

An Idiot's Guide to Filing Returns

Like it or not, filing income tax returns is mandatory. And for first-timers, the paperwork and procedure can be quite daunting. But help is at hand.

Being a good citizen and paying taxes regularly is not enough anymore: it doesn't mean that the taxman is happy and will not pay a visit. Reason: apart from paying taxes, good citizens are also expected to file income tax (IT) returns. The logic may seem convoluted, but governments across the world—including India's—have to be told how much citizens have paid them in taxes.

That means paperwork, headaches and, in some cases, ulcers. Even starting is not easy: finding out which form to fill can be daunting. But remember, filing returns is a must. There is no alternative—even if tax has been deducted at source from the income. So how does one go about filing?

Assessment year. For starters, anyone whose annual income from all sources is more than Rs 40,000 has to file returns—whether or not there's a tax liability. Two words that scare first-timers are: assessment year. They simply represent the year in which you file your return.

For income earned during financial year 1997-98 (1 April, 1997 to 31 March, 1998), returns have to be filed in 1998—by June for salaried people and by August for self-employed professionals and businessmen. Since these two dates fall in the following financial year (1998-99), the

income is assessed in that year, and therefore the term.

Forms. Forget filling and filing, it could be quite an ordeal getting a fix on the right form. A person with an income of less than Rs 2 lakh from salary and other sources—interest, lottery and money that is not earned professionally—must use Form 2A. Those earning more have to fill Form 3.

Professionals and businessmen should use Form 2. In addition, in the last Union budget, former finance minister P. Chidambaram introduced Form 2C, for individuals who have not filed returns and who fulfil any two of the following conditions: own a house, telephone or car, or have travelled abroad.

Where to file. Every area has an assessing officer. So, when the form has been filled and it's time to submit it, knowing the location is important. This is particularly relevant for those filing income tax returns for the first time. Sometimes, there could be an assessing officer looking after specific income classes. The best person to tell you about this is the public relations officer at the income tax office.

How to file. There is good news here: assessee need not go to the counter in person to file returns. Sending them by registered post will do just as well.

There are two acknowledgement forms attached to the return which have to be filled. The official at the counter returns one of these after signing, stamping, num-

● Get recommendations from friends, or from the practitioner's existing clients.

● Talk to two or three tax advisors before finally selecting one. Beware of a jack-of-all-trades: he probably doesn't know enough. And income tax

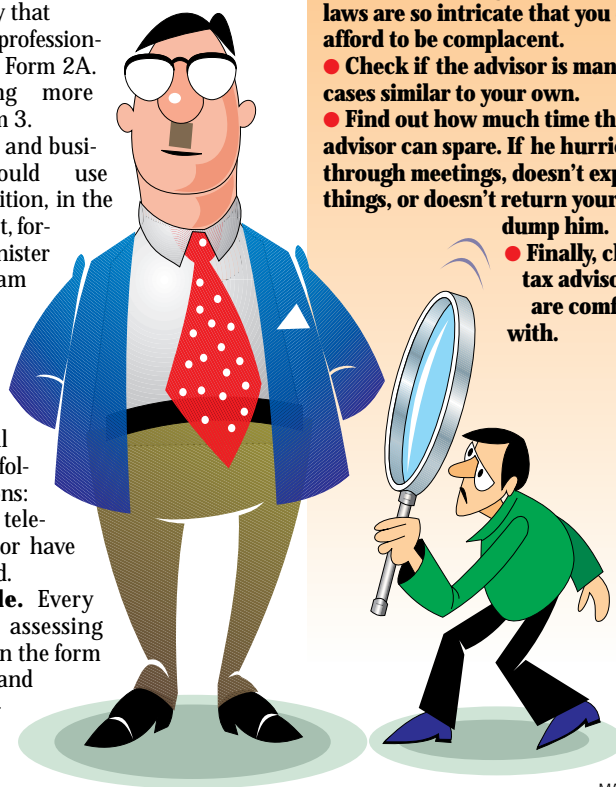
laws are so intricate that you cannot afford to be complacent.

● Check if the advisor is managing cases similar to your own.

● Find out how much time the advisor can spare. If he hurries you through meetings, doesn't explain things, or doesn't return your calls, dump him.

● Finally, choose a tax advisor you are comfortable with.

CHOOSING A TAX PRACTITIONER



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THE FINAL CHECKLIST

- Fill in your name and address correctly. A mistake may cause delay.
- Fill in the assessment year carefully. Otherwise, you may end up filing revised returns.
- Attach original certificates of tax deducted at source. If you earn a salary, attach Form 16 (you get that from your company).
- Remember to attach relevant supporting documents.
- Finally, check and re-check.
- Keep a photocopy for your reference.

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bering and putting the date of receipt. This is the assessee's proof of having filed the return.

If problems persist, professional help is always available (see box: *Choosing a tax practitioner*). Basically, there are three kinds of people who can do this: chartered accountants, lawyers and registered tax practitioners.

Their fees range between Rs 500 and Rs 10,000, depending on their experience and the assessee's income.

If they can ensure worry-free sleep, it's worth every rupee.

■ Clifford Alvares