

# How to File Income Tax Return from Form 16

Here, we provide best solutions.

# What is Form 16?

Form 16 is a certificate issued by the employer to his employee as per the format provided by the Income tax Department. Form 16 certifies that the TDS (Tax Deducted at Source) has been deducted on salary by the employer. It has two parts, Form 16 Part A and Form 16 Part B. A Form 16 helps an Individual file his Income tax return easily. By referring to the Form 16 an Individual can fill up the Income tax Form in a better way.

# How to read Form 16?

Part A of Form 16 is generated and downloaded by the employer from [TRACES](#) portal of Income tax Department. Part A of a Form 16 contains following details:

- Name and Address of the Employer.
- Name and Address of the Employee.
- PAN and TAN of the deductor / employer.
- PAN of Employee.
- Amount paid / credited.
- Tax deducted at source.

Part B of Form 16 Form 16 Part B is an Annexure to Part A. It contains the following details:

- Break up of Salary.
- Other Income declared by the employee to his employer.
- Deduction under chapter VI A.
- Relief under Section 89.
- Tax deducted at source.
- Net Income tax which is payable / refundable.

# Sample Part A of Form 16



**TRACES**  
TDS Reconciliation Analysis and Correction Enabling System



FORM NO. 16					
[See rule 31(1)(a)]					
PART A					
Certificate under Section 203 of the Income-tax Act, 1961 for tax deducted at source on salary					
Certificate No. SAMPLE			Last updated on 03-Mar-2018		
Name and address of the Employer			Name and address of the Employee		
Sample Company Address : Address 1			Sample Name Address : Address1		
PAN of the Deductor		TAN of the Deductor		PAN of the Employee	Employee Reference No. provided by the Employer (If available)
XXXXCX0000X		XXXXX00000X		XXXXPX0000X	
CIT (TDS)		Assessment Year		Period with the Employer	
The Commissioner of Income Tax (TDS)		2016-17		From 01-Apr-2015	To 31-Mar-2016
Summary of amount paid/credited and tax deducted at source thereon in respect of the employee					
Quarter(s)	Receipt Numbers of original quarterly statements of TDS under sub-section (3) of Section 200	Amount paid/credited	Amount of tax deducted (Rs.)	Amount of tax deposited / remitted (Rs.)	
Q4	SAMPLE	485534.00	24260.00	24260.00	
<b>Total (Rs.)</b>		<b>485534.00</b>	<b>24260.00</b>	<b>24260.00</b>	
<b>I. DETAILS OF TAX DEDUCTED AND DEPOSITED IN THE CENTRAL GOVERNMENT ACCOUNT THROUGH BOOK ADJUSTMENT</b> (The deductor to provide payment wise details of tax deducted and deposited with respect to the deductee)					
Sl. No.	Tax Deposited in respect of the deductee (Rs.)	Book Identification Number (BIN)			
		Receipt Numbers of Form No. 24G	DDO serial number in Form no. 24G	Date of transfer voucher (dd/mm/yyyy)	Status of matching with Form no. 24G
<b>Total (Rs.)</b>					
<b>II. DETAILS OF TAX DEDUCTED AND DEPOSITED IN THE CENTRAL GOVERNMENT ACCOUNT THROUGH CHALLAN</b> (The deductor to provide payment wise details of tax deducted and deposited with respect to the deductee)					
Sl. No.	Tax Deposited in respect of the deductee (Rs.)	Challan Identification Number (CIN)			
		BSR Code of the Bank Branch	Date on which Tax deposited (dd/mm/yyyy)	Challan Serial Number	Status of matching with OLTAS*
1	24260.00				
<b>Total (Rs.)</b>	<b>24260.00</b>				
Verification					

