



## FILING OF INCOME TAX RETURN IN INDIA

### WHY SHOULD YOU FILE I.T. RETURN?



1. Your taxable income in the financial year exceeds Rs.2 lakh for FY 2013-14 and Rs.2.5 lakh for FY 2014-15 and FY 2015-16

2. You have received Income from Short-term Capital Gains on equity shares or units of equity-oriented mutual funds, on which Securities Transaction Tax is charged



3. You have received income from Long-Term Capital Gains, which are chargeable to tax

4. You have received any other income chargeable to tax



### FILING I.T. RETURN IS NOT NECESSARY WHEN...

1. Total income during the financial year consisted only of investment income\*\* or income by way of long-term Capital Gains\*\* or both
2. Tax Deductible-at-source (TDS) has been deducted from such income

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# FILING RETURN OF INCOME IN INDIA

## 1. Why should you file an IT Return

A Non Resident Indian (NRI) is liable to file Return of Income (ROI) in India, if his/her taxable income\* in the relevant Financial Year (FY) (1<sup>st</sup> April to 31<sup>st</sup> March) exceeds the basic exemption limit (i.e. Rs. 2,00,000/- for F.Y. 2013-14 and Rs. 2,50,000/- for F.Y. 2014-15 and F.Y. 2015-16).

## 2. Why should you file an IT Return irrespective of taxable income

\*A Non Resident Indian (NRI) earning the following income shall be liable to **file Return of Income (ROI) irrespective of his/her taxable income being less than the basic exemption limit:-**

- a) Income from **Short-Term Capital Gains** on equity shares or units of equity oriented mutual fund on which securities transaction tax is charged.
- b) Income from **Long-Term Capital Gains**, which are chargeable to tax.
- c) Other incomes chargeable to tax irrespective of the basic exemption limit.

## 3. Exception to the above

**It shall not be necessary for a Non Resident Indian (NRI) to furnish his/her Return of Income (ROI) if,**

- a) **total income during the financial year consisted only of investment income\*\* or income by way of long-term capital gains\*\* or both; and**
- b) **tax deductible at source (TDS) has been deducted from such income.**

\*\* "*investment income*" means any income derived [other than dividends from Domestic Company] from a foreign exchange asset;

\*\* "*Long-term capital gains*" means income chargeable under the head "Capital gains" relating to capital asset, being a foreign exchange asset which is not a short-term capital asset;

"*Foreign exchange asset*" means any specified asset which the assessee has acquired or purchased with or subscribed to in, convertible foreign exchange;

## 4. Due dates for filing Return of Income (ROI) for a Financial Year (FY) ending 31<sup>st</sup> March,

- i. By 31<sup>st</sup> July following the Financial Year (FY).
- ii. Voluntarily, you can file delayed Return of Income (ROI) within 20 months of 31<sup>st</sup> July. Filing beyond this is permitted by obtaining approval from Tax Department for condonation of delay.

## 5. Manner of filing Return of Income (ROI):

- i. Return of Income (ROI) is required to be filed in the prescribed forms for different taxpayers.
  - ii. Return of Income (ROI) is to be filed electronically through independent portal [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) established by Income Tax Department, Government of India.
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## 6. Why a NRI should file Return of Income (ROI) in India voluntarily?

It is advisable to file Return of Income (ROI) even if he is not mandatorily required due to following reasons:

- i. To claim refund of excess Tax Deducted at Source (TDS) with interest at 6% p.a.
- ii. To be eligible to carry forward losses to be set-off against future income.
- iii. Non Resident Indian (NRI) may file Return of Income (ROI) in some years and may not file in some years. But if he receives a notice from the Income Tax Department to file Return of Income (ROI), he must respond by filing Return of Income (ROI) for the relevant year.
- iv. The updated tax information/records help a Non Resident Indian (NRI) to comply with procedural documentation for repatriation of income and assets held in India. It also helps to have records as and when he/she returns to India.

## 7. Consequences of filing Return of Income (ROI) after due date:

- i. If Return of Income (ROI) is not filed before the due date, the Non Resident Indian (NRI) shall not be allowed to carry forward losses to the subsequent years.
- ii. The person is liable to pay interest at the rate of 1% per month or part of month on the outstanding tax payable till the Return of Income (ROI) is filed.
- iii. It may result in levy of penalty of Rs. 5000/- for each year.
- iv. In case of willful delay of filing Return of Income (ROI), the assessee may be subject to prosecution.

### **Disclaimer:**

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