

How to file a Tax Return?

You need to file an annual tax return if you fall into one of the following categories:

1. If you are an individual whose annual income, before tax deductions, is above any of the following cases

- * Rs.150,000 for all resident Indians, other than the two cases mentioned below
- * Rs.180,000 for resident women
- * Rs.225,000 for resident senior citizens

2. If you need to file for a tax refund for tax deducted at source
3. If you get a notice from the Income Tax Department for return of income
4. If you want to claim carry forward losses from the current year in future years

As an individual taxpayer, you can file your tax return in two ways:

1. You can fill out the tax form and deposit the hard copy to the local income tax department office
2. Or, you can choose to file electronically on the internet on the Income Tax Department's website. You will need a digital signature to be able to file electronically. If you do not have a digital signature, you will need to file a hard copy of your online acknowledgement manually with the Tax Department

The above procedure is true for HUFs (Hindu Undivided Family) as well.

Meeting Deadlines for filing tax returns



if you do not meet these deadlines you might have to pay interest or penalties or even face a tax inquiry.

The due date for filing your tax return is:

- * July 31 for individuals whose accounts do not require a tax audit
- * September 30 for persons and companies who need to be audited

What is a "tax audit"?

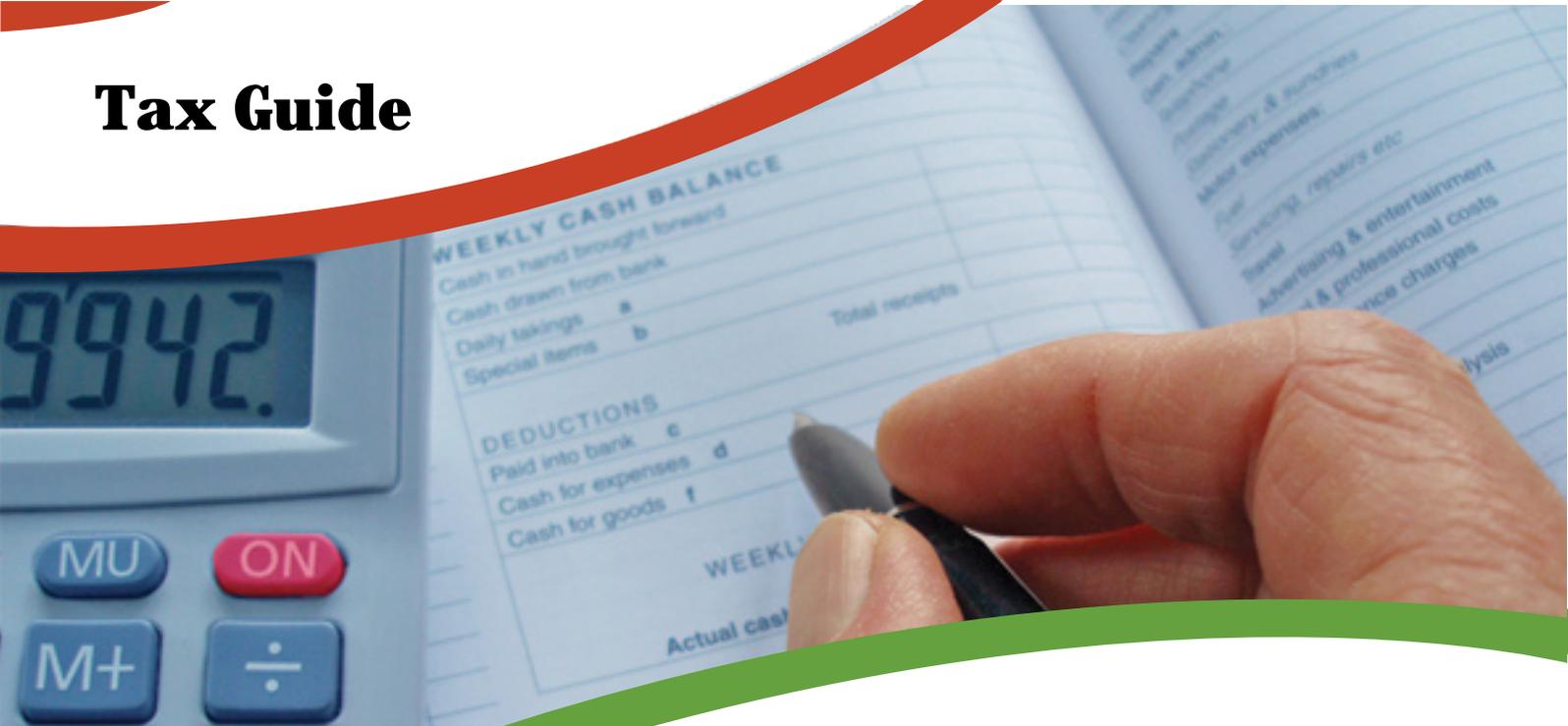
Tax audit results in an audit of accounts if the turnover of a business exceeds Rs. 40 lakhs or in case of specified professionals the professional receipts exceeds Rs. 10 lakhs. Salaried employees do not need to worry about tax audits. The tax audit is done by Chartered Accountants.

