GLOBAL INDIAN BANKING
NRI Banking Services

YES BANK

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) (1st April to 31st 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 31st March,**
   i. By 31st July following the Financial Year (FY).
   ii. Voluntarily, you can file delayed Return of Income (ROI) within 20 months of 31st 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 established by Income Tax Department, Government of India.

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 assesse may be subject to prosecution.

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