessment Year could be made by the Bank. The taxpayer needs to apply for correction to the bank within 7 days of the date of deposit of challan. In this case, the taxpayer can send a challan correction application form to your respective bank.

Challan correction application form to the bank will be consisting of the below- mentioned details.

- Taxpayer's Name
- Taxpayer's Address
- Taxpayer's TAN/PAN

- Name of the Authorized signatory in case of a non-individual taxpayer

Along with these details, taxpayer ought to mention other important details related to the challan i.e. the BSR Code, Challan Serial number and the challan date.

Taxpayer needs to tick out or highlight the fields which need correction in your case.

ii] Correction after 7 days from payment of tax:

In case taxpayer realizes the mistake after 7 days, then he is required to apply to his Income-tax officer for the correction in challan. The taxpayer can send a challan correction form to the Assessing Officer to rectify your wrong paid challan. The draft format of the challan correction application to the Assessing Officer should contain the below mentioned basic details.

- Name, Address, and PAN of the taxpayer
- Details of the Assessing Officer I.e. Ward Number and Address
- Challan Details
- Name of the Bank where payment has been done
- BSR Code
- Challan Number
- Amount Paid
- Assessment Year as per the Challan
- Correct Assessment Year

The Income-tax officer will consider the said application and correct the mistake accordingly. Assessing Officer is the Income Tax

Officer who has the power and authority to calculate the taxable income of an assessee. The Assessing Officer can verify the tax details and books of accounts of the assessee. The jurisdiction of an Assessing Officer can be determined by the address mentioned by the assessee in his records for PAN.

2.10 If the payment has been made by online challan:

If the payment of taxes is made by the taxpayer by way of online banking, the taxpayer is required to apply to his Jurisdictional Assessing Officer (Income-tax officer) and request him to correct the details. The Income-tax officer will consider the said application and correct the mistake accordingly. On making the application to the Assessing Officer, the necessary corrections will be made by him in the Income-tax details of the taxpayer. Taxpayer may refer Form 26AS to ensure that requisite corrections have been made in his tax records.

Once the taxpayer ensures himself that the correction has been done, he may proceed to file an Online Rectification application claiming that the Income-tax Return for the said Assessment Year shall be re-processed.

Review Questions.

1. Who is liable to pay advance tax?
2. How to calculate the amount of advance tax payable? What are the steps?
3. What are the instalment due date to pay the advance tax and its quantum?
4. What are the liabilities of a person to pay the advance tax in case of Capital Gains?

5. What is the procedure to deposit self -assessment tax and determining the tax liabilities?
6. What are the steps involved in depositing self-assessment tax in online basis?
7. How to check the Challan status inquiry?
8. Is challan for deposit of tax can be corrected if wrongly filed? what are the steps involved?

Annexure -A

***NOTES**

1. **Please use a separate challan for each type of payment.**
2. Please note that quoting your Permanent Account Number (PAN) is mandatory.

3. Please note that quoting false PAN may attract a penalty of Rs. 10,000/- as per section 272B of I.T. Act, 1961.
4. Please note that to deposit Appeal Fees either **Major Head 020 or 021** (depending upon the tax payer's status) has to be ticked under 'Tax Applicable'. Followed by this; **Minor Head: Self-Assessment Tax (300)** has to be ticked under 'Type of Payment' and the amount is to filled under **Others** in 'Details of Payments'.
5. To deposit taxes, appeal fees, etc. in respect of block period cases, enter the first Assessment Year of the block period followed by the last Assessment Year of the period. For example, if the block period is 1/04/85 to 5/3/96, it would be entered as 1986-97 in the space indicated for Assessment Year. If taxes are being deposited, tick the box Self-Assessment (300) under Type of Payment and fill up amount under 'Tax' while in respect of appeal fees, enter amount under 'Others'.

Please use this challan for depositing taxes (types of payment) mentioned overleaf. Kindly do not use this challan for depositing tax deduction at source (tds)

Kindly ensure that the bank's acknowledgement contains the following:

1. 7 digit BSR code of the bank branch
2. Date of deposit of challan (dd mm yy)
3. Challan serial number

THESE WILL HAVE TO BE QUOTED IN YOUR RETURN OF INCOME.

Important: Please see notes overleaf before filling up the challan	
Tax Applicable (Tick one)	Single copy (to be sent to the ZAO)

CHALLAN NO. ITNS 280	(0020) INCOME –TAX ON COMPANIES		(0032) WEALTH TAX	<i>Assessment Year</i>			
	(0021) INCOME TAX (OTHER THAN COMPANIES)						

Permanent Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Full Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Complete Address with city & state

Tel. No. PIN

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Advance Tax (100)	Surtax (102)	
Self-Assessment Tax (300)	Tax on Distributed Profits of Domestic Companies (106)	
Tax on Regular Assessment (400)	Tax on Distributed Income to Unit Holders (107)	

DETAILS OF PAYMENTS

Amount (in Rs. Only)

FOR USE IN RECEIVING BANK

Income Tax																			
Surcharge																			

Education Cess																			
Interest																			
Penalty																			
Others																			
Total																			

Total (in words)

CRORES	LACS	THOUSAND	HUNDR	TENS	UNITS

Paid in Cash/Debit to A/c/Cheque

Dated

No.

Drawn on

(Name of the Bank and Branch)

Date:

Signature of person making payment

Tear

Off

Debit to A/c / Cheque credited on

--

DD MM YY

SPACE FOR BANK SEAL

Taxpayers counterfoil (To be filled up by tax payer)

PAN																			
Received from																			

SPACE FOR BANK SEAL

(Name)			
Cash/Debit to A/c/Cheque No.	For Rs.		
Rs. (in words)			
Drawn on			
(Name of the Bank and Branch)			
On account of Income Tax			
on			
Type of Payment			
for the Assessment Year			