Revised I-T Form 26AS

Why in news?

The Income Tax Department has launched a revised Form 26AS from this assessment year.

Why was this move made?

- The I-T Department has made this move to enhance the information flow between taxpayers and tax authorities.
- Now, the details of high-value transactions will be reflected to the taxpayers in the new form.
- [Earlier, the tax department receives information from financial institutions and then acts upon it.]
- Now, there would be a greater obligation on taxpayers to comply in a voluntary manner.

What is Form 26AS?

- Form 26AS or Annual Information Statement is a consolidated annual tax statement.
- It includes information on tax deducted/collected at source, advance tax, self-assessment that is available on the I-T website against a taxpayer's Permanent Account Number (PAN).

What is the revised Form 26AS?

- In May 2020, the I-T Department notified the new annual information statement in Form 26AS, effective from June 1.
- Now, the form gives a more comprehensive profile of the taxpayer.
- It will reflect details provided by banks and financial institutions, which were earlier recorded in the Statement of Financial Transactions (SFTs).
- As per Section 285BA of I-T Act, 1961, filers are required to furnish a SFT for specified transactions during the financial year to the I-T authority.

What details will be recorded in the SFTs?

- Banks and other prescribed reporting financial institutions in their SFTs record details of transactions involving,

1. Cash deposits aggregating to Rs 10 lakh or more in a financial year, in the accounts (other than a current account and time deposit),
2. Cash payments made by any person totalling over Rs 1 lakh,
3. Payments of bills for one or more credit card of Rs 10 lakh or more by a person in a financial year.

- Investment in bond/debentures, shares, mutual funds, buyback of shares exceeding Rs 10 lakh in a financial year will be recorded in the SFTs.
- The purchase or sale of immovable property for Rs 30 lakh and above by a person will also be recorded in the SFTs.

What is next?

- The tax department would move towards providing more **auto-filled details** of financial transactions in the I-T returns (ITRs).
- With auto-filled details in ITRs, the taxpayer will be able to see an approximate amount of tax as per the relevant tax rate in Form 26AS.
- Going further, all information will be collected and given at one place.
- For a taxpayer, if all the economic activity that results in any profit is available at one place, it will stay in their mind during return filing.
- It will facilitate filing of correct return, which in turn will lead to payment of correct taxes.
- This will result in lesser litigation since disputes will be reduced.

Source: The Indian Express

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