

Don't miss out on the deadlines for taxation

Failure to comply will lead to penalties and other hassles

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March is the most important month of the year when it comes to money matters. This is the time when taxpayers need to fulfil several income tax-related obligations that go beyond tax planning. Here are some of the tasks you need to complete before their respective deadlines.

Advance tax: The last day for depositing the fourth instalment of advance tax for FY 2020-21 is today, March 15. Suresh Surana, founder RSM India says, "Non-payment of advance tax will result in additional interest burden." He adds that a taxpayer does not need to pay advance tax if his estimated tax liability is less than ₹10,000." The interest burden is applicable under Section 234C. Interest is levied at the rate of 1 per cent per month or part of the month for the default period.

If the taxpayer fails to pay at least 90 per cent of the tax payable on or before March 31, 2021, interest under Section 234B is levied at the rate of 1 per cent per month or part of a month on the tax dues from April 1 till the date the tax assessment is made.

Vivek Jalan, partner, Tax Connect Advisory Services, a chartered accountancy firm says, "A resident senior citizen (i.e., an individual aged 60 years or above in the relevant financial year) not having any income from business or profession is not liable to pay advance tax."

Up to March 31, 2020, dividend income was subject to



KNOW YOUR FORM 15G/15H OBLIGATION

■ **Form 15G and Form 15H** have to be submitted at the start of each financial year
 ■ **They are valid for one financial year** and ensure the bank doesn't deduct TDS on interest income

Footnote: Form 15H is for senior citizens (60 and above), while Form 15G is for everybody else

■ **Due to the pandemic**, the tax authorities had extended the validity of these forms submitted for FY 2019-20 up to June 30, 2020
 ■ **If you did not submit these forms** for FY 2020-21,

your bank may have deducted TDS
 ■ **In that case**, claim a refund while filing I-T return
 ■ **And don't forget to submit** these forms at the start of FY 2021-22

dividend distribution tax (DDT) in the company's hands. Shareholders were exempt from paying tax on it. From April 1, 2020, dividend became taxable in the hands of shareholders. Taxpayers, however, need to pay advance tax on dividend income only after it has been declared or paid. Surana says, "Since dividend income cannot be predicted in advance, the receipt of such income becomes certain only once the company declares it. Hence, once it declares the dividend, the assessee has certainty about its receipt and is required to include it in his advance-tax computation for the year."

Link Aadhaar with PAN: March 31 is the last date for linking the Permanent Account Number (PAN) with Aadhaar.

Non-linking of PAN with Aadhaar will lead to the former becoming inoperative. The due date for linking was extended from June 30, 2020 to March 31, 2021. Archit Gupta, chief executive officer (CEO), Cleartax says, "The failure to link PAN and Aadhaar will make PAN inoperative and it will be assumed that PAN was not furnished." Further, the Income-Tax (I-T) Department will not process your tax returns and also impose a penalty of ₹10,000. Gupta adds, "PAN is necessary for depositing a higher amount of cash in your bank account, carrying out immovable-property transactions, opening of bank account and demat account, remitting money, and so on. Once it becomes inactive, it will become operative only after you have linked it with Aadhaar."

The deadline for linking PAN with Aadhaar has already been extended several times. The chances of another extension are slim, so complete this task right away.

File belated tax return: The last date for filing the belated or revised return for FY 2019-20 is around the corner on March 31. Gopal Bohra, partner, NA Shah Associates says, "Belated or revised return for FY 2019-20 cannot be filed after March 31. All taxpayers who have not filed their returns yet should do so at the earliest with applicable interest and late fees." If you miss this deadline, you will not be able to file a revised return for FY 2019-20.

In case corrections need to be made to returns already filed, that should also be done

before March 31 by filing a revised return.

The I-T Department has wide authority under Section 119(2)(b) of the I-T Act to admit an application or claim for any exemption, deduction, refund or any other relief after the expiry of the specified period. Surana adds, "The taxpayer may consider filing an application requesting the I-T Authority for condonation of delay. The latter may permit the filing of such return based on the merits of the case." Experts, however, suggest it's advisable to not wait.

While a belated return can be filed by March 31, 2021, for financial year 2019-20, the taxpayer will have to pay a penalty. Gupta says, "For taxpayers having taxable income below ₹5 lakh, the penalty payable is ₹1,000, otherwise it can extend up to ₹10,000."

Payment of TDS/TCS: To provide relief to taxpayers and tax collectors during the outbreak of Covid-19, the I-T Department had extended the due dates for filing of Tax Deducted at Source (TDS)/Tax Collected at Source (TCS) returns or statements for the first and second quarter of FY 2020-21 to March 31. Vikash Mittal, partner, Vikash Mittal and Associates says, "In case the tax deductors or collectors fail to furnish the returns or statements on or before the extended timeline, late fees will be levied. The penalty could be up to ₹1 lakh. So, it is advisable to comply on or before the extended timelines."

Vivad Se Vishwas Scheme: The deadline for submitting a declaration under the Vivad Se Vishwas scheme has been extended until March 31, 2021. This scheme was launched in Budget 2020 to reduce pending income-tax disputes and provide the blocked revenue to the government. Gupta says, "The individuals who have disputed taxes and wish to avoid long litigation proceedings should declare under the scheme on or before March 31, 2021. Any payment made after the deadline will attract an additional 10 per cent on the disputed tax amount."