

Income Tax in India

Income tax is a tax paid to the central government on personal income. According to Income Tax Act 1961, every person who is an assessee [an Assessee is a person by whom any tax or any other sum of money (eg. interest, penalty, fine, etc) is payable under the Income Tax Act] and whose total income exceeds the maximum exemption limit shall be chargeable to the income tax at the rate prescribed in the Finance Act.

Section 139(1) of the Income Tax Act has been revised w.e.f 1/8/1998 with the view to make it obligatory upon any person to file return if he/she satisfies any one of the six conditions:

- Is the owner or the lessee (the user of equipment or property being leased/rented out for a time period) of a Motor vehicle
- Occupies specified floor area of an immovable property
- Incurs expenditure for himself or any other person on foreign-travel
- Subscribes to a telephone
- Is a holder of the credit card, not being an 'add-on' card, issued by any bank or institution
- Is a member of a club where the entrance fee charged is Rs.25,000/-or more then he is required to file a return.

Filing of Income Tax Returns (ITR) is a legal obligation of every person whose total income for the previous year has exceeded the maximum amount that is not chargeable for income tax under the provisions of the I.T. Act, 1961. To file your Income Tax returns, you need to submit ITRs. There are different ITRs to file your income returns, depending on your profession/business/property.

Individuals having Income from Salary / Pension / Family Pension & Interest may use the ITR Form 1 to furnish their returns for the assessment year 2007 - 08.

New ITR Forms of other categories (Individuals/HUFs, firms, AOPs, BOIs, Fringe Benefits, etc.)

House Property is regarded as a source of income for Income-tax purposes. Income from house property is one of the heads of income under the Income tax Act. In ordinary parlance, your income from house property will presuppose that you have a house from which you are deriving income in the form of rent.

Permanent Account Number (PAN)

PAN is an all India, unique number of 10 characters allotted by the Income Tax Department. It is permanent for your life, and will not change with change of your address or station, or change of your Assessing Officer, etc. A PAN number is essential for filing returns. For this, you need to apply for a PAN card if you don't already have one. You can avail a PAN card by downloading Form 49A and submitting it in the nearest PAN facilitation centre, or by filling an online form.

To know in detail click: <http://india.gov.in/citizen/income-tax.php>