Research Paper

Volume : 4 | Issue : 11 | November 2015 • ISSN No 2277 - 8179

E – Filing: New Revolution in Taxation of India

Taxation

KEYWORDS : E-Filing, Income Tax Return, Assessee, Mandatory and Tax

Dr. Samir Mazidbhai Vohra

HNSB College of Management Studies (B.B.A. Programme) College Campus, Motipura Himmatnagar - 383 001 Sabarkantha, Gujarat

ABSTRACT

In India the tax system is so complex from the beginning. The Income Tax Department of the Ministry of Finance, Government of India is constantly striving and committed to provide simple and easy procedure to tax payers in the country. The Income Tax Department had introduced E – Filing of Income tax returns to make the filing process easier for taxpayers which will result into reduction of time and paper work .

Due to advanced technology and use of internet in financial and fiscal affairs globally, the need had raised for the E- Filing of ITR in India also. From the year 2013 the E-Filing has become mandatory for major chunk of tax payers in India.

This paper deals with the importance and awareness of E-Filing among the citizens of the country and further takes into consideration the benefits accruing from E- Filing along with some bottlenecks that encounter in the process of such transformation. The secondary data has been collected and further study is conducted. The paper concludes that the major challenge ahead is regarding system security, mass awareness is needed in order to make e-filing more successful. It attempts to focus on the crucial aspects of E- Filing in India.

Introduction

E-filing is the process of filling your tax documents through internet with the help of Software's or by registering yourself to the income tax website. With the advancement of technology and use of internet in financial and fiscal affairs globally has necessitated the e-filing of Income Tax in India also. Considering its benefits and urgency, the e-filing has become mandatory for major chunk of tax payers in India.

In India, E-filing of income tax was introduced in September, 2004, initially on a voluntary usage for all categories of income tax assesses. But from July, 2006, it was made mandatory

for all corporate firms to e-file their income tax returns. Taking this process further, from assessment year 2007 to 2008, e-filing of income tax return was made mandatory for all companies and from 2013 Individuals having more than INR 10 lakh income are mandate for filling income tax online. According to CBDT report they get Overwhelming Response for e-filing i.e. ; more than 82 Lakh Returns E-Filed till 29th July, 2013 which is More than 40% of the Returns e-filed during the Same Period Last Year from Every Corner of the Country. In 2013-14 , 2.96 crore income tax return has been filed through the e-Filing facility. While in 2014-15 the number increased to 3.41 crore.

ITR E-Filing

The process of electronically filing Income tax returns through the internet is known as E- Filing. The income tax return forms are called ITR. There are many ITR forms for each class of tax payers. An assessee can download all these ITR through the income tax e-Filing website – https://incometaxindiaefiling.gov.in. This website deals with all the income tax return related issues. An assessee can easily e-file income tax return, check the status of tax refund and rectify the income tax return through this portal.

Types of E-Filing

There are two methods for ITR E - Filing.

- In the first method assessee has to download the suitable ITR in his computer. He will fill it and upload it back to the https://incometaxindiaefiling.gov.in portal.
- In the second method assessee fill all the details into an online form. It does not involve any download or upload.

The second method is easy. However, we can't fill all the ITR forms through the online method.

Mandatory Filing of E- Return from A.Y. 2013-14

CBDT has vide notification No. 34/2013 dated 01.05.2013 has made it mandatory for the following category of the Assesses to file their Income Tax Return Online from A.Y. 2013-14:

(a) It is mandatory for every person (not being a co. or a person filing return in ITR 7 to e-file the return of income if its total income exceeds INR. 5,00,000.
(c) Every person claiming tax relief under Section 90, 90A or 91 shall file return in electronic mode.
(d) A firm required to furnish the return in Form ITR-5 or an individual or Hindu Undivided Family (HUF) required to furnish the return in Form ITR-4 and to whom provisions of section 44AB are applicable.
(e) A company required to furnish the return in Form ITR-6.

E – Filing for A.Y. 2015-16

Income tax return E-Filing in India for AY 2015-16 is open now. An assessee can e-file his income tax return through the site **www.incometaxindiaefiling.gov.in**. The income tax return E-Filing has made our life very easy. Now most of the taxpayer don't need the service of the chartered accountant. A salaried person can easily E-file income tax return using his form 16. Government is also trying hard to 100% shift to e-Filing.

Change In Filing of Income Tax Return For AY 2015-16

The government has made **some changes in the ITR forms**. The change is applicable for the **income tax return of AY 2015-16**. If you have been e-Filing earlier, you must pay attention to these changes.

1. Now There are **5 ITR forms** instead of 4 for the individual tax payers.
2. The ITR 2 is divided into 2. The ITR 2 and **ITR 2A**.
3. ITR 2A would be used by the salaried taxpayer who has income from more than one property.
4. The salaried taxpayer who has income from one property can use ITR-1.
5. The taxpayers with capital gains, foreign assets and income to file ITR-2
6. The new ITR-2 and ITR-2A form is of **only 3 pages**. The income details can be filled in schedules.
7. Now you will have column to fill 2 mobile numbers.
8. You will also have option to give **Adhaar number**.
9. An individual/Hindu Undivided Family (HUF) can now give details of **exempt income in ITR-1** as well. This income in-

cludes dividend, long term capital gains on equity, EPF, PPF and gratuity. Earlier, ITR-2 was used for the exempt income of more than Rs 5000.

10. However, agriculture income of more than Rs 5000 is still part of ITR-2.
11. The taxpayer of ITR-2 or ITR-2A should give the **passport number**, if available.
12. In the all ITR you need to give the **details of all active bank accounts**. Besides one account for income tax refund you have to mention the IFSC code and account number of other bank accounts. You need not to give details of dormant bank account.
13. The most useful change of efiling in AY 2015-16 is the **e-verification of income tax return**. It makes the complete procedure of efiling online. You are not required to send ITR-V by post.

The ITR Controversy of 2015

The above rules of ITR are modified after the big controversy. On 18th April government has notified the new ITR forms. Those new forms were opposed by various sections of businesses. The forms required detailed information from the taxpayer. It was so detailed that ITR 2 was of 14 page long. These were two point of contention from the new ITR forms.

- In the ITR 2 and ITR 2A, you needed to give full details of foreign travel. the assessee would have to report passport number, the issuance place of the passport, countries visited, number of times such journeys made. In case of a resident taxpayer, the expenses incurred from own sources in relation to such travel should be also reported.
- They assesse would have to furnish the number of bank accounts along with the account number, address, IFSC code, any possible joint account holder and balance in the accounts. It also included the dormant bank account.

After the uproar the finance minister Arun Jaitely immediately put these forms on hold. Now in the revised ITR forms you need to give only passport number and details of active bank account. You need not to mention the account balance. Also, This year government has extended the last date of income tax return filing.

Benefits of E-Filing ITR

The benefits of E-Filing is evident. Once assessee adopt this method, he will never go back to the offline mode. The benefits are:

1. You can e-File income tax return from your home or office.
2. You can e-file income tax return 24×7.
3. Your personal details and tax paid amount would be already there in the ITR.
4. The income tax return utility will immediately calculate the tax liability. You can tally it with the TDS.
5. You will have online record of income tax return for further verification.
6. The income tax refund is swift through the e-Filing.
7. Reduction in Documents handling and storage space.
8. Eliminates error notices from tax administrations caused by data entry errors.
9. Fast refunds – It allows taxpayers receiving refunds to get them sooner.

Reasons For limited growth

1. Lack of awareness towards use of internet.
2. Insecurity towards e-payments security among assessee.
3. Lack of adequate financing to set up the appropriate infrastructure in tax offices.
4. Lack of a reliable and accessible internet service.

Important Documents for ITR E-Filing

There are some documents which are required during e-Filing of income tax return.

- Form-16: The salaried employees get form 16. This form 16 has the details of your income and TDS. The 80C deduction is also incorporated in the form 16. It is a **certificate of TDS from the employer to the employee.** You should preserve it for any further query.

- **Form 16A:** This is also a TDS certificate similar to form 16. But it is used for TDS other than the salary income. Form 16 is given annually while form 16A is given quarterly.

- **Form 26AS:** Form 26AS is provided by the income tax department. It shows all the taxes paid against a PAN. This form incorporates the TDS details of form 16 and form 16A. You can verify the TDS on your payments through the form 26AS. Anyone can access his form 26AS through the **income tax e-Filing website.** You should also have **details of your bank accounts and passport number** while you e-File the income tax return.

Conclusion

From the above detailed discussion and analysis it is clear that there are many benefits of E-filing. Most of the assessee are not technological savvy and had a fear regarding confidentiality, security. So, the most importance must be given to the security of private data of assesse, so that a confidence can be developed among the assessee and as a result more and more assessee will file E- Return.

The above facts and figures clearly indicates that India is in the phase of revolutionary changes in information technology which ultimately gives more encouragement in E- Filing of Income Tax Returns. The study shows that the e-filing is the new effective method of filing income tax return through online and make E-payment of tax. It saves our golden time, energy and cost and also reduces our burden.

REFERENCE

1. Brahmbhatt Mamta, Tax Payers' Perception towards E-File Adoption: An Empirical Investigation. 2. Meenaland Ms. Ginni Garg, International Journal of Enterprise Computing and Business Systems: E- Filing of Taxes – a research Paper. 3. Gallant, L. M. et al. (2007) Why People e-File (or Don't e-File) Their Income Taxes p. 3. 4. https://incometaxindiaefiling.gov.in 5. https://incometaxindiaefiling.gov.in/portal/downloads/eFiling.ppt 6. http://businesstoday.intoday.in/story/e-filing-income-tax-returns-becomesmandatory- some-taxpayers/1/185704.html