

Income Tax returns filing on job change? How to deal with multiple Form-16

Income Tax returns filing on job change: Make sure you ask each of your employers for a Form 16. Details such as PAN, TAN, name and address must be reported for each employer in your tax return.

When you have changed your job, a rather sticky problem arises while filing your income tax return. Two or more Form 16 lead to confusion whether your taxes are in order.

Usually we skip informing our new employer about our previous salary. He has no idea of what you earned and taxes deducted may be out of place.

Let's understand how this problem can be resolved.

Include information of all employers: Make sure you ask each of your employers for a Form 16. Details such as PAN, TAN, name and address must be reported for each employer in your tax return. Some e-filers allow upload of multiple Form 16. Using such a service allows you to populate these details in your return automatically. Use them.

Consolidate salary from all employers: If you changed jobs within a short period of time, the employer may not have had the chance to deduct any TDS. Remember salary is always taxable irrespective of whether TDS is deducted or not, so include this amount in your return. Salary earned from all employers during the financial year must be included.

Adjusting exempt allowances: If your job change has led to a raise, it may have led to a change in your allowances such as HRA. Did you claim HRA exemption from all your employers? Where you could not submit rent receipts to your employers on time, claim HRA exemption while filing your return. You may have to recalculate your HRA exemption for the entire year and adjust your total salary accordingly.

Paying back joining bonus: Employment terms may sometimes include reimbursing your employer of the joining bonus if you quit before the stipulated period. Joining bonus is paid net of tax must be usually paid back by an employee inclusive of tax. The tax paid by you may be your loss unless your employer made adjustments in your Form 16. So review your Form 16 carefully.

Claiming deductions: Employers begin the exercise of collecting proof of deductions usually around February or March. Some individuals quit their job before this period. Which means your employer may not have allowed you the benefit of deductions. Do not worry, after you have consolidated your income, now total your deductions. Deductions allowed under section 80 such as 80C, 80D, 80G and others can be claimed directly in your return. Just remember to safely record the proofs. Keep in mind that deductions are allowed against your total income, so the benefit of deduction for tax calculation must be taken only once.

Check Form 26AS: Your Form 26AS carries details of TDS deducted by each employer. Check your Form 26AS to see TDS entries. Make sure you take credit of TDS deducted by all of them against your total tax dues.

Seeing a tax due: When incomes from different employers are aggregated, there is chance you'll see a tax due. Why does this happen? If your new employer does not know how much you earned from your previous job, his tax computation may be inaccurate. Minimum income exemption may have been allowed by all your employers. Benefit of deduction may have been allowed by more than one employer while calculating tax. Or you may have pushed up a tax slab when incomes are totalled. All of this means, you are likely to see a tax due while filing your return. Recheck all the details and pay the tax due before submitting your return.

(Financial Express)