Innovations

E-filing of income-tax returns: A study on the tax-payers awareness and challenges

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Abstract: *The income tax returns need to be filed by tax-payers as per the Section 139(1) of the Income Tax Act of India. In earlier times, the income tax returns need to be filed physically in the concerned jurisdiction ward along with all the supporting documents but the income tax department moved to e-filing mode since 2004.As a result, a lot of improvements from time to time took place in e-filing process to make it simpler and more user-friendly. The purpose of this research paper is to improve tax compliance by helping the tax-payers in filing the correct ITR form and filing it properly as per the Income-tax rules and in compliance with the various provisions of the Income Tax Act. For this purpose, the likely mistakes made by the tax-payers in filing the returns have been identified and discussed. The facilities provided by the income-tax department have also been discussed so that they can be properly utilized. It is important to note that the tax-payers are making certain mistakes in claiming some deductions and are also ignoring the clubbing provisions of the Income-tax Act, disclosing interest income, etc. which may lead to increased tax litigations. They should also ensure that they cross-check their form 26AS before filing return of income. Existing and proposed specified financial transactions have been highlighted. The facilities provided by the Income tax department, like e-Nivaran and Helpdesk role in addressing grievances of the taxpayers have been discussed. In order to improve the system, certain suggestions are made to both income-tax department and the tax-payers. The Income tax department should focus on pre-filling of data and put efforts in simplifying format of ITR-2 to ITR-7. Some key steps were already taken in e-filing portal 2.0 It should also co-ordinate with stock exchanges and establish interface with them to ensure that Schedule 112A data on long term capital gain in share transactions gets pre-filled automatically from the databases of the stock exchanges. The Tax-payers should be more careful in tax compliance in some tax provisions and fully utilize facilities provided by income-tax department like, e-Nivaran, help desk, etc. The income-tax department policy of "Honouring-The-Honest" will connect to the tax tax-payers only when they take all necessary measures to ensure that the tax-payer does not face any hardship from tax authorities.*

Key words:1. *Income tax return, 2.form 26AS, e-filing, 3.specified financial transactions, 4.income tax portal 2.0*

Introduction:

Government has to perform various sovereign duties. It has to balance both development and welfare measures. The development index of a country reflects both its economic development and social development. For performing these functions, the government requires revenue. This revenue is collected by levying taxes. Taxes can be broadly classified into direct taxes and indirect taxes. Direct taxed are those taxed which are directly collected from the person on whom the tax is levied. On the other hand, indirect taxes are borne by one person but paid by another person.

Direct taxes include income tax, wealth tax etc. Income tax is the most crucial of all direct taxes. Reference about levy of income tax in India can be traced back to ancient India. Kautilya's Arthashastra discussed about the collection of income tax in the Mauryan Empire.

In modern era, income tax is levied in India for the first time by the British Government, primarily to overcome the financial crisis following the sepoy mutiny in 1857. In 1886, a new Income Tax Act was passed with many improvements which was later succeeded by Income Tax Act, 1918 that introduced the concept of heads of income.

After independence, Income Tax Act, 1961 has been passed which continues to remain in force till date. Computerisation was introduced in the income tax department since the year 2001.

Filing of Income-tax Returns:

Every year, the income tax return needs to be filed by the tax-payers as per Section 139(1) of the Income Tax Act. The following persons are required to file income tax return – (a) Company or firm (b) Any other person if the gross total income exceeds the maximum amount not chargeable to tax.

In earlier years, the income tax returns were filed physically in the concerned jurisdiction ward along with all the supporting documents but the department moved to e filing of returns since 2004, evolved from voluntary to mandatory stage, as-on-date. There are 91.60 million registered users using e-filing portal. Subsequently a number of improvements have been made in e-filing process to make it user friendly. As of now, all income tax returns are to be e-filed except in case of super senior citizens (that is, individuals of age 80 years or more) who are not having any income from business or profession. The income-tax department statistics show that 69.40 million ITR's were filed for the assessment year 2020-21 as against 66.60 million ITR's (original income tax returns) filed for the previous assessment year. Thus, 4% more IT returns were filed during the assessment year 2020-21. The income tax department is processing refunds quickly as a result of e-filing and e-assessment system. The CBDT issued refunds of Rs 1937 billion (approx. USD 24.21 billion) to more than 22.60 million taxpayers between 1st April, 2021 and 20thMarch, 2022. This includes personal income tax refunds of Rs. 710 billion (approx. USD 8.87 billion) and corporate tax refunds of Rs. 1227 billion (approx. USD 15.34 billion).

