

Investors, taxpayers need to meet March-end deadlines

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MUMBAI: As the current financial year 2022-23 draws to a close, we have come very close to the deadline for tasks essential for financial planning. Linking Permanent Account Number (PAN) to Aadhaar number, filing updated Income Tax Return (ITR), paying advance tax, making investment for tax saving and other such tasks should be done before March 31.

Meeting these financial deadlines will not only save investors and tax payers from penalties and inconvenience, but will help them to meet their short and long-term financial goals. Investors and taxpayers are rushing to seek the help of professional financial planners and advisors to meet the deadline.

Link PAN to Aadhaar

The Income Tax department has made it mandatory to link PAN cards with Aadhaar by March 31. If it is not linked before the deadline, the PAN will become inoperative from next month. An inoperative PAN will invite more troubles, as the person will not be able to do any financial transaction where quoting of PAN is mandatory.

“Linking PAN to Aadhaar is critical as the last date to do so is 31 March, else your PAN could get cancelled and it could impact your investments like mutual funds as well,” Vishal Dhawan, Vice Chairman, Association of Registered Investment Advisors (ARIA) told this newspaper. The deadline for linking PAN with Aadhaar has been extended several times but experts believe it is unlikely to happen again.

“Linking of PAN with Aadhaar was made mandatory by the Income Tax Department in order to reduce the problem of duplicate PAN and identify the right tax payers. Linking of the two will enable the government to prevent and identify tax evasion thereby leading to robust tax collections,” Ankit Garg, Founder, Garg Law Chambers told TNIE. Taxpayers can still link the PAN with Aadhaar even after March by paying a penalty of R 1,000.

Advance Tax Payment

The last date to pay the final instalment of advance tax payment for the financial year 2022-2023 is March 15. “For advance tax payments, the due date is 15 March for the final instalment, and thus one needs to match the income tax payable from salary/ business/ profession and other sources including capital gains, to be shared versus the Tax that has already been deducted at source. After this exercise has been done, if there is any tax payable, the same should be paid as advance tax,” said Dhawan.

He added that during the course of this advance tax computation exercise, investors should also check if they have made tax related investments under section 80C including PPF, ELSS mutual funds, tax saving deposits amongst other options.

“With deadline approaching in March, individual taxpayers should ensure that advance tax liability should be discharged to avoid interest penalties. Also, in case of salaried taxpayers, if a change in job has happened during the year, it often leads to tax arbitrage due to the double benefit of

section 80C deduction which is otherwise not available,” said Saurrav Sood, Practice Leader International Taxation at SW India-a taxation and consulting firm.

“Hence, in such cases, they should ensure that they calculate the tax amount and pay the tax liability through an advance tax mechanism to avoid any interest penalties later,” he added.

Tax Savings Investments

For those who have not done tax savings for 2022-23, they have time till March 31. Tax planning helps you to reduce tax liability and save more. “Under the old tax regime, an assessee has time till 31 March to invest in tax saving instruments for claiming deductions under Section 80C upto a limit of R1.5 lakh,” said Garg.

Some of the instruments for claiming deductions are Public Provident Fund (PPF), tax saving bank FDs of 5 years or more, Equity Linked Savings Scheme (ELSS), Sukanya Samriddhi Yojana (SSY). Further deduction of R50,000 can be claimed by investing in the National Pension Scheme under Section 80CCD(1b).

“Deduction upto R25,000 for self and R50,000 for senior citizen parents is also allowed for Medical Insurance Premium under Section 80D. If a person is availing of a home loan, deduction up to R50,000 on the home loan interest can also be claimed under Section 80EE,” added Garg.

Updated Income Tax Return Filing

The last date for filing an Updated Return for Financial Year 2019-20 or Assessment Year 2020-21 is March 31. An updated return allows taxpayers to file their Income Tax Return up to two years from the end of the relevant assessment year to rectify any errors or in case of any omissions of certain income.

“It is important to note that an Updated Return can only be filed once for an Assessment Year and a taxpayer cannot file an Updated Return to report loss thereby reducing his tax liability,” said Garg.

Things to do before March end

- Link PAN to Aadhaar number
- Invest in tax saving schemes
- Choose tax savings schemes as per your risk appetite
- File updated return for FY 2019-20
- Pay final instalment of advance tax payment

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