

Forms for exemption from income tax returns for senior citizens notified. Details here

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The Income Tax Department has notified declaration forms that senior citizens aged 75 years and above need to file with the banks to get exemption from filing income tax returns for financial year 2021-22.

Recognising the compliance burden on senior citizens, the government had introduced a provision in the Union Budget for exempting senior citizens of 75 years and above from filing income tax returns for this year if they have pension income and interest from fixed deposit in the same bank.

The Central Board of Direct Taxes (CBDT) has now notified rules and declaration forms which senior citizens would have to file with the specified bank. The bank, in turn, would deduct tax on pension and interest income and deposit with the government.

Such exemption from ITR filing would be available only in case where the interest income from fixed deposit is earned in the same bank where pension is deposited.

The Income-tax Act requires all individuals with income exceeding the threshold limit to file their income-tax returns. While the threshold for senior citizens - aged 60 years or above - and super senior citizens - aged 80 years or above - is slightly higher, crossing the threshold saddles one to file tax-returns.

Non-filing of tax return not only attracts penalties and but one also gets subject to higher rate of TDS.

"The CBDT has notified the forms (Form 12BBA) for declaration by the senior citizens to the banks and notified the reporting requirement by the specified banks. With dedicated counters for senior citizens in all major banks and banks providing doorstep banking to senior citizen, this measure is expected to make life easier for senior citizens," said Nangia & Co LLP Director Itesh Dodhi.

In the Budget Speech 2021-22, Finance Minister Nirmala Sitharaman had said that in the 75th year of Independence of our country, the government shall reduce compliance burden on senior citizens who are 75 years of age and above.

"For senior citizens who only have pension and interest income, I propose exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income," she had said.