In this research paper, an attempt has been made to analyse the income-tax returns and provide necessary guidance to the tax-payers in filing income tax returns and also inform them about the facilities provided by the income tax department in filing returns. The specific objectives set for the study are given hereunder.

Objectives of the study:

i. To examine whether the income-tax tax-payers choose correct income tax returns for e-filing;
ii. To ascertain the common mistakes made in e-filing and know whether all income has been disclosed in the returns;
iii. To study the usage-pattern of the revised 26ASby the tax-payers;
iv. To examine the various supportive measures provided by the income tax authorities through their e-filing website;
v. To assess the role of income-tax department in their endeavour of "honouring the honest"; and

vi. To suggest measures for tax compliance by the tax-payers and reduce tax litigations

Scope of the Study:

The study covers all the income tax returns that is,ITR-1 to ITR-7.The scope of the study is limited to income tax returns and does not cover how to face subsequent assessments etc. It also deals with relevant provisions of Income tax Act when covering income tax returns. However, it does not extensively cover tax planning.

Research Methodology:

The study is based on secondary data. Secondary data has been collected from the Income tax Act and income tax return forms and e-filing website of the income tax department. It is a conceptual study of the income tax return filing process. Diagnostic research method has been adopted.

Review of Literature:

Aldeia, S. (2020) examined how the income tax specifics of Indian companies impact their business competitiveness. The findings of the study demonstrate that the income tax law dates from 1961, indicating that Indian legislators are conservative when it comes to making legislative changes. However, the fact that corporation tax rules are stable offers investors with certainty, which is a good competitiveness advantage for businesses. Accounting and taxation, on the other hand, have different rules, requiring corporate entities to prepare separate financial and tax statements. According to the findings, whereas corporate tax payers account for only 3 per cent of all tax tax-payers, they account for 57 per cent of all tax revenue.

Maji, S. K., & Pal, K. (2017) in their study evaluated the trends of e-filing in India and also on the level of satisfaction among the e-filing system users in India. The findings from the study revealed that the respondents are very much happy with the system of e-filing. Such a positive response is due to the quality of the e-filing website, utility, easy mode of operation etc.

Kaur, G. (2016) in the study stated that many countries like UK, Australia, Indonesia, New Zealand and Sri Lanka have started operating on the Self-Assessment System. So India should review the present Self-Assessment system.

D.V., Vidya Shree and Rathod P.(2015) in their paper stated that budget 2015 introduced TDS on interest earned on fixed deposits and recurring deposits in co-operative banks. The aim is to avoid tax evasion. Until now, higher interest rates in co-operative banks combined with nil deduction of TDS incentivised people to invest in deposits with co-operative banks. However, now that TDS has to be deducted by co-operative banks also, the scenario has changed. This paper studies the impact of TDS provision on co-operative banks and their depositors.

Geetha, R., &Sekar, M. (2012) in their study stated that e-governance developed the concept of e-filing of income tax return through the internet. It is observed that in 61 cities throughout the country, 92 intermediaries are on this function. The e-filing of income tax returns has some limitations like delay while processing, regular crashes etc., but the government took measures needed to overcome them.

Ojha, A., Sahu, G. P., & Gupta, M. P. (2009) in their study investigated the behaviour of youth on use the income tax e-filing service. The study showed that youth in India liked the e filing system for its easeofuse and innovativeness in information technology.

ITR form to be filed:

The income tax department specified separate ITR to be filed by each category of tax-payers. The tax-payers have to select the appropriate ITR form to be filed,

ITR-1:it is the simplest income tax return. Income tax department introduced ITR-1 so as to make the return filing process very simple for **individuals** who do not have any income from business or profession. Only individuals can file ITR-1. However, the following individuals cannot file ITR-1:

a) Individuals whose total income exceeds Rs. 5 million (USD 62500)
b) Individuals having foreign assets or income from any source outside India
c) Director in any company
d) Agricultural income exceeding Rs. 5000 (USD 62.50)
e) Holding unlisted equity shares
f) Holding more than one house property

ITR-2:it can be filed only by **individuals and HUF** (Hindu Undivided Family)**not having any income from business or profession.** Individuals who are not allowed to file ITR-1 can file ITR-2 provided they do not have any income from business or profession.

ITR-3: the Individuals and HUF having income from business or profession need to file ITR-3. Those who are covered under tax audit can also file ITR-3.