Know about Advance Tax?

Advance Tax is paying some part of your annual taxes in advance of the annual deadline.



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Know about Advance Tax?

If you are a salaried employee, you do not need to pay Advance Tax. However, if you are a self-employed professional or a businessperson, you will have to pay Advance Tax.

Advance Tax is paid using Tax Payment Challan and can be deposited at banks empanelled with the income tax department, for example at designated branches of ICICI, HDFC, SBI etc. Please note that not all branches will accept the Challan, so please make yourself aware of which of your local branches will accept it.

Due date for Payment of Advance Tax	For Individuals / Firms	For Corporate Assesseees
15 June	Not applicable	1st Payment of up to 25%
15 September	1st Payment of up to 30%	2nd Payment of up to 50%
15 December	2nd Payment of up to 60%	3rd Payment of up to 75%
15 March	3rd Payment of 100%	4th Payment of 100%

How to calculate taxes? What are the income tax slabs?



Calculating your income taxes is very easy. All you need to know is which tax slab will be applicable to you. But, before we get to tax slabs, let's understand in 3 quick steps how to calculate taxes.

Step 1: Identify and tabulate all sources of income – salary, business income, interest, rental, capital gains

Step 2: Identify which deductions and tax savings are applicable to you – 80C deductions, interest repayment

Step 3: Apply the relevant tax slab depending upon your sex and age, after taking the deductions and savings

In addition to the tax payable on income, you will also have to pay a Surcharge (if your income exceeds Rs.10 lakhs in case of individuals) and an Education Cess levied by the Government on all tax payers. If you are a salaried employee, chances are that your employer has already deducted these in your monthly pay.

