

Soon Form 26AS to disclose more details from high-value deposits, expenditure to investments

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You will soon get to know how much the income tax department knows about you and the financial transactions you carry out inside or outside India.

Form 26AS, which contains details of the tax deducted from you, advanced tax paid and refunds availed by you, will now have more details about you.

The new Form 26AS, notified by the tax department, will have information on not just taxes paid by way of TDS and TCS but also on specified financial transactions like transactions of purchase/sale of goods, property and services, works contract, investments made or expenditure incurred, availing of loan or taking deposits.

This information will be over and above the information on transactions disclosed under Annual Information Returns (AIR).

Under the tax law, banks, mutual funds, companies and registrar, etc are supposed to furnish details of high value transactions like cash deposits of Rs 10 lakh or more in savings account, credit card expenditures of Rs 2 lakh or more, purchase of immovable property worth Rs 30 lakh and more, etc through Annual Information Return. The information furnished in AIR is already reflected in the form 26AS.

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The new 26AS will now also record any pending or completed (income tax) proceedings against a taxpayer. These could be proceedings for reassessment, demand or penalty.

Besides, the new 26AS will have information received from any other country under exchange of information about a person's income or assets outside India.

While all these details are already with the income tax department, it will now disclose the same to taxpayers in the form 26AS, which a taxpayer can access by logging into the e-filing website of the income tax department.

The purpose of sharing these details with the taxpayers, say experts, is to ensure that they file correct tax returns.

Amit Maheshwari, Tax Partner, AKM Global, a consulting firm, says: "The Form 26AS has been made more comprehensive. It would also include information about financial transactions carried out by the taxpayer and would further ease the tax filing process as much of the information will be extracted from it."

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According to Dhaval Jariwala, partner in chartered accountancy firm PNDJ & Associates, the new Form 26AS will now reflect information received by the government under information exchange agreements from other countries and the information received from any other person to the extent it is in the interest of the revenue.

"The tax officers are likely to utilise the information received under these agreements or information received from any other person to probe into the transactions undertaken by the taxpayers during the year. With e-assessment proceedings, taxpayers may find it difficult to understand how the information is being utilised by the tax officer and respond appropriately. Thus, taxpayers will now have to closely examine the information so reflected in Form 26AS and take positions accordingly before filing the tax return," says Dhaval Jariwala.

With so much information in 26AS, some experts believe, it can be used by banks and financial institutions to carry out due diligence on their prospective borrowers.

Ved Jain, a New Delhi-based chartered accountant, thinks that banks, financial institutions or any other body while carrying out due diligence of the person/corporate concerned will now ask for Form 26AS.

At present, banks and financial institutions ask for income tax returns for any due diligence on loan applicants.

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