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A Study of Income Tax Return Filing Process: Practical Learning and Client Handling at Taxblock Professional Services Ltd.

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ABSTRACT

Income tax return filing is an important responsibility for taxpayers, but the process can be confusing when people are unsure about documents, deductions, exemptions, tax regimes or the correct return form. This paper presents the practical learning gained during On-the-Job Training (OJT) at Taxblock Professional Services Ltd., Pune. It explains the main stages of filing an individual income tax return, from client onboarding and document collection to income classification, tax computation, regime comparison, return preparation and final review. The work mainly involved ITR-1 cases for salaried individuals, with exposure to selected ITR-2 cases. The OJT report records that approximately 70 client cases were independently handled. Practical observations highlighted the importance of checking Form 16, PAN, Aadhaar, investment proofs and other income-related documents before preparing a return. The report also identified awareness gaps: around 85% of taxpayers were aware of salary-related exemptions, around 65% understood Chapter VI-A deductions, and around 40% were familiar with the benefits of the new tax regime. These percentages are observations reported in the OJT report, not findings from a separate questionnaire survey. The report further recorded filing errors below 2%, a 30–40% improvement in turnaround time and average client satisfaction of 4.6 out of 5. These figures are presented as reported project observations and should be read in that context. The paper concludes that a systematic workflow, suitable tax-regime comparison, clear communication and careful final review can support more accurate and client-friendly tax services.

Keywords: Income tax return, ITR filing, tax computation, old and new tax regimes, document verification, client handling, OJT

1. INTRODUCTION

Income tax return (ITR) filing is the process of reporting a taxpayer's income, deductions, taxes paid and other required details to the Income Tax Department. It is not simply a matter of entering numbers into an online form. Before a return can be prepared, the taxpayer's details and documents must be collected, income sources must be identified, eligible deductions must be checked and the correct ITR form must be selected. The final information also needs to be reviewed carefully before filing.

Digital filing has made tax services easier to access, but some taxpayers still find the process difficult. Common reasons include incomplete documents, confusion about deductions, differences between documents and online tax information, uncertainty about the old and new tax regimes, and difficulty understanding which ITR form applies to their income. These problems can lead to delays, incorrect claims or the need for repeated clarification.

This research paper is based on the OJT project completed at Taxblock Professional Services Ltd., Pune. It connects the taxation concepts studied during the MBA programme with practical work in a professional tax service environment. The main focus is on the filing process, client coordination, tax computation, comparison of tax regimes and the value of a proper review system.

1.1 Background and Problem Area

Taxpayers have different financial situations. A salaried employee with one employer may have a relatively simple return, while a person with multiple employers, house-property income, capital gains or other income may need additional checks. Residential status can also affect which income needs to be considered. For this reason, the same filing approach cannot be applied to every client. The main problem addressed in this project is how to organise the filing process so that the client's information is complete, tax calculations are checked and the return is prepared using the correct information and form.

1.2 Objectives of the Study

Understand the practical process of preparing and supporting individual income tax returns.

Examine how income sources and taxpayer profiles affect the filing process and ITR form selection.

Compare the old and new tax regimes based on income, eligible deductions and exemptions.

Identify common document-related problems and taxpayer awareness gaps observed during the OJT.

Understand how professional tax advisory and clear client communication support accurate filing.

Gain practical experience in document verification, tax computation, client follow-up and final review.

1.3 Scope of the Study

The study focuses on individual taxpayer cases observed during the OJT at Taxblock Professional Services Ltd. The practical work mainly involved salaried individuals and ITR-1, with exposure to selected ITR-2 cases. The process covered client onboarding, document collection, taxpayer classification, income aggregation, deductions and exemptions, tax-regime comparison, return preparation, client communication and final review. The paper does not claim to represent all taxpayers or all tax advisory firms. The findings are limited to the work and observations recorded in the original OJT report.

2. REVIEW OF KEY CONCEPTS

2.1 Income Tax Return and Taxable Income

An income tax return is a formal statement of income and tax-related details submitted by a taxpayer. Taxable income is worked out after identifying the applicable income heads and considering deductions or exemptions allowed under the relevant rules. Accurate information is important because the final tax calculation depends on the income and claims entered in the return.

2.2 Documents Used During Filing

The OJT report refers to documents such as PAN, Aadhaar, Form 16, bank details, investment proofs, rent information, home-loan documents and statements relating to other income. The exact documents depend on the taxpayer's profile. Form 16 is useful for salary and tax deducted at source information. AIS and TIS can provide additional information that may need to be checked against the client's records. Differences should be clarified rather than ignored.

2.3 Deductions, Exemptions and Tax Planning

Deductions and exemptions can affect taxable income, but they should only be considered when the taxpayer is eligible and the required information or proof is available. The OJT report discusses examples such as House Rent Allowance (HRA), Section 80C, Section 80D, Section 80CCD and eligible home-loan benefits. Tax planning means reviewing the available options and understanding their effect before finalising the return. It does not mean claiming a benefit without checking the applicable conditions.

2.4 Old and New Tax Regimes

The old and new tax regimes have different tax rates and rules regarding deductions and exemptions. The more suitable option depends on the client's income and eligible claims. The OJT report observed that clients with higher eligible deductions may benefit from the old regime, while clients with fewer deductions may find the new regime more suitable. This is an observation from the cases studied, not a rule that applies to every taxpayer. A calculation under both regimes, where applicable, gives the client a clearer basis for making a decision.

2.5 ITR-1 and ITR-2

The correct ITR form depends on the taxpayer's income profile and the conditions applicable to that form. In the cases described in the OJT report, ITR-1 was commonly used for relatively simple salary-based cases, while some cases required ITR-2 because of additional or more complex income details. Therefore, the complete income profile should be reviewed before selecting a form. The form should not be selected only because it was used for another client.

2.6 Client Handling and Digital Filing

Client handling includes explaining document requirements, answering questions, following up on missing information and keeping the client informed about progress. Clear and patient communication helps clients understand what is required and can reduce repeated requests. Digital tools can support document organisation, calculations, reminders and case tracking. However, important details still require human checking because a digital tool cannot replace the need to understand the client's actual circumstances.

3. RESEARCH METHODOLOGY

3.1 Research Design

The project used a descriptive and practical case-based approach. It describes the steps followed during the OJT and interprets the observations recorded in the original report. The purpose was to understand how income tax return filing works in practice, rather than to conduct a large independent survey of taxpayers.

3.2 Sources of Information

Practical experience gained during the OJT at Taxblock Professional Services Ltd., Pune.

Client cases and tax-related documents handled or reviewed during the project, as described in the original report.

Tax computations, comparisons between regimes, document checks and filing workflow observations.

The original OJT report and its bibliography, including official Income Tax Department resources and tax reference books.

3.3 Case Coverage and Analysis

The original OJT report states that approximately 70 client cases were independently handled. It also refers to analysis and review of a wider set of 106 client cases in the description of the practical work. These figures describe different forms of involvement and are retained as reported; they should not be treated as the same measure. The analysis focused on common income profiles, form selection, tax-regime comparison, awareness of tax benefits, document-related issues and the role of professional advisory.

3.4 Limitations

The study is limited to the practical experience and records described in the OJT report. The taxpayer-awareness percentages are project observations and were not obtained from a separate questionnaire survey. The reported performance figures, such as filing error levels, turnaround time and client satisfaction, are included as recorded in the report; