

HOW TO DEAL WITH

TAXES

THE DEFINITIVE GUIDE TO UNDERSTANDING YOUR TAXES

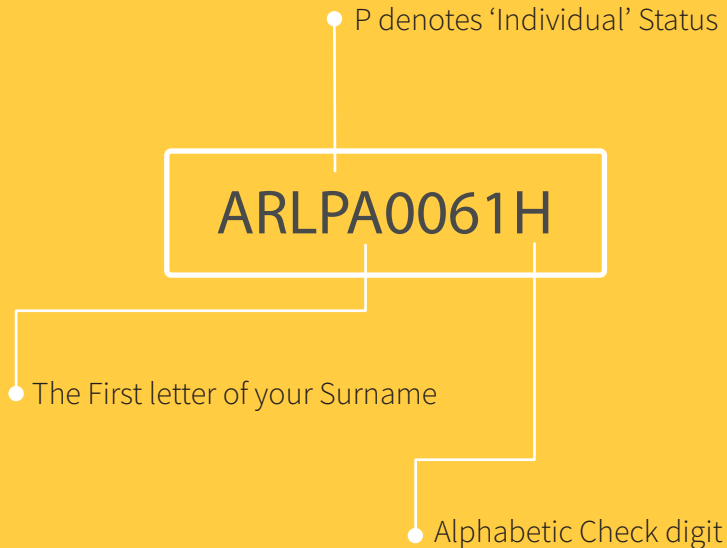


WWW.CLEARTAX.COM

CONTENTS

PAN (PERMANENT ACCOUNT NUMBER)	1
PAY SLIP	2
TDS	2
HOW TO E-FILE YOUR INCOME TAX RETURN?	3
DEDUCTIONS.....	4
SECTION 80C.....	5
FORM 16	6
FORM 26AS	7
TAX PAYABLE	8
ITR-V & E-VERIFICATION	9
REFUNDS.....	10
SALARY INCOME.....	11
INCOME FROM HOUSE PROPERTY	12
CAPITAL GAINS & LOSSES	13
ELSS – TAX SAVING MUTUAL FUNDS	14
MEDICAL INSURANCE (SECTION 80D)	15
NRI INCOME.....	16
INCOME TAX RETURN (ITR) FORMS	17

PAN (PERMANENT ACCOUNT NUMBER)



Your PAN number records all financial transactions taking place in your name. You'll need to furnish your PAN details when making major purchases.

How to apply?

- Visit the TIN NSDL website [here](#)
- Send a signed copy of the PAN application
- Receive PAN card at your registered address

PAY SLIP

Your Pay Slip contains your salary details and the amount of tax, PF deducted. It is good to preserve all pay slips you receive from your company.

TAX DEDUCTED AT SOURCE



TDS

Tax Deducted at source. Your employer deducts tax from your income and credits to the government's account.

HOW TO E-FILE YOUR INCOME TAX RETURN?

MUST HAVES BEFORE STARTING



PAN Number



Bank Account Details

GOOD TO HAVE BEFORE STARTING

- Form 16
- Income tax E-filing password
- Investment details (LIC, PPF etc.)
- Home Loan Details



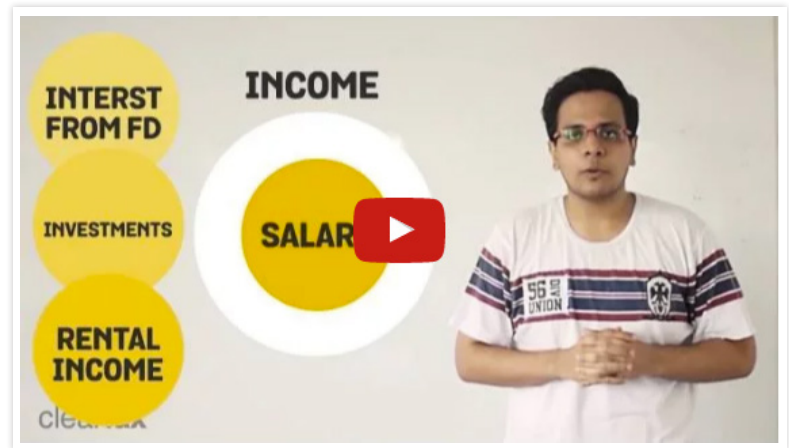
[HTTPS://CLEARTAX.IN/GUIDE/EFILINGINCOMETAXRETURNS](https://cleartax.in/guide/efilingincometaxreturns)

Start your Tax Return Now

DEDUCTIONS

Certain expenses and investments can be deducted from your taxable income.

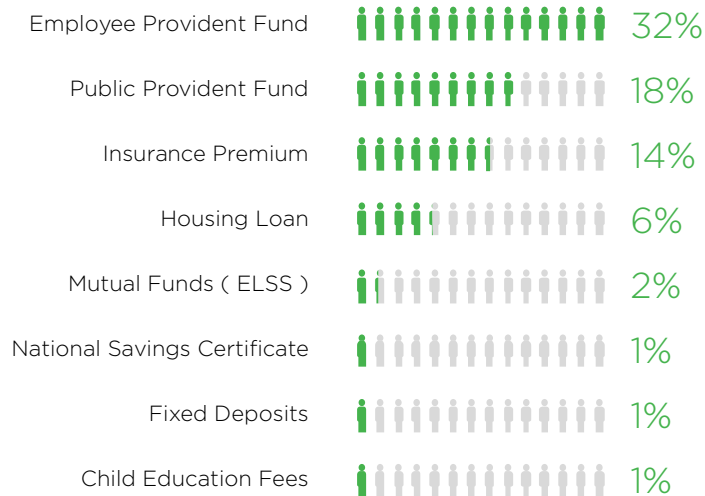
You need to plan your investments to claim maximum deductions. Check out our Investment Declaration Handbook [here](#).



SECTION 80C

You can save up to ₹1.5 lakh in taxes by claiming deduction under section 80C. Certain investment and expenses you make are exempt from tax.

Where do people invest in 80C?



Lack of awareness in claiming tax benefits on Children's School Fee

Only 2% of the population invests in Mutual Funds (ELSS)



You can upload your Form-16 on clearTax.in and we will automatically prepare your IT Return.

FORM 16

The form 16 has all information needed to file your returns.

You might get this separately as Part A and Part B. Part A contains details of TDS deducted by your employer and Part B contains salary and investment details you've declared to your employer.

Form 16

Part A
TDS

Part B
Salary &
Investments

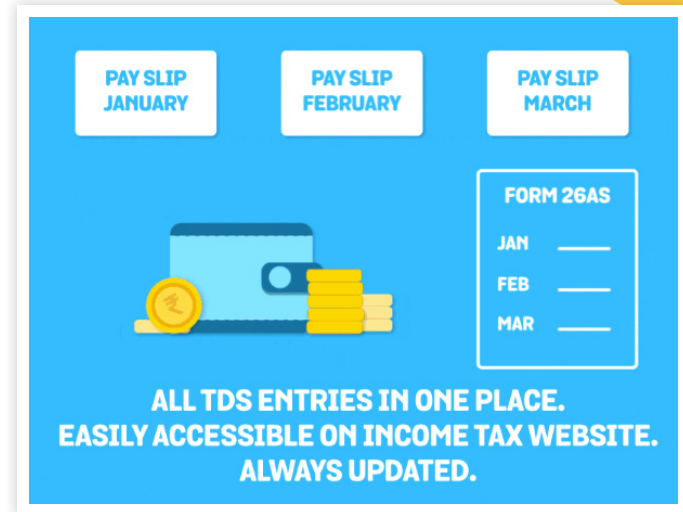
FORM 26AS

The Form 26AS gives a consolidated view of the TDS entries.

You can verify all entries from any invoice/ pay slip from you Form 26AS

Did you know?

The 'AS' in FORM 26AS stands for Annual Statement.



TAX PAYABLE

It's a good idea to calculate tax for better financial planning.

clearTax Income Tax Calculator by ClearTax

1. Basic Details

Select the Assessment Year you want to calculate your taxes for

We are in Financial Year (FY) 2016-17 (From 01/04/2016 to 31/03/2017). This means the Assessment Year is 2017-18

New Budget 2017-18 2016-17 2015-16

Choose your Age

0 to 60 60 to 80 80 & above

Enter your email address

[Go to Next Step](#)

Results

You need to pay **Rs. 46,968**

Taxable Income	Rs. 6,03,000
Deductions	Rs. 0
Gross Tax	Rs. 46,968
Tax Paid	Rs. 0
Tax Payable	Rs. 46,968

You may have to pay an interest of **Rs. 1,732** in case you have not paid [advance tax](#).



ITR-V & E-VERIFICATION

The ITR V is the physical verification for your Income Tax Returns.

You can also e-verify your IT Returns online.



[Watch this video here](#)

Do not forget to e-Verify your tax returns after filing.

REFUNDS

You may be entitled to get a Refund on Tax Paid.

Just upload your Form 16 on cleartax to check if you have any refunds!

Check your refund status with the Income Tax Department

Your Permanent Account Number (PAN) *

Assessment Year to check refund status for *

2016-2017 ▾

Your Date of Birth *
Specify date in format like 25/3/1987
In case of businesses specify date of registration

Email Address to specify to the Income Tax Department *

ClearTax can check the status of your refund. If you want to take any further action, such as requesting a reissue of refund or changing your address, you will need to go to the Income Tax department's e-Filing website.

