

## **An employer can be penalized for not issuing Form 16 by due date**

The new income tax return (ITR) forms are expected to get uploaded on the income tax e-filing website soon. If you are a salaried individual, Form 16 is essential while filing a tax return. Employers are supposed to issue the form to employees by 31 May of the assessment year (AY). If an employer delays or does not issue the form on time, it can be penalized. But why is a Form 16 so important?

### **WHAT IS IT?**

Form 16 is a certificate issued by the employer to its employees for each financial year, under section 203 of the Income-tax Act, 1961. It provides information on tax deducted at source (TDS) from income chargeable under the head “salaries”. It has two sections—part A and part B.

Part A contains the employee’s personal details such as name and address, employer’s name and address, Permanent Account Number (PAN) of both, employer’s Tax Deduction Account Number (TAN), and assessment year, i.e., the year in which your tax liability is calculated for the income earned in the previous year. It also contains details on the period of employment with your current employer. Further to this, it has the summary of the periodic TDS on your income. This will include details on the amount of TDS, when it was cut, on what income and when it was deposited with the income tax department.

Part B has details of income earned during your employment with the employer. These are basic details such as gross salary, other income, house rent allowance and other allowances, if any. It also has details of deductions under sections 80C, 80CCC and 80CCD (such as contributions towards Public Provident Fund, tax-saving mutual fund schemes, life insurance policies and pension). Apart from these, there are deductions under other sections as well. For example, under sections 80D (health insurance premium), 80E (interest on education loan), 80G (donations), and others.

Total deductions are aggregated under “Chapter IV-A” and reduced from gross income to arrive at the taxable income. Your tax liability is calculated on this amount. In the end, part B gives details of tax payable by the employee or refundable to her.

### **WHAT IF THE EMPLOYER DOES NOT PROVIDE FORM 16?**

Every employee has the right to obtain the TDS certificate, i.e., the Form 16, from her employer. And according to section 203 of the I-T Act, if tax was deducted on the employee’s income, the employer has to furnish Form 16. If there was no TDS on the income, then the employer can decline to issue the form of that employee.

The Act further stipulates that the employer should issue the forms by 31 May after the end of the relevant financial year in which the income was paid and tax deducted. And if the forms are not issued by then, under section 272A(2)(g) of the I-T Act, the employer is liable to pay a penalty of Rs.100 per day of default till it issues the form.

Employees can approach the accessing officer (AO), under whose jurisdiction she has to file her ITR, and give a written complaint against the defaulting employer. Based on the complaint, the AO may take appropriate action or initiate penalty proceedings against the employer.

*(HT Mint)*