Don't know if you have to file income tax returns? Check this out

Based on conversations with some of my salaried friends, I gather that most employees believe they don't need to file their income tax return (ITR) if income tax has already been deducted from their salaries. Most of them assume that the deduction of tax at source is nothing but their employer filing their ITR. Even retired individuals feel that as the bank has already deducted tax on the fixed deposit interest, they are not required to file their ITR. It is not so.

Filing your income tax return and paying the tax you are due to pay are two different responsibilities and both have to be discharged appropriately. People are also under the impression that if I fail to file the return by July 31, I cannot do it later. In light of all this confusion, let us try and understand who needs to file income tax returns. This discussion is restricted to provisions applicable to an individual and does not cover other categories of tax payers.

Gross total income exceeding basic exemption limit

You are required to file your income tax return if aggregate of all your income before deduction under various sections of chapter VIA like 80 C, 80 CCC, 80 CCD, 80 D, 80E, 80G, 80 GGA, 80 TTA exceeds the basic exemption limit. These sections deal with deductions available for various investments or payments made by you like PPF, NPS, ELSS, NSC, repayment of your home loan principal, school fee, life insurance premiums, mediclaim premiums, donations, interest on education loan, rent paid by self employed etc.

Section 80 TTA allows you a deduction for interest earned on your saving bank account. The basic exemption limit for the year ended March 31, 2018 is Rs 2.50 lakh for an ordinary individual, Rs 3 lakh for a resident individual of over 60 years, referred to as senior citizen and Rs 5 lakh for an resident Individual above 80 years referred to as super senior citizen.

While arriving at the basic exemption limit for this limited purpose of filing of your ITR, you have to add the exemption available under Section 10(38) for long term capital gains on listed equity shares and units of equity oriented scheme. So effectively you may not have taxable income after the specified deductions or exemptions and thus have no tax liability ultimately, you still have to file your income tax return.

Assets or signing authority outside India by resident taxpayers

You are also required to file your income tax return in case you are resident in India for tax purposes and own any asset outside India in your own name as beneficial owner or have interest in any asset outside India or even when you are an authorized signatory for any account located outside India.

Please note that the asset which you may own outside India may be an immovable asset as well as movable asset. So this will apply to you without you noticing it. For example if you had gone outside India on deputation or employment and had opened a bank account and forgot to close it. This applies to you even if there is no money left in the bank account there.

Likewise if you have invested in shares, bonds or mutual fund of foreign companies, you are required to file ITR irrespective of your income level for the year. So you will have to file the ITR in case you have received employee Stock Options (ESOPs) from a foreign company which is holding company of your Indian employer.

https://www.moneycontrol.com/news/business/personal-finance/dont-know-if-you-have-to-file-income-tax-returns-check-this-out-2737811.html/amp