1 TDS Certificate Number

2 Name and Address of the Employer

4 PAN and TAN of Employer

7 Total Tax Deposited for the Year

3 Name and Address of the Employee

5 PAN and Reference Number of Employee

6 Assessment Year and Period of Employment

# Sample Part B of Form 16

## Part B (Annexure)

Details of Salary paid and any other Income and tax deducted		Rs.	Rs.	Rs.
<b>1. GROSS SALARY</b> (As per enclosed annexure)				
(a) Salary as per provisions contained in section 17(1)		493,320.63		Salary - Section 17(1)
(b) Value of perquisites under section 17(2) (as per Form No: 12BA, wherever applicable)		12,699.01		Perquisites - Section 17(2)
(c) Profits in lieu of salary under section 17(3) (as per Form No: 12BA, wherever applicable)		0.00		Profits in lieu of Salary Section 17(3)
<b>Total</b>			506,019.64	Gross Salary
<b>2. Less : Allowance to the extent exempt u/s 10</b> (As per enclosed annexure)			4,800.00	
<b>3. Balance (1-2)</b>			501,219.64	
<b>4. DEDUCTIONS :</b>				
(a) Entertainment Allowance		0.00		
(b) Tax on Employment		800.00		Professional Taxes Paid on Employment
<b>5. Aggregate of 4 (a) and (b)</b>			800.00	
<b>6. INCOME CHARGEABLE UNDER THE HEAD 'SALARIES' ( 3-5 )</b>				
<b>7. Add : Any other income reported by the employee</b>				
(a) Income under the Head 'Income from House Property'			0.00	Income from House Property, if any
<b>8. GROSS TOTAL INCOME ( 6+7 )</b>				
			500,419.64	Net Income from Salary
<b>9. DEDUCTIONS UNDER CHAPTER VI-A</b>				
<b>(A) Sections 80C, 80CCC &amp; 80CCD</b>				
<b>(a) Section 80C</b>				
Employee Provident Fund		Gross Amount 21,771.00	Deductible Amount 21,771.00	Details of Tax Saving Investments and other deductions u/s 80C
(b) Section 80CCC		0.00	0.00	
(c) Section 80CCD(1)		0.00	0.00	
(d) Section 80CCD(1B)		0.00	0.00	
(e) Section 80CCD(2)		0.00	0.00	
<b>Total of (a) + (b) + (c) + (d)</b>			21,771.00	
<b>Note:</b> Aggregate amount deductible under sections, i.e., 80C, 80CCC and 80CCD(1) shall not exceed one lakh fifty thousand rupees.				

# Upload Form 16 and file Income Tax returns

***Below are the steps to Upload Form 16 and e-file Income tax return through iTax4u.com:***

- Visit iTax4u.com There are 2 options provided viz:
  - Upload Form 16
  - Start Your Return
- Click on Upload Your Form 16. You will be asked to upload your Form 16.
- Browse the Form 16 PDF file and click on open to upload Form 16.
- On successful upload, a confirmation message will be shown. Click on "OK" to continue
- You will be asked to Login. Login if you are existing user Or Click on New User to create your account.
- Once you are logged in, you need to confirm your personal details which are automatically fetched using your Form 16.
- You need to enter some details such as Date of birth, Father's name, Mobile Number etc. as the same are not available in Form 16. Click on Submit button once details are entered.
- On the basis of Form 16 uploaded, software will automatically fetch the salary details as well as details of tax saving deductions such as life insurance premium, mediclaim, contribution to PPF, donations to charitable trusts, etc.
- Select whether you are Indian Resident, Non Resident Indian (NRI) or Not Ordinary Resident (NOR). In case you are confused about what your residential status should be, then you may select "Help me decide" option.
- Proceed to filing of return by entering the income details.
- Update contact details.
- Provide details of all the Savings and Current Accounts in India.
- You will be shown final summary of your return.
- Select the type of return as "New/ Original" if the return you are filing is the Original (New) Return.
- Last step will be payment of filing fees. Software will automatically generate fees as per the plan applicable to you such as Non-resident Plan (if you are non-resident), Professional Plan (if you are having business income) and so on.
- Once Amount is paid, your return will be in filing queue. Once same is filed, you will receive ITR-V Acknowledgement on your Email account. A detailed guide on how to upload form 16 is available [here](#).

# Filing of ITR without Form 16

- Step 1: Calculate Gross salary

As you have not received form 16, you will have to derive the figure of salary received. Please compile all the details of Gross Salary, Other Allowances paid to you, etc from your monthly salary slips or In case Salary Slips are also not available you can get the exact amount of salary received from your bank statements, add up the amount of salary credited in every month for the relevant period (Financial Year). Remember, gross salary should be calculated for reporting it in ITR. The amount of salary credited shall be inclusive of various allowances provided by the employer, many of which are exempt.

- Step 2: Calculate and claim Exemption on Allowances

Income tax department allows you to deduct the exempt allowances from salary to arrive at the figure of taxable salary. [Click here](#) to know about allowances and their taxability. Accordingly, please calculate your Allowance exemptions. You should reduce it from your Gross Salary.

- Step 3: Deduct Professional Tax Paid

Reduce the Amount of Professional Tax paid by you. You may get it from Salary slips, if paid by your employer after deducting from your salary. After reducing same, you will get amount of taxable salary.

- Step 4: Compute income from House Property-

In case you are in receipt of any rental income from house property or you are owning a property on which Housing Loan is taken and Interest is payable on same, you need to disclose the same in your income tax return. You can avail the following deductions in case you have taken any housing loan.

- Interest - For self-occupied property, maximum interest of Rs. 2,00,000/- is deductible. For let out property, the entire interest on the home loan is allowed as a deduction.
- Principal repayment - Principal amount repaid on housing Loan is allowed as deduction u/s 80C.(Maximum limit 1,50,000/- for all deductions u/s 80C).
- Stamp Duty and Registration Fees - Stamp Duty and registration fees paid while buying the property is allowed as deduction u/s 80C (Maximum limit 1,50,000/- for all deductions u/s 80C).

The net figure has to be reported as income from house property. You can claim 30 per cent as standard deduction in case of rental income and you are also allowed to deduct municipal tax amount on your name with respect to property for which the rent is received.

- **Step 5: Compute capital gain income**  
In case you have sold any capital asset, you will have to declare capital gain on the same, in the year in which you have made such sale. Capital gains are computed automatically while filing return through iTax4u.com, so you need not worry about the complexities of the same.
  
- **Step 6: Declare Income from other sources**  
Any income not included in any of the above steps, is to be included under other sources. Any interest income, gift or winnings are to be declared under this head. Amount of Interest earned on Bank Saving Account Interest is also required to be declared in Income Tax Return. Deduction u/s 80TTA is allowed to the extent of Rs 10,000/- on interest from the savings account. FY 2018-19 has introduced a new section 80TTB for senior citizen where deduction upto Rs 50,000/- is available on interest income from any kind of deposit in banks and post office.
  
- **Step 7: Claim your deductions**  
After you have disclosed all your income, lastly, claim the tax benefits on LIC, mediclaim, investments made in post office savings scheme, NPS, pension funds, PPF, donations, etc. Make sure you have documentary proofs of the same. Also, if you are living in a rented house and HRA is not received by you, you can claim deduction for House Rent paid u/s 80GG. You just need to submit your rent receipts to your employer. [Click here](#) to know more about HRA and 80GG.
  
- **Step 8: Claim Taxes / TDS paid**  
Once all Income and Deduction details are entered, you are required to claim TDS other than Salary (TDS on Salary is asked at the time of Salary details itself) and Taxes if paid separately. You can get these details from your Form 26AS from the Income-tax department's website. In Form 26AS, you will get the exact amount of tax deducted for a financial year against your PAN. If you see any discrepancy in the TDS amount actually deducted and the amount that is supposed to be deducted, contact your employer immediately and ask them to rectify the error.
  
- **Step 9: Payment of balance tax dues, if any**  
After that, check the figure of tax payable, if any, in your income tax computation. If you have paid less taxes, you were supposed to pay, make the payment of the same.
  
- **Step 10: File your return**  
Lastly, file your return and download the acknowledgement. E-verify the same or sign it and send it to CPC, Bangalore.



# What are different allowances? How to calculate exempt allowances?

Allowance is generally defined as fixed quantity amount given regularly in addition to salary for the purpose of meeting some particular requirement connected with the services rendered by the employee or as compensation for unusual conditions of that service.

## Tax treatment of different allowances is given below :-

- **1) House Rent Allowance (HRA) :-** HRA is given by employer for meeting the cost of living of the employee. HRA is exempt to the extent of least of following amount
  - 1) Actual HRA received,
  - 2) Rent paid – 10% of basic salary & DA,
  - 3) 50% of basic salary & DA for Mumbai, Delhi, Kolkata and Chennai Or 40% for other cities
  
- **2) Entertainment Allowance:-** It is taxable as salary income. In case of Government Employees it is first added to salary and thereafter least of following is deductible from salary in respect of entertainment allowance.
  - a) Rs.5,000/- or
  - b) 20% of Salary or
  - c) Amount of entertainment allowance

Salary for this purpose excludes any allowance, benefit or other perquisites.

- **3) Special Allowances** :- Under this allowances are divided in following two categories.
  - I) When exemption depends upon actual expenditure incurred by the employee (Official Allowances):- In this category allowances are exempt u/s 10 to the extent of amount of allowance is used for the purpose for which the amount is received. In simple the amount of exemption under this category is least of following
    - Amount of allowance; or
    - Amount used for the purpose for which allowance is given

On the above basis exemption is available in case of the following allowances :-

- i) Traveling Allowance / Transfer Allowance
- ii) Conveyance Allowance
- iii) Daily Allowance
- iv) Helper Allowance
- v) Research Allowance
- vi) Uniform Allowance

II) When exemption does not depend upon actual expenditure incurred by the employee (Special Allowances) :- In this category the amount of exemption does not depend upon actual expenditure incurred by the employee but depends upon amount specified in the income tax rule in respect of concerned allowance specified under this category. Allowances received under this category exempt to the extent of lower of following

- The amount of allowance; or
- The amount specified in the income tax rules

On the above basis exemption is available in case of the following allowances and limit of amount of exemption as per income tax rule given against them as follow

S.No	Nature of Allowance	Exemption amount as specified in rule
1	Special Compensatory (Hill Areas) Allowance	Exemption amount varies from Rs.300/- per month to Rs.7000/- per month
2	Border Area Allowance	Exemption amount varies from Rs.200/- per month to Rs.1300/- per month
3	Tribal Areas/ Scheduled Areas Allowance	Rs.200/- per month
4	Allowance for transport employees	The amount of exemption is lower of following 1. 70% of such allowance; or 2. Rs.10,000/- per month.
5	Children Education Allowance	Rs.100/- per month per child upto a maximum of two children
6	Hostel Expenditure Allowance	Rs.300/- per month per child upto a maximum of two children
7	Compensatory Field Area Allowance	Rs.2600/- per month in some cases.
8	Compensatory modified area allowance	Rs.1000/- per month in some cases.
9	Counter insurgency allowance	Rs.3900/- per month in some cases.
11	Transport allowance	Rs.1600/- per month. (Rs.3200/- per month in case of an employee who is blind or orthopaedically handicapped)
12	Underground Allowance	Rs.800/- per month
13	High Altitude Allowance	Rs.1060/- per month for altitude of 9000 to 15000 feet; or Rs.1600/- per month for altitude above 15000 feet.
14	Highly Active Field Area Allowance	Rs.4200/- per month
15	Island duty allowance	Rs.3250/- per month

# How to claim HRA exemption where same is not provided by employer?

**Case 1** – There are chances that House Rent Allowance (HRA) is paid by your Employer, but exemption is not provided by him due to non production of Rent Receipts.

In such case he can claim HRA exemption benefit while filing Income Tax return by computing the exemption amount as follows :-

***As per the Indian Income Tax Act, the HRA exemption should be calculated as the least of the following.***

- Rent paid in excess of 10% of Salary
- Actual HRA received by the employee.
- 50% of Salary, if the Employment is in Mumbai, Delhi, Kolkata or Chennai. If Location is other than Mumbai, Delhi, Kolkata or Chennai, then 40% of Salary

Note : Salary for computing HRA means Basic Salary + Dearness Allowances + Percentage base commission, if any.

**Case 2** – Employer has not paid House Rent Allowance (HRA) as part of Salary and Taxpayer himself is staying in Rented house.

In such case, Taxpayer can claim deduction for amount of Rent paid for his accommodation **U/s 80GG**, if following conditions are fulfilled.

1) Taxpayer is self employed person or he/she is salaried person but does not receive House Rent Allowance from the employer at any time during the year.

2) Taxpayer or his/her spouse or minor child should not own any residential house at the place where he resides, performs the duties of his office, or employment or carries on his business or profession

3) In case Taxpayer owns residential accommodation at a place other than the place in Pt.2 above, then he/she should not declare such House Property as self occupied. It should be declared as Deemed Rent House Property (Declaring Fair Market Rent as Rental Income).

***As per Income Tax Act, Maximum Deduction under section 80GG is minimum of :***

- Rs 5,000 per Month,
- 25% of Total Income,
- The Excess of actual rent paid over 10% of Total Income.

Note : Total Income for this purpose means total Income *minus* Income from Capital Gains *minus* Tax Saving and other deductions.

