

Big relief: 75-plus need not file IT returns from AY22-23

Declaration to bank enough; caveats are the assessee must not have multiple bank A/Cs or seek a refund

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In a big relief, senior citizens aged 75 or above can give a simple declaration to his/her bank to get exemption from filing the Income Tax Return (ITR), according to a new I-T Department rule.

The new rule will come into effect from April 1, 2021 and the exemption from ITR filing will be available from AY2022-23. This is a follow-up to the Budget announcement.

The Income-Tax Act classifies senior citizens into two categories – senior citizens (60-plus) and super-seniors (above 80 years).

According to experts, senior citizens account for approximately 11 per cent of the returns filed and very senior citizens for 0.66 per cent. Considering that in FY20 the total number of returns was 6.78 crore, number of senior citizens and very senior citizens would be around 74 lakhs and 4 lakhs, respectively.

New section, form

To implement this exemption, a new Section, 194P, has been added to the Income-Tax Act, 1961, setting the conditions for exempting those above 75 from returns.

The conditions are that the senior citizen should be a 'Resident' the previous year and have pension or interest income only and interest income accrued/earned from



The bank will deduct TDS and issue Form 16 to the senior citizen

the same bank through which he/she is receiving his/her pension.

The rule prescribes a new physical form, 12BBA, that needs to be furnished to banks by the eligible senior citizen.

It is basically a declaration of the name, address, PAN/Aadhaar, date of birth, bank name, employer paying the pension and the pension payment order number (PPO) along with a verification statement.

Explaining the process, Sujit Bangar, Founder of Taxbuddy.com, said the Centre has also notified a separate Annexure-II in Form 16 with the details of incomes and deductions available only to the eligible senior citizens.

"For computation of the taxable income, the bank will consider the declaration submitted by the senior citizen, the pension and interest in-

come received as also the applicable deductions and rebate.

"After this exercise, the bank will deduct TDS and issue Form 16 to the senior citizen. This is it; the eligible senior citizen need not do anything beyond this. This benefit is available from this year onwards and the persons who have turned 75 this year can claim this benefit," he said.

Single bank a/c

It will be the bank's responsibility to submit the information provided by the senior citizen along with tax to the Income Tax Department.

The government has already clarified that senior citizen 75 years or more with multiple bank accounts will not get any exemption from filing ITR.

Also, if one is seeking a refund, he/she will need to file a return.