Understanding Form 26AS

What is the issue?

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Annual tax return filing season has been started and it is important to know about Form 26AS.

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What is Form 26AS?

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- Form 26AS is a statement of tax credit generated by the Income-Tax Department based on PAN number for every financial year.
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- It contains details of the tax deducted on one’s behalf by employers, the bank/institution in which you have an investment and sale/purchase or rent of immovable property.
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- It also has details of advance tax or self-assessment tax paid by the tax payer, refunds by the I-T Department as well as the high-value transactions.
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- Form 26AS can be viewed through one’s net banking account or by registering on the TDS reconciliation website TRACES or by logging into e-return filing account on the tax department’s website.
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What areas need to be taken care while filling the form?

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- While one file his/her tax return each year, they tend to ignore the details captured in Form 26AS.
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- But the taxman uses Form 26AS as a ready-reckoner to pick up details

related to incomes, investments, big-ticket purchases spends and tax liability for the year.
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- To calculate how much tax payer owe, the tax officer matches the details in your Form 26AS with what you have declared in the tax return.
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- For example, Form 26AS picks up the TDS details on incomes based on what is uploaded by the deductor.
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- In an office scenario the taxpayer is the employee, deductor is the employer and taxman is Income tax department.
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- So, if the deductor fails to file the TDS return on time makes mistakes when filing, omits details or gets PAN wrong in his return, 26AS details may not match with the TDS credit claimed by the tax payer.
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- Mistakes could also arise when one pays advance tax or self-assessment tax, when tax payer fill in the wrong amount in the challan or when banks incorrectly furnish details of tax deposited.
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- One may even forget to include or omit certain incomes in their returns, for which taxes have been captured in Form 26AS.
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What will be the impact of mistakenly filled form?

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- If there is a mismatch between numbers in the return and Form 26AS, problems crop up when your return is processed.
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- A few months after the return filing deadline (usually July 31 of each year), the department sends an e-mail intimation to assesseses regarding the processing.
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- A discrepancy could result in the department asking for more taxes according to their calculations.
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- Tay payer is expected to pay the entire demand within 30 days of receipt of this intimation.
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- One cannot but take notice of any mismatch issues with Form 26AS and

may have to write to the department explaining the reasons when you receive such intimation.
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What measures needs to be taken to avoid such mistakes?

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- If the mistake was made during advance-tax/self-assessment tax payment, one need to correct the challan at the bank where they made the payment.
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- If the issue is TDS-related and the fault is not on their part, one can request their employer or the bank/institution which deducted the amount to take corrective action.
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- If one have missed out any income for which tax details have been captured, they need to revise their return.
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Source: Business Line

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