

Tax return must be filed even without Form 16

In the absence of this key document, rely on your salary slip, Form 26AS, and bank statements to compile the required information

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The last date for filing of income-tax return (ITR) for the financial year 2020-21 has been extended to September 30, 2021. According to the Income-Tax (I-T) Act, employers should issue Form 16 to their employees before June 15 of the assessment year (the 12-month period that follows the financial year for which your income is to be assessed for taxation). For FY21, the Central Bureau of Direct Taxes (CBDT) has extended the due date for employers to issue Form 16 to July 31, 2021.

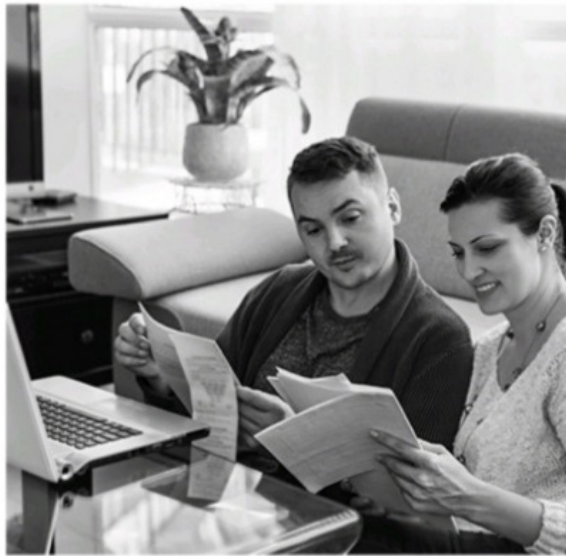
Form 16 is a certificate issued by the employer to employees under Section 203 of the I-T Act, when the employer deducts tax at source (TDS) from the latter's salary. This certificate provides details about the salary the employee has earned during the financial year and the amount of TDS that has been deducted from his pay and deposited with the I-T Department.

It is mandatory for an employer to issue Form 16 if it has deducted TDS from the employee's salary. Rahul Agarwala, chartered accountant and business partner, AGSM Advisory, says, "If an employee has changed jobs, or worked for two or more employers during the year and tax has been deducted by more than one employer, then the employee will be issued separate Form 16s by each of those employers."

Form 16 has two components: Part A and Part B.

Part A and B of Form 16

Part A of Form 16 provides



ONUS IS ON YOU TO PAY TAX

- When you receive Form 16 from your employer, ensure that all the information declared therein is correct
- If any information is incorrect, get in touch with the employer or the person responsible for deducting tax at source and get the error rectified
- Check whether the

employer has deposited TDS with the government by logging into your account on the I-T portal and downloading Form 26AS

- Even if your employer has not deposited TDS into the central government's account on your behalf, the onus is on you to pay tax

Source: AGSM Advisory

details of the tax deducted every quarter and deposited in the government's treasury. Archit Gupta, chief executive officer, (CEO) Clear says, "It will also have details of the permanent account number (PAN) and tax deduction account number (TAN) of the employer, its name and address, and so on." All this information is certified by the

employer. The employer can generate and download Part A of Form 16 from the TRACES portal.

Part B of Form 16 contains other details. Agarwala says, "Part B of Form 16 has the detailed break-up of tax computation: gross salary paid, any other income declared by the employee, exemptions and deductions claimed, tax pay-

able, and so on."

Another form called Form 16A also exists, which is also a TDS certificate. While Form 16 is for salary income, Form 16A applies to TDS on income other than salary. Form 16A is issued for tax deducted by a bank on the interest you've earned on fixed deposits, TDS on insurance commission, TDS on rent receipts, and so on. All the details in Form 16A are also available in Form 26AS.

If you have not received Form 16

You should have ideally received Form 16 from your employer by now. If you haven't, then you should get it by July 31, the new deadline.

If an employer deducts TDS but does not issue a certificate, it is liable to a penalty. Surana says, "If the employer does not issue Form 16 within the prescribed time limit, he will be liable to pay a penalty of ₹100 per day under Section 272A(2)(g) of the I-T Act, till the certificate is issued."

An employee must file his tax return even if Form 16 has not been issued to him for any reason, say, because the company has shut down. According to Section 139(1), if an individual's total income in a particular year exceeds the basic exemption limit of ₹2.5 lakh, he must file ITR, regardless of whether Form 16 is issued to him. Hingar says, "Even if Form 16 is not issued, it does not mean you do not have to pay any taxes or file your tax return."

You will have to rely on other documents to compile the necessary information and file your returns. Suresh

Surana, founder, RSM India says, "If a salaried employee does not possess Form 16, he can still file his I-T return with the help of his salary slips and Form 26AS."

The salary slip will help him ascertain his income from salary, and details of profession tax, Income tax and other deductions like contributions to Provident Fund. It also contains details of allowances that are part of the salary, which will in turn allow the taxpayer to ascertain whether they are exempt or taxable.

The employee should also take the help of Form 26AS. Surana says, "Form 26AS is a statement of TDS/TCS that can help an assessee determine the amount of TDS/TCS as well as the amount of advance tax and self-assessment tax for that financial year." An assessee should also factor in incomes from other sources (such as rental income, interest income, dividends, etc.) and capital gains that have accrued during the relevant tax year while computing his total income.

The employee should also make use of the information contained in his bank statements.

What if there is no TDS?

The employer does not have to issue Form 16 if it has not deducted TDS. Manish P Hingar, founder, Flintoo, a tax and investment advisory firm, says, "The employee can, however, request the employer to issue Form 16 Part B, which will help him file returns."

A few other things must be factored in while filing tax returns. If an assessee has received House Rent Allowance (HRA), he should calculate the amount of exemption under Section 10(13A), provided he is eligible. He should also consider the standard deduction (up to ₹50,000) on gross salary, and deductions under Chapter VI A, such as 80C. Surana says, "If the taxpayer, however, opts for the new tax regime which provides for a lower tax rate, then he shall not be able to claim any tax deduction or exemption."