

Central Board of Direct Taxes

# Frequently Asked Questions (FAQs)

EXEMPTION FROM FILING OF INCOME  
TAX RETURN

INCOME TAX DEPARTMENT



TPL

**1. What is the purpose of this notification and who are proposed to be exempted from the requirement of filing of the return?**

The primary objective of this notification is to exempt those salaried taxpayers from the requirement of filing income-tax returns, who have (i) total income not exceeding Rs.5,00,000, and (ii) the total income consists only of income chargeable to income tax under the head Salaries and interest income from savings bank account if such interest income does not exceed Rs.10,000.

Further, such salaried taxpayer would be eligible for exemption from filing a return of income only if tax liability has been discharged by the employer by way of Tax Deducted at Source (TDS) and the deposit of the same to the credit of the Central Government. For this purpose, taxpayer has to intimate his interest income to the employer during the course of the year.

***For Example** – (i) If an individual has salary income of Rs.4,90,000 and interest income from savings bank account not exceeding Rs.10,000 (which has been reported to the employer and tax has been deducted thereon), then the taxpayer would be exempt from the requirement of filing income-tax returns since the total income from both the above sources does not exceed five lakh rupees.*

*(ii) A taxpayer having salary income of Rs.4,98,000 and interest income from savings bank account of Rs.2,000 (which has been reported to the employer and tax has been deducted thereon), would also be eligible under this Scheme.*

*(iii) A taxpayer having salary income upto Rs.5,00,000 and nil interest income would also be eligible under this Scheme.*

*(iv) A taxpayer having salary income of Rs.5,50,000, interest income from savings bank account of Rs.8,000 (which has been reported to the employer and tax has been deducted thereon), and who has claimed deduction of Rs.70,000 under section 80C (on account of certain payments/investments/savings) would also be eligible under the Scheme.*

*(v) A taxpayer having salary income of Rs.6,10,000, interest income from savings bank account of Rs.10,000 (which has been reported to the employer and tax has been deducted thereon), and who has claimed deduction of Rs.1,00,000 under section 80C (on account of certain payments/investments/savings), a deduction of Rs.20,000 under 80CCF (Infrastructure Bonds) and a further deduction of Rs.15,000 under section 80D (Health Insurance Premium) would also be eligible under the Scheme.*

- 2. Whether a salaried taxpayer having total income of less than Rs.5,00,000 and claiming a refund of Rs.3,000 would be eligible under this Scheme**

No. The taxpayer has to file a return of income for making a claim of refund.

- 3. Is having a valid PAN number a precondition for being covered by the notification?**

Yes. The notification clearly specifies that the individual has to report his PAN to the employer. Hence having a valid PAN is a precondition for falling within the ambit of the notification.

- 4. Can an individual who is getting income under the head "salaries" from more than one employer take benefit of the notification?**

No. A salaried taxpayer who has earned income from more than one employer during the financial year is not covered under this Scheme.

- 5. Whether this notification would also cover taxpayers having 'loss from house property', which are often reported by the employees to the employer.**

No. Under the existing procedure, DDO/employer can give credit to the employee for a claim for loss under the head "income from house property" u/s 24 made by the employee. As a result, a salaried employee's total income may reduce to less than Rs.5,00,000 as loss from the head "income from house property" would have been set-off against salary income. Such a taxpayer is not exempted from filing his return of income as the notification exempts only cases where the total income is under the head "salary" and from savings bank

account (income from other sources) not in excess of Rs.10,000. If the taxpayer has any loss under the head "income from house property", he will not be eligible for exemption from filing a return of income.

**6. Does savings bank account include other banking accounts like fixed deposits or recurring deposits accounts?**

No. The benefit of the notification is available to taxpayers whose interest income comprises of interest earned on savings bank account ONLY.

**7. Circular No. 8/2010 dated 13.12.2010 which is applicable for Assessment Year 2011-12 stipulates that the Drawing and Disbursing Officer (DDO)/Employer while deducting TDS from salary of an employee cannot allow deduction u/s 80G except donations made to the Prime Minister's Relief Fund, the Chief Minister's Relief Fund or the Lt. Governor's Relief Fund. Whether the notification would cover only these cases?**

Yes. An individual cannot avail the exemption under this notification if the claim of deduction for donations under section 80G is for donations other than those mentioned in Circular No.8/2010. A taxpayer has to file a return of income for making a claim in respect of claim of deduction under section 80G for such donations (not specified in Circular No.8/2010).

**8. Will a salaried individual having agricultural income, which is exempt from tax, be covered within the ambit of the notification?**

A salaried individual with agricultural income exceeding five thousand rupees shall be out of the ambit of the notification. A return will have to be filed in such a case, even if other conditions of the notification are satisfied as the agricultural income (of more than Rs.5,000) has to be included, for rate purposes, in the total income,.

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