

How to file returns in special cases?

If you have changed jobs, or are filing after a gap, there are certain things that you need to do differently

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Normally, it's easy to file your income tax return (ITR) if you have only one source of income—income from salary. But sometimes things can get complex even for individuals having just salary income. Here are some of the scenarios.

HAVING MULTIPLE FORM 16S

If you are getting a raise or a better opportunity in another company, it's unlikely you will wait for the new financial year to make the move. When people change jobs during a single financial year, they end up with more than one Form 16.

"In case of a change in employment during a financial year, it is important for an employee to report his previous salary and tax deductions to the new employer. This shall envisage correct deduction of taxes by the new employer by considering previous employer salary as well," said Taranpreet Singh, partner, TASS Advisors, business advisors and chartered accountants.

However, if you have failed to do so, you have more work to do in terms of calculations, and you may even be liable to pay additional income tax. "If you haven't informed your new employer about your SOC deductions done by your previous employer, you may end up getting deduction twice. In such a situation you will have to reconcile the details while filing returns," said Shailesh Kumar, director-direct taxation, Nangia Advisors LLP.

While filing returns, club the taxable income from all employers and put it in the required column. "While filing return in this case, the person has to aggregate each and every component of salary earned from all the employers for the financial year (including value of exempt allowances, perquisites, HRA, travel allowance, etc.). The tax liability and TDS deducted by different employers also needs to be considered together in tax

computation," said Kumar. The rest of the process remains the same.

CLUBBING INCOME

"Clubbing of income means income of another person is taxed in a person's hand in certain specified circumstances," said Kumar.

For instance, if a minor child earns any income, then it will be included in the hands of his parent or guardian whose income is higher. Further, in case of couples—husband and wife—if the wife earns an income in the form of salary, commission, fee or any other way from a firm or business in which her husband has interest then income earned by the wife gets clubbed with the income of her husband, except when the wife is earning an income based on technical or professional qualification. In such cases, the wife's income is not required

to be clubbed and the above rule is not applicable, said Kumar.

Also, if a person makes an investment in the name of his wife or minor child, any income from such investment has to be clubbed with his income while filing returns. There is no separate ITR form to file returns, where the assessee has to club the income of any of the family member. The criteria of ITR forms applicable to an individual applies.

There is no separate ITR form to file returns where the assessee has to club income of a family member

FILING AFTER A GAP

It is not mandatory to file a return in case you fulfil certain conditions. "The requirement for filing of ITR arises only if a person has taxable income during a particular year or if he/she has foreign assets or liabilities," said Amit Maheshwari, partner, Ashok Maheshwari & Associates LLP. Therefore, there is no need to worry while filing a tax return after a gap. But, "the

requirement for filing ITR for an year is independent of any other year. Hence, if the person was required to file the return for any of the prior years but didn't file it, she is still required to file the return for the current year which is due," added Maheshwari.

If you are filing tax returns after a gap, don't forget to consider changes in tax filing rules. Updating basic profile details in your income tax e-filing account is a must, especially if you are filing ITR after a gap. "One of the common mistakes people generally make while filing their return is not updating any change in their communication address as reported in the PAN registration or previous tax return viz-a-viz current return. Similarly, it is important to update the email ID and phone numbers so that timely communication from the tax authorities may reach them," said Singh.

In case you find the process complicated, consult a tax expert, a tax return preparer or a chartered accountant. Filing incorrect returns can cause trouble later.



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