ITR-4: Individual, HUF and firm who is deriving income from business or profession and such income is computed as per presumptive taxation norms under Section 44AD, 44ADA and 44AE of the income tax Act need to file ITR-4.

ITR-5: Firms (including LLP-limited liability partnership), local authorities, co-operative society, AOP (association of persons) and BOI (body of individuals) file ITR-5 return.

ITR-6: Companies

ITR-7: Charitable trust

Number of Income-Tax Returns Filed (Including Revised Return):

Table 1:
The number of income tax returns filed by the various categories of tax-payers
From the financial year 2013-14 to 2018-19(figures in thousands)

PAN Category	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
AOP	101	107	148	162	207	205
BOI	4	4	6	6	7	7
COMPANY	715	754	780	804	943	965
FIRM	961	992	1,111	1,181	1,394	1,410
GOVERNMENT	0.0	0.0	0.1	0.1	0.2	0.3
HUF	955	967	1,043	1,164	1,289	1,214
AJP	9	9	10	11	11	11
LOCAL AUTHORITY	3	3	3	3	4	4
INDIVIDUAL	35,043	37,409	42,926	52,205	64,559	63,250
AOP(TRUST)	184	188	276	265	292	292
TOTAL	**37,975**	**40,432**	**46,302**	**55,801**	**68,706**	**67,358**

Source: Statistical data from the website www.incometaxindia.gov.in

Table 2:
Increase in number of returns filed in the financial year 2018-19 when compared to the financial year 2013-14 by the various categories of assesses

PAN Category	Increase in Number of Returns	% increase
AOP	1,04,067	103
BOI	2,255	53
COMPANY	2,49,857	35
FIRM	4,49,104	47
GOVERNMENT	339	3390
HUF	2,58,953	27
AJP	2,020	23
LOCAL AUTHORITY	931	33
INDIVIDUAL	282,06,876	80
AOP(TRUST)	1,08,461	59
TOTAL	293,82,863	77

As can be seen in the table that the highest increase is in government assesses followed by AOP (association of persons) and individual tax-payers, respectively.

Table 3:
The Year-on-Year increase in the number of returns filed as compared to the previous year

Financial Year	Increase in returns filed	% increase in returns filed
2014-15	24,56,724	6
2015-16	58,70,740	15
2016-17	94,98,548	21
2017-18	129,05,090	23
2018-19	-13,48,239	-2

There is a very good increase in the returns filed in the year 2015-16, 2016-17 and 2017-18.The decrease in the number of returns filed for the year 2018-19 is due to change in the provisions pertaining to filing of belated returns. It may be noted that up to the financial year 2017-18 (assessment year 2018-19), the income tax law allowed the filing of belated returns. Thus, returns for both the current assessment year as well as the return for the previous assessment year could be filed up to the financial year 2017-18. This facility is not available from the financial year 2018-19. This is the reason for the slight decrease in the number of returns filed for the financial year 2018-19 when compared to the number of returns filed for the financial year 2018-19.

Table 4:
The Percentage of returns filed by each category of assesses
In the total returns filed for that year.

PAN Category	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
AOP	0.27	0.26	0.32	0.29	0.30	0.30
BOI	0.01	0.01	0.01	0.01	0.01	0.01
COMPANY	1.88	1.86	1.69	1.44	1.37	1.43
FIRM	2.53	2.45	2.40	2.12	2.03	2.09
GOVERNMENT	0.00	0.00	0.00	0.00	0.00	0.00
HUF	2.52	2.39	2.25	2.09	1.88	1.80
AJP	0.02	0.02	0.02	0.02	0.02	0.02
LOCAL AUTHORITY	0.01	0.01	0.01	0.01	0.01	0.01
INDIVIDUAL	92.28	92.52	92.71	93.56	93.96	93.90
AOP(TRUST)	0.48	0.47	0.60	0.47	0.43	0.43
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

The share of income tax returns filed by individuals in the total returns filed has rose from 92.28 per cent to 93.90 per cent thus an increase of 1.62 per cent. There is a decrease in the share of returns filed by companies, firms and HUF which fell down by 0.45 per cent, 0.44 per cent and 0.71 per cent respectively.

It should be noted that there is no increase in the basic tax exemption limit of individuals after budget 2014. The income tax law requires that all individuals whose taxable income exceeds the basic exemption limit have to file income tax returns. Since the basic exemption limit has not been increased in spite of inflation and corresponding rise in income of people, it might have resulted in an increase in the number of returns filed by individuals.

New Requirement of Filing Returns:

Tax-payers having gross total income less than maximum amount not charge able to tax are exempt from filing return of income. However, with effect from assessment year 2020-21, seventh proviso inserted to Section 139(1) which states that persons satisfying the following conditions during the previous year are required to file income tax return even if their gross total income is less than maximum amount not charge able to tax:

i. Deposited amount exceeding ten million rupees (USD 125,000) in one or more current accounts with a bank
ii. Incurred foreign travel expenditure exceeding two hundred thousand rupees(USD 2,500) for himself or any other person
iii. Electricity consumption exceeding one hundred thousand rupees(USD 1,250)

The ITR form contains a provision stating the above conditions. Any person obliged to file return as per seventh proviso has to tick the applicable conditions among the above three and proceed to file their return of income.

Income-tax Department - Expanding Database:

Central Board of Direct Taxes (CBDT) and GST authorities are already mutually sharing the information in their respective databases. GST no. is a 15-digit code which embeds the 10-digit PAN code in itself (PAN stands for Permanent Account Number provided by Income tax department). Hence, it is very easy to track the data. Hence, it is important for business tax-payers that the turnover shown in GST returns be matched with the turnover in income tax returns. In case of mismatch, they should reconcile the difference and be ready for explaining the difference to the authorities when the query comes. This whole exercise needs to be completed before filing the income tax return.

In July 2020, CBDT and SEBI (Securities and Exchange Board of India) signed a Memorandum of Understanding for data transfer. A data exchange steering group has also been formed for monitoring and taking it forward. Now the income tax authorities can sit in their office and cross check the securities transactions and capital gains shown by the income tax tax-payer with data from SEBI.

Revised Form 26AS – it acts like Income-tax Pass Book:

We have pass book for our bank transactions or post office transaction giving all the details. Form 26AS hitherto used to contain the details of TDS deducted and the income on which such TDS has been deducted. When TDS has been deducted and paid to IT department by the deductor, he furnishes the PAN No. of each deductee along with the amount TDS deducted in his TDS return. This will get reflected automatically in the 26AS form of the deductee. Now, the scope of form 26AS has been expanded. Form 26AS will now contain the following additional information:

A. Details of pending income tax proceedings
B. Details of completed income tax proceedings
C. Information of demand notices and pending refunds
D. Expenses incurred in foreign currency in excess of one million rupees (USD 12,500)
E. Receipt of any foreign currency in excess of one million rupees (USD 12,500)
F. Cash payment of credit card bills in excess of one hundred thousand rupees (USD 1,250)

Thus, tax-payers can now knowall the details from Form 26AS and it will act as tax-payers income tax passbook.

The following specified financial transactions done by the tax-payer will also get reflected in form 26AS of the tax-payer:

1. Cash paid to purchase bank drafts, pay orders or bankers cheques if the amount is more than one million rupees(USD 12,500) in a financial year
2. Cash deposits in the current accounts of a person if the aggregate deposit is more than five million rupees(USD 62,500) in a financial year
3. Cash withdrawals from the current accounts of a person if the aggregate withdrawal is more than five million rupees(USD 62,500) in a financial year
4. Cash deposits in the savings bank accounts of a person if the aggregate deposit is more than one million rupees(USD 12,500) in a financial year
5. One or more fixed deposits (other than renewal of existing fixed deposits) made in a financial year if the aggregate amount of deposit is more than one million rupees (USD 12,500).
6. Purchase of bonds or debentures from any one company if the aggregate amount is more than one million rupees(USD 12,500) in a financial year
7. Purchase of shares issued by any one company if the aggregate amount is more than one million rupees(USD 12,500) in a financial year
8. Purchase of mutual fund units issued if the aggregate amount is more than one million rupees(USD 12,500) in a financial year

9. Cash received exceeding two hundred thousand rupees(USD 2,500) in a financial year for sale of goods or rendering of services

Some of the tax-payersdo not understand why these transaction details are appearing in their 26AS. This is only to make them aware that income tax department is observing them closely and also for them to reflect on those transactions and ensure that they considered them while filing their return.

Expansion in the scope of specified financial transactions:

Central Board of Direct Tax proposed to cover the following:

A. Payment of educational fee or donations exceeding one hundred thousand rupees(USD 1,250) in a financial year
B. Payment to hotels exceeding twenty thousand rupees(USD 250) in financial year
C. Purchase of jewellery, marbles and paintings exceeding one hundred thousand rupees(USD 1,250) in a financial year
D. Payment of life insurance premium exceeding fifty thousand rupees (USD 625) in financial year
E. Payment of property tax exceeding twenty thousand rupees(USD 250) in a financial year
F. Payment of medical insurance premium exceeding twenty thousand rupees (USD 250) in a financial year
G. Electricity consumption exceeding one hundred thousand rupees(USD 1,250) in a financial year
H. Foreign travel
I. Domestic business class air travel

Income-tax e-filing 2.0Portal:

The new income tax portal has been built on the pillars of speed, accuracy, convenience and usability. The following are the key features of this new portal:

a. Easy to use ITR utility
b. Multiple ways of paying tax on the portal
c. Improved Help section with user manuals and videos
d. Role based and user-friendly dashboard
e. Secure and multiple options for login
f. Wizard based assistance in ITR selection
g. Increase in pre filled ITR's
h. Mobile App
i. Chatbot

The income tax portal contains the instructions to file tax returns,tax slabs, and provision for checking refund status etcetera.

Chatbot is available to help in resolving the queries of the tax-payers.

The dashboard will give the following details in graphical presentation:

- ✓ Tax deposited – details of TDS, advance tax and self-assessment tax paid for the current assessment year and previous assessment year
- ✓ Returns filed in the last 3 years – Taxable income, tax liability and tax deposited for the past 3 years including current assessment year
- ✓ Pending actions
- ✓ Recent forms filed
- ✓ Grievances
- ✓ Status of return filing and return processing

ITR Form Selection:
The new facility in e filing portal 2.0 is that at the first step, the tax-payer can either select the required ITR form to be filed (ITR-1 to ITR-7) or if he is not aware of which ITR to be filed, then he can select the option given the portal to help in deciding the ITR form to be filed and then proceed to select the ITR form applicable to him.

Wizard for Capturing all Details:
The tax-payer will then be taken to a wizard where he will have to answer some questions which help in capturing all the income, exemptions and deductions applicable to him.

Educating and assisting the tax-payer:
User manuals and Frequently Asked Questions are available for ITR-1, ITR-2 and ITR-4. Further, User manuals and Frequently Asked Questions are being developed for ITR-3 also and are likely to be available shortly.

Pre-filling of data:
In case of ITR-1, when we login and select the relevant assessment year for filling the IT return, data will automatically get pre filled in the return. The general information which gets pre filled includes name and address, Aadhar number, contact details etcetera. Now, even the income details and TDS details are getting pre filled using the information from form 26AS. In case of salaried employees, if they submit the details of their savings or expenditure incurred for Section 80 to the employer for computation of income for deduction of tax, then such details will also get reflected in the schedule of investment and payments. The tax-payer can edit and update the details and finalise the return.
Pre filling of data saves a lot of time and made filing of return of income a simple process.Income tax portal 2.0 pre-fills data relating to income from house property and income from business or profession also.

Common Mistakes Made by the Tax-payer in Filing the Return:

1. Not reporting interest income – Income from fixed and recurring deposits and even income from savings bank account has to be included in computation of income. In case of interest on savings bank account, an amount up to ten thousand rupees is allowed as a deduction under Section 80TTA of the Income tax Act. Hence, the interest on savings bank account has to be first included in the computation of gross total income and then be claimed as a deduction.
2. Non-Reporting foreign assets in the income tax return
3. When the tax-payer fails to deduct and deposit TDS on purchase of property which is worth more than 5 million rupees (USD 62,500).
4. When the employee tax-payer changes from one job to another, if he ignores to disclose the income from the old job.
5. Some tax-payer ignore the clubbing provisions of Income tax law, that is, income generated o investments that are made by him on the name of his dependents.
6. Non filing of income tax returns when the tax payable is Nil. Income tax return has to be filed when the gross total income is beyond the maximum amount not chargeable to tax irrespective of the fact as to whether he is liable to pay tax or not. For example, the tax-payer has gross total income of Rs. 350,000 and claimed deductions under Section 80 to the extent of Rs. 150,000. Then his net taxable income is Rs. 200,000 only and he is not liable to pay tax. However, he has to file return of income.
7. If the tax-payer intends to carry forward loss under any head of income, then he has to mandatorily file his return of income. If he fails to file the return of income, then he will not be allowed to carry forward the loss for set off against his future income and he will lose the benefit.

If it comes to the notice of the income tax department that the tax-payer spends or invests beyond the means of income declared by him in his income tax return, then he is likely to receive a notice from the income tax department to explain the source of his income.

e-Nivaran facility for submission of grievances: The Income tax department in their e-filing website www1.incometaxindiaefiling.gov.in provided the facility to the tax-payer to submit his grievance and also to view the status of his grievance.

Income tax help desk:

Income tax department introduced new call centre numbers to help the tax-payer.

Findings:

1. The income tax department is updating the income-tax return formats from time to time which is evident from the fact that they introduced a separate schedule for 80D to ensure that the tax-payers do not claim excess deduction under Section 80D.
2. The tax-payer is likely to make a mistake in submitting the correct ITR from among ITR-1 to ITR-7 even though he is computing his tax liability correctly; this is more likely to happen between ITR-1 and ITR-2 when individual tax-payer files his return.
3. With effect from assessment year 2020-21, seventh proviso inserted to Section 139(1) which states that persons satisfying some conditions during the previous year are required to file income tax return even if their gross total income is less than maximum amount not charge able to tax. Income tax return format has made provision for such people to tick the applicable condition and file his return.
4. Income tax department entered into agreements with GST authorities and SEBI (Securities and Exchange Board of India) for mutually sharing the information in their respective databases.
5. It is important for business tax-payers that the turnover shown in GST returns be matched with the turnover in income tax returns. In case of mismatch, they should reconcile the difference and be ready for explaining the difference to the authorities when the query comes.
6. Form 26AS hitherto used to contain the details of TDS deducted and the income on which such TDS has been deducted. Now the scope has been expanded to include other information for ready reference of the tax-payer like details of pending income tax proceedings, completed income tax proceedings, pending demand notices and pending refunds etc.
7. Specified financial transactions done by tax-payer in the financial year also gets reflected in 26AS like Cash payment for purchase of bank drafts, Cash deposits and withdrawals exceeding a limit, purchase of bonds, debentures, shares, mutual fund units exceeding a limit in a financial year etc.
8. The scope of Specified financial transactions is proposed to be increased in future to include payment beyond a limit towards life insurance premium, medical insurance premium, electricity consumption, purchase of jewellery, marbles and paintings, Payment to hotels beyond a limit, Payment of educational fee and property tax beyond a limit etc.
9. In case of ITR-1 and ITR-2, when we login and select the relevant assessment year for filling the IT return, data will automatically get pre filled in the return. The tax-payer can edit and update the details and finalise the return.
10. Some tax-payers do not file income tax returns when the tax payable is Nil even though they are otherwise required to file their return.
11. Income tax department introduced e-Nivaran facility for submission of grievances in their e filing portal
12. Income tax help desk introduced. Separate call centre numbers have been provided for various queries.
13. Income tax department introduced a video in their website explaining step by step procedure to know the process of filing ITR. The tax-payers should view it to file their return easily.

Suggestions:

1. Some of the tax-payers are getting worried as to why specified financial transaction details are appearing in their 26AS. The income tax department should educate them that this is only to make them aware that income-tax department is observing them closely and also for them to reflect on those transactions and ensure that they are considered by them while filing their return.
2. Pre-filling of data should be extended all ITR forms to the extent possible to save the time of the tax-payer.
3. Income tax department should also simplify ITR-2 to ITR-7 forms to the extent possible.
4. It is a very tedious process for the tax-payer to fill up Schedule 112A detailing the long-term capital gain on every sale transaction in shares done by them during the financial year. The Income tax department should co-ordinate with stock exchanges and work with them to ensure that the data gets pre-filled automatically from the databases of the stock exchanges.
5. Tax-payer should be careful in claiming medical insurance premium deduction.
6. The tax-payer should be properly informed and educated to use facilities provided by department like e-Nivaran, help desk etc.
7. Some private software utilities are available for filling income tax return and uploading it. However, since income tax department utility is also user friendly, it is advisable that the tax-payers use the same.
8. Before submitting income tax return, it is advisable to cross check the computation in Microsoft Excel or otherwise.

Conclusion:

The Income tax department worked well in developing the system of e-filing of returns and in making them user friendly. There are some areas like Schedule 112A which still needs to work upon. The department needs to educate tax-payers on common mistakes made by them while filing their return. For this purpose, they can keep conducting workshops in cities and also towns to educate tax-payers. The income department is now adopting the policy of "*Honouring-The-Honest*". However, they can connect themselves to the tax tax-payers with this policy only when they take all necessary measures to ensure that the tax-payer does not face any hardship from tax administration when their returns are being processed.

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