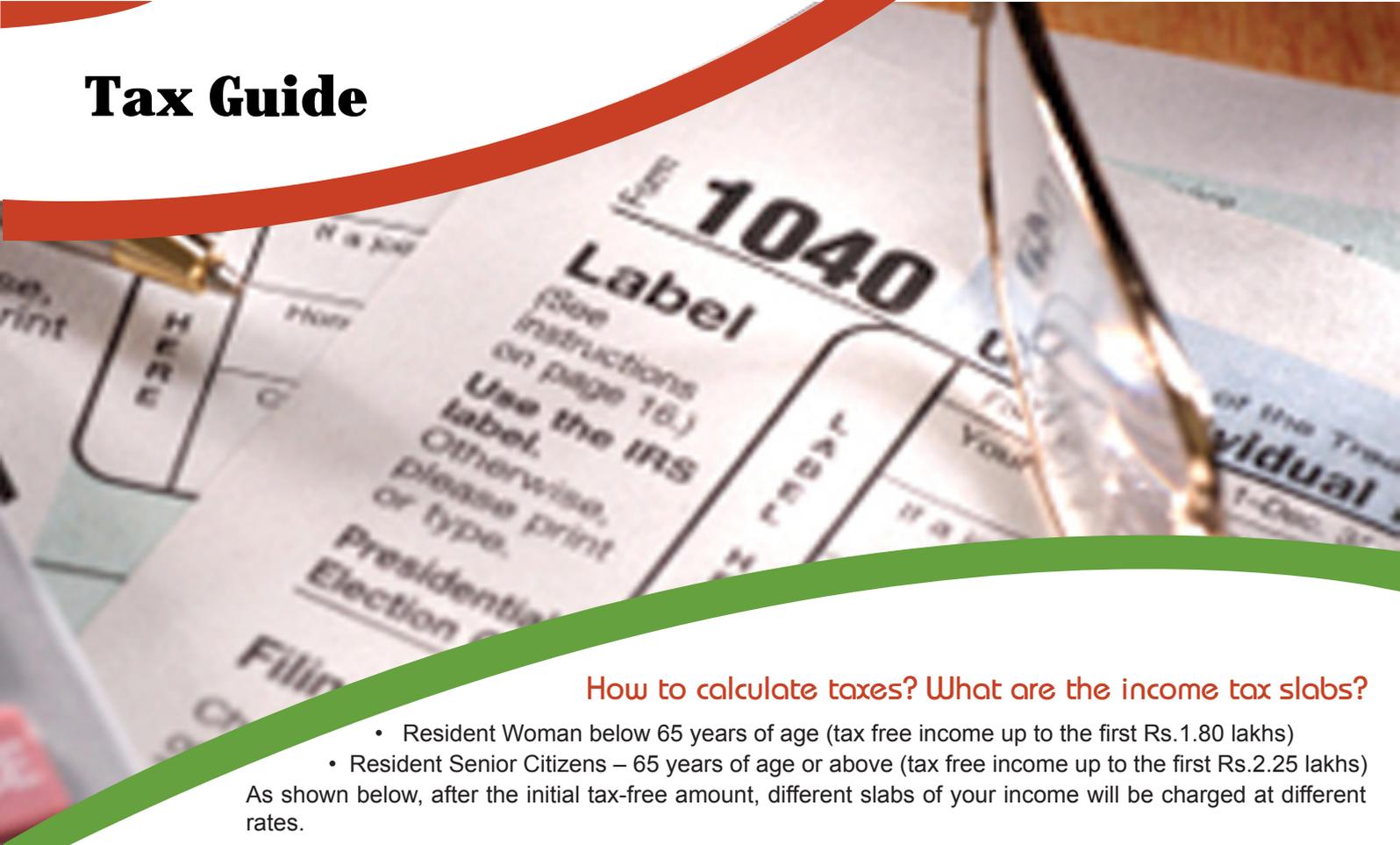
The tax slab will help you identify how

much of your income will be available to you tax free and thereafter what tax rate will be charged to the remaining income.

If you are a woman or a senior citizen, you will be entitled to a larger tax-free amount. The following tables will help you identify which tax slabs are relevant for you:

- Resident Individual below 65 years of age or HUF (tax free income up to the first Rs.1.50 lakhs)

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- Resident Woman below 65 years of age (tax free income up to the first Rs.1.80 lakhs)
- Resident Senior Citizens – 65 years of age or above (tax free income up to the first Rs.2.25 lakhs)

As shown below, after the initial tax-free amount, different slabs of your income will be charged at different rates.