By continuing above, you hereby agree to follow these [Terms and Conditions](#).

Check my refund status



SALARY INCOME

If Salary is the primary source of your income, your Returns shall be fairly simple.

In addition to salary, you'll have to pay tax on interest gained on FD/ Bank Savings (exempt up to Rs. 10000)

The commonly claimed deductions are:-

Life Insurance Premium

Medical Expense

Donations to charitable organizations

[Click here to view the entire list of eligible deductions.](#)



INCOME FROM HOUSE PROPERTY

Homeowners can claim deduction of up to Rs.2 lakhs on their home loan interest.

If you have rented out the property, the entire interest on the home loan is allowed as a deduction.

However, loss from house property that can be set off against other income has been restricted to Rs 2 lakhs.

[Click here for more information](#)



[HTTPS://CLEARTAX.IN/HOUSE-PROPERTY](https://cleartax.in/house-property)

CAPITAL GAINS & LOSSES

**&DSLWDO VVHWV LFOXGH ODG EXLOGL RXVH
SURSHUW YHLFOHV SDWHWV WUDGHDPUNV
OHDVHROGULWVPDFLHUMHOOHU**

∅VHWVR∅GE∅XIRU OHVVW∅∅IDUV
∅DU IRU OLVWHG V∅UHV D∅ ∅IDUV IRU
X∅LVWHG V∅UHV D∅ LPPRYDEOH SURSHUW∅
IDOO X∅HW∅ FDWHJRUR∅I V∅UW WHUP DVVHWV
D∅YLFHYHUV D.

&OLFNE∅UHIRUPRUHL∅RUPDWLR∅



[HTTPS://CLEARTAX.IN/CAPITAL-GAINS](https://cleartax.in/capital-gains)

ELSS – TAX SAVING MUTUAL FUNDS

Equity Linked Savings Scheme

These are tax-saving mutual funds.

ELSS funds have a lock-in period of 3 years and invest a majority of their portfolio in the stock market.



Save tax
tax-savings of up to Rs. 1.5 lakhs



Tax-free
returns upon maturity



Beat inflation
by investing in equities



3 year lock-in
Lowest lock-in period



MEDICAL INSURANCE (SECTION 80D)

Section 80D benefit is Rs 25,000.
The deduction for senior citizens is raised from Rs 30,000 to Rs 50,000

For self, spouse & kids **Rs 25,000**

For parents* **Rs 30,000**

*If parents are more than 80 years and uninsured, you can claim actual medical expenses upto ₹ 50,000

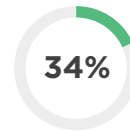
Only 40% of Indians buy Health Insurance

ANNUAL INCOME	AVERAGE PREMIUM
10 - 15 Lakhs	₹ 5322
7 - 10 Lakhs	₹ 4268
5 - 7 Lakhs	₹ 3136
3 - 5 Lakhs	₹ 2231

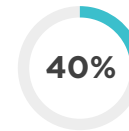
Percentage of people buying Health Insurance (Section 80D)



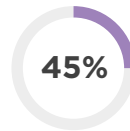
Annual income
3 - 5 Lakhs



Annual income
5 - 7 Lakhs



Annual income
7 - 10 Lakhs



Annual income
10 - 15 Lakhs



NRI INCOME

We'll make sure you avoid paying double tax on your income which is taxable in two countries.

This is in line with the Double Tax Avoidance Agreement (DTAA).



INCOME TAX RETURN (ITR) FORMS

The most commonly filed ITR is the ITR 1 or Sahaj form for salaried individuals.

Apart from salaried income, ITR 1 also includes income from house property and income from other sources, except lottery and winnings from race horses.

ITR-1

Income from < 50 lacs

- Salary/Pension
- One House
- Other Sources

ITR-2

Income from-

- Everything from ITR-1 > 50lacs
- Capital Gains
- As a partner in the firm
- Foreign Income
- Agricultural Income > Rs5000

ITR-3

Income from-

- Everything from ITR-2
- Business/Profession

ITR-4

Presumptive Business Income under-

- Section 44AD
- Section 44ADA
- Section 44AE

ITR-5

- Firms
- LLPs
- AOPs
- BOIs

ITR-6

- Companies not claiming exemption under section 11

ITR-7

Persons/Companies under-

- section 139(4A)
- section 139(4B)
- section 139(4C)
- section 139(4D)



ITR changes applicable from FY 2016-2017 onwards



[HTTPS://CLEARTAX.IN/GUIDE/
WHICHITRTOFILE](https://cleartax.in/guide/whichitrtofile)