

How to file income tax returns for six years & claim refund

CBDT recently prescribed to allow income tax assesses to file their tax returns for six years, provided they follow prescribed procedure

You are required to file your income tax return in case your gross total income exceeds the amount of the basic exemption limit. You can file your return of income for claiming refund of taxes even if your income does not exceed the exemption limit due to TDS or payment of advance taxes. You can also file your income tax return for claiming the refund in case the actual tax liability is lower than the aggregate of the TDS and taxes paid by you like advance tax or self assessment tax. This return for claiming the refund of excess taxes paid can be filed within a period of two years from the end of the financial year for which the refund claim relates. For example there was excess TDS for the financial year ended 31-03-2014, for which the due date was 31st July 2014, you can still file your income tax return for claiming the refund of excess TDS by 31st March 2016.

Moreover in case you want to carry forward any losses suffered during the year, you have to file your income tax return by the due date which is 31st July for normal tax payers and which has been extended to 31st August this year. In case you fail to file your return of income by the due date, you lose your right to carry forward the losses.

Extension of time limit:

Under the provision of Income Tax Act, CBDT has powers to issue orders for granting relaxation from these requirements. In exercise of these powers CBDT has been issuing instruction, passing orders, from time to time, giving relaxation in order to mitigate genuine hardships caused to the taxpayers where the taxpayers could not claim the refund due to expiry of the statutory time limits for filing income tax returns. The CBDT has very recently issued a circular on 9th June prescribing the procedure to condone the delay for claiming the income tax refund or carry forward of losses. Let us understand what the latest instruction of CBDT provides for.

Period for which request can be made

A tax payer can make a request to condone the delay in filing of return within six years from the end of the assessment year in respect of which the return is to be filed. So effectively in case of claim for income tax refund, you get an extension of five years only as presently also you can file your income tax return for refund one year after end of the assessment year. So now you can make an application for condonation of delay for any financial year ending 31-03-2009 or thereafter. So in case any of you who failed to file your return in which you were entitled to claim income tax refund or carry forward of losses, can file the application now in case it relates to financial year ended 31-03-2019 or thereafter.

Who can condone the delay

This circular provides for different authorities who can condone the delay based on the amount invoiced. Any application to condone the delay for claim amount of Rs. 50 lac or more has to be made to CBDT only. In case the amount of claim is between Rs. 10 lac and 50 lac the application will have to be made to the Chief Commissioner of income tax or Principal Chief Commissioner of Income tax. However, in case the amount involved is less than 10 lacs, the same can be entertained by either Principal Commissioner of income tax or commissioner of Income Tax. The limits specified are same whether your application is for income tax refund or for carry forward and set off of losses. It may also be noted the above limits apply to each financial year separately and not for the aggregate of the claim for all the years taken together. Before accepting or rejecting the application these authorities are supposed to verify that the claim is correct and genuine. It may be noted that the assessing office which will eventually process your income tax return can make scrutiny of your claims before granting you refund or allowing you to carry forward the loss.

Conditions for making the application:

In order to ensure that your application to condone the delay is accepted, you need to satisfy certain conditions. The income in respect of which the refund is being claimed should not be includible in the income of any other persons. The claim for refund should have arisen due to TDS, of payment of advance tax or self assessment tax.

Generally you are entitled to get interest on the amount of refund due to you in case you have filed your return of income within two years from end of the financial years but in case you avail this facility of condonation of delay under these instruction you will not be entitled to any interest on the amount of refund due to you.

Moreover under these instructions you can even make an application for claiming supplementary refund in case you already have received part of the income tax refund.

How to go about it

No specific form or format for making such application is prescribed so the application can be made on plain paper stating the facts of the case in detail, which will help the authorised commissioner to take the appropriate decision.

Though no specific process has been prescribed under these instructions, I would suggest you to file your income tax return along with the application for condonation of delay. So in case your application is accepted, your return will also be taken up for processing immediately.

I am sure above discussion will help few of you who could not claim income tax refund as they had missed the deadline for filing of the income tax return.

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