



# Embrace Your Financial Wellness: And Learn The Importance of Filing Income Tax Returns (ITR)

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## Have you filed your ITR yet?

It may sound daunting, but achieving financial stability is not as complicated as it seems. One of the crucial steps towards attaining financial wellness is filing your Income Tax Returns (ITR) diligently.

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## So, what is an ITR (Income Tax Return)?

An income Tax Return is a form in which individuals declare their Income, expenses, deductions, exemptions, taxes paid, etc. to the Income Tax Department of India. Individuals whose Income is less than ₹ 2,50,000 are not required to file Income Tax Return, but it is still advisable to do so.

The information filed in ITR should pertain to a specific financial year, which commences on 1st April and concludes on 31st March of the subsequent year.

But why file your Income Tax Returns?

## 8 Reasons why you should file your ITR now!

### 1. To Comply with Legal Obligations

Filing ITR is a legal requirement mandated by the Indian government for anyone earning taxable income.

Embracing this responsibility demonstrates our commitment to being law-abiding citizens and contributing to the nation's growth.

It ensures that we actively participate in the country's development by contributing our fair share of taxes.

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## 2. Helps to Evaluate Your Financial Health

Filing your ITR allows you to assess your financial health accurately. It provides a comprehensive overview of your income, expenses, investments, and tax liabilities.

This knowledge empowers you to make

- Informed financial decisions
- Identify areas of improvement, and
- Chart a course towards a financially secure future by helping you manage your money more effectively.

## 3. Build a Strong Financial Profile

A consistent track record of filing ITR can significantly enhance your financial credibility. Whether you plan to apply for loans, credit cards, or any financial assistance, a strong ITR history showcases your financial stability and responsible behavior.

Financial institutions are more likely to trust individuals with a reliable tax filing history, improving your chances of obtaining credit at favorable terms.

## 4. Leverage Tax Benefits and Deductions

Filing ITR allows you to claim tax refunds and avail of various deductions and exemptions offered by the government.

By doing so, you can reduce your tax liability and increase your disposable income. Smart tax planning can lead to substantial savings, leaving you with more funds to allocate towards your financial goals.



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### 5. Avoid Penalties and Legal Hassles

Failing to file your ITR on time or not filing it at all can lead to penalties and legal consequences. These penalties can be financially burdensome and create unnecessary stress, such as:

- You may have to pay a fine of Rs 5000 for missing the deadline
- You could face difficulties getting a loan, getting visa approval, etc.
- You will be liable to pay an interest of 1% per month on the outstanding tax amount.

By staying compliant and filing your ITR within the due date, you can avoid these hassles and maintain peace of mind.

### 6. To Have Authentic Proof of Income

Your ITR is a valuable document that verifies your Income for various purposes. Whether you're applying for a visa, seeking admission to educational institutions, or involved in any financial transaction, your ITR serves as proof of your Income, validating your financial standing.

### 7. To Realize Your Financial Goals

Whether you dream of buying a house, pursuing higher education, or retiring comfortably, filing ITR is a stepping stone towards achieving these aspirations.

**Be it a car loan or even a house loan**, they often ask for your ITR files.

It helps you create a solid financial foundation, making it possible to plan and invest wisely to turn your dreams into reality.

### 8. To Contribute to Social Welfare

The taxes you pay through your ITR are crucial in supporting the government's initiatives for social welfare.

By filing your ITR honestly, you contribute to various public services like infrastructure development, healthcare, education, and poverty alleviation.



### **But what happens if you miss the ITR filing deadline?**

According to the Income Tax Act, submitting your income tax returns promptly is essential. Failing to meet this obligation can lead to substantial penalties. It may also result in difficulties when applying for loans, obtaining visa approvals, and you may have to pay a fine of Rs 5000 for missing the deadline.

On the contrary, filing your Income Tax Return (ITR) on time offers numerous benefits and opportunities.

### **Final Thoughts**

Filing your Income Tax Returns is not just about fulfilling your legal obligations, it is a crucial component of achieving financial wellness.

From gaining a clear financial picture to availing tax benefits and building a strong financial profile, the advantages of filing an ITR are numerous.

While India imposes income tax on its citizens, it is essential to recognize that several other countries worldwide have higher income tax rates than India.

Ivory Coast has the highest rate at 60%, followed by Finland at 56%, Japan, Austria, and Denmark at 55%.

Embrace this practice with responsibility and pride, as it sets you on the path to financial stability, security, and a brighter future.

Remember, the journey towards financial wellness begins with a single step—filing your ITR!



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