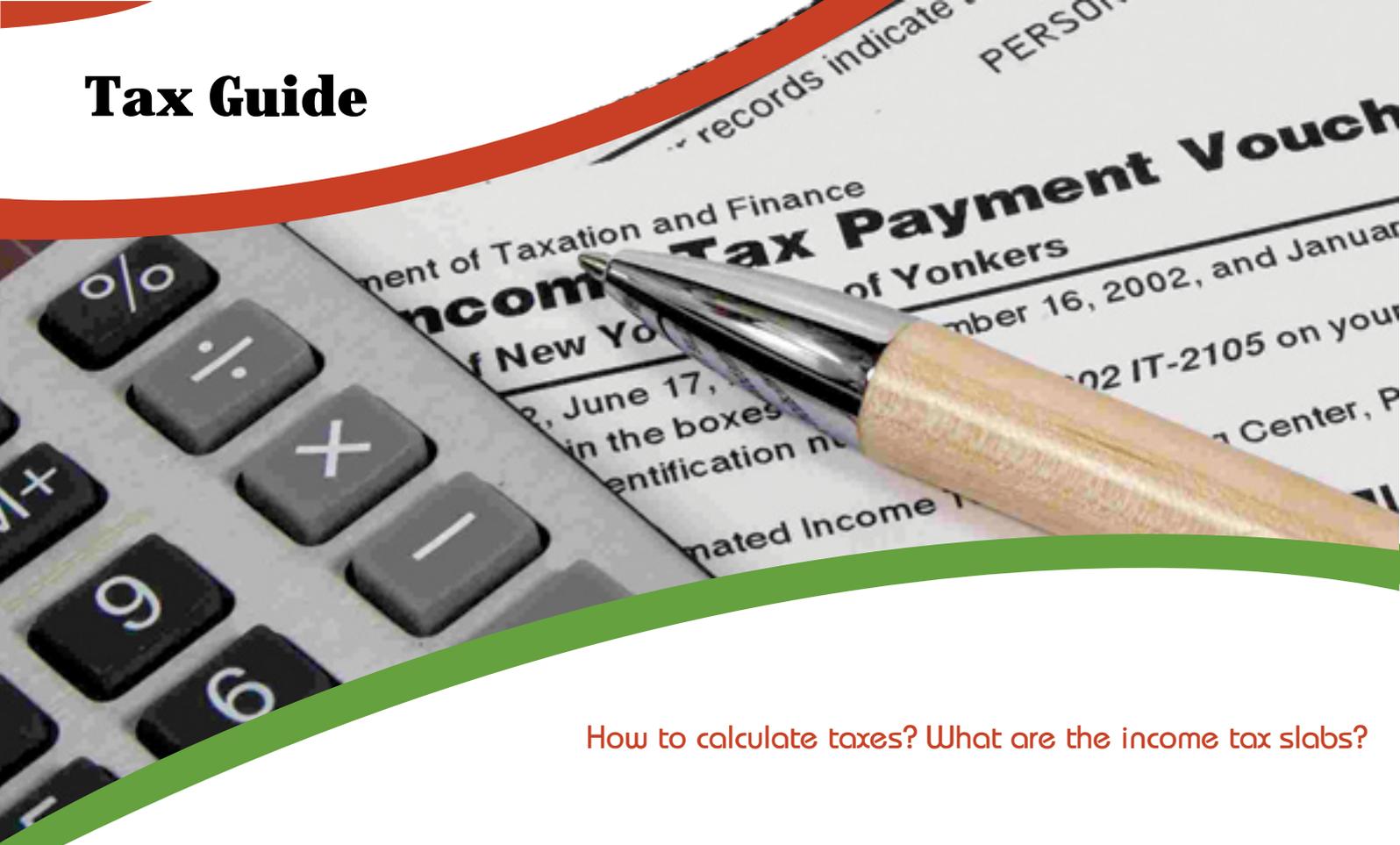
For Resident Individual below 65 years of age or HUF

Net Income Range	Income Tax	Plus Surcharge	Plus Education Cess
Up to Rs.1,50,000	Nil	Nil	Nil
Rs.1,50,001 to Rs.3,00,000	10% of income above Rs.1,50,000	Nil	3% of income tax
Rs.3,00,001 to Rs.5,00,000	Rs.15,000 + 20% of income above Rs.3,00,000	Nil	3% of income tax
Rs.5,00,001 to Rs.10,00,000	Rs.55,000 + 30% of income above Rs.5,00,000	Nil	3% of income tax
Above Rs. 10,00,000	Rs.2,05,000 + 30% of income above Rs.10,00,000	10% of income tax	3% of income tax and surcharge

For Resident Women below 65 years of age

Net Income Range	Income Tax	Plus Surcharge	Plus Education Cess
Up to Rs.1,80,000	Nil	Nil	Nil
Rs.1,80,001 to Rs.3,00,000	10% of the income above Rs.1,80,000	Nil	3% of income tax
Rs.3,00,001 to Rs.5,00,000	Rs.12,000 + 20% of the income above Rs.3,00,000	Nil	3% of income tax
Rs.5,00,001 to Rs.10,00,000	Rs.52,000 + 30% of the income above Rs.5,00,000	Nil	3% of income tax
Above Rs.10,00,000	Rs.2,02,000 + 30% of the income above Rs.10,00,000	10% of income tax	3% of income tax and surcharge

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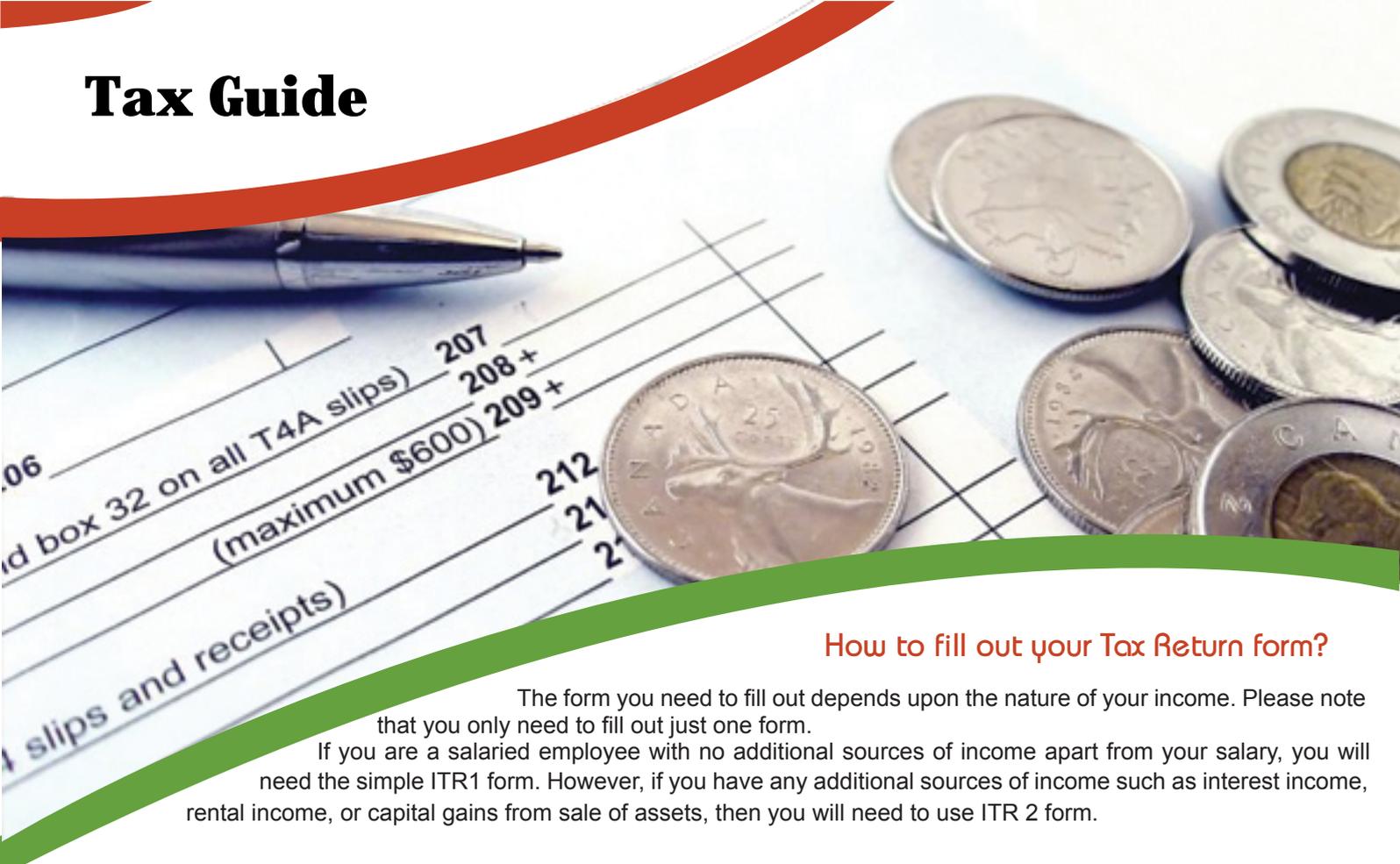
How to calculate taxes? What are the income tax slabs?

For Resident Senior Citizens (65 years of age and above, including those who turn 65 at any time during the Financial Year 2008-09)

Net Income Range	Income Tax	Plus Surcharge	Plus Education Cess
Up to Rs.2,25,000	Nil	Nil	Nil
Rs.2,25,001 to Rs.3,00,000	10% of the income above Rs.2,25,000	Nil	3% of income tax
Rs.3,00,001 to Rs.5,00,000	Rs.7,500 + 20% of the income above Rs.3,00,000	Nil	3% of income tax
Rs.5,00,001 to Rs.10,00,000	Rs.47,500 + 30% of the income above Rs.5,00,000	Nil	3% of income tax
Above Rs.10,00,000	Rs.2,05,000 + 30% of the income above Rs.10,00,000	10% of income tax	3% of income tax and surchargee



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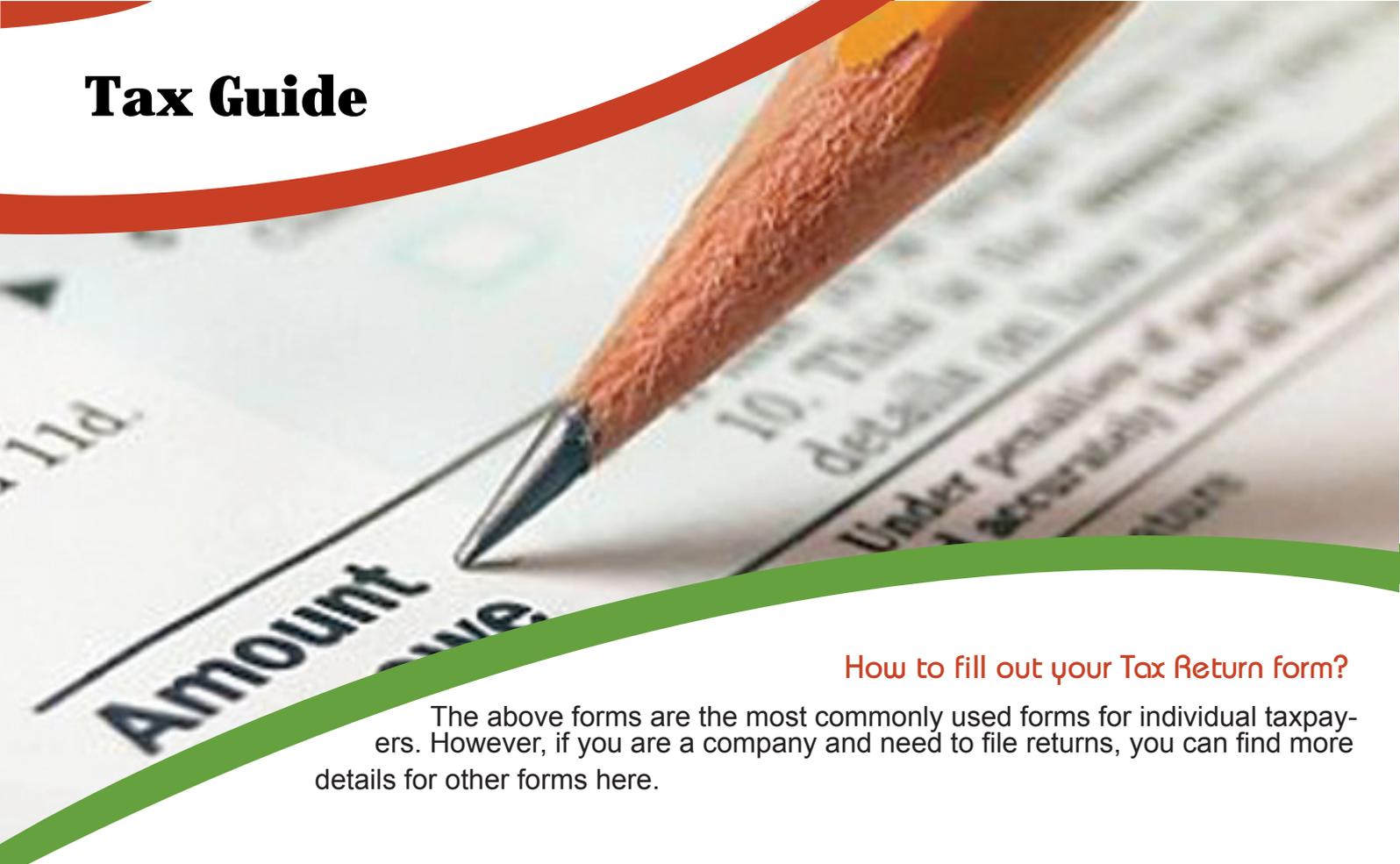
How to fill out your Tax Return form?

The form you need to fill out depends upon the nature of your income. Please note that you only need to fill out just one form.

If you are a salaried employee with no additional sources of income apart from your salary, you will need the simple ITR1 form. However, if you have any additional sources of income such as interest income, rental income, or capital gains from sale of assets, then you will need to use ITR 2 form.

Form No.	Applicability
ITR 1	If you are an Individual and only have income from salary, pension, family pension or interest. For example: Amit earns salary income from his job at Infosys, but has no other sources of income. He must file his tax return using ITR1 form.
ITR 2	If you are an Individual or a HUF and have other sources of income such as rental income, capital gains from sale of assets, dividend income. For example: Aruna earns salary income from her job at Infosys, but also has interest income from her savings account and FDs, and earns rental income from her apartment. She must file her return using ITR2 form.
ITR 3	If you are an Individual or a HUF and are a partner in a partnership firm. For example: Raj is a partner at a firm of Chartered Accountants. Neha is a partner at a Law firm. Both Raj and Neha must file their respective returns using ITR3 form.
ITR 4	If you are an Individual or a HUF and have income from a proprietary business or profession. For example: Devika is a doctor and only works at her clinic at home. She must file her return using ITR4 form.

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How to fill out your Tax Return form?

The above forms are the most commonly used forms for individual taxpayers. However, if you are a company and need to file returns, you can find more details for other forms here.

Form No.	Applicability
ITR 5	For Firms, AOPs and BOIs
ITR 6	For Companies other than companies claiming exemption under section 11
ITR 7	For persons including companies required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D)
ITR 8	Return for Fringe Benefits



Source: <http://www.itrust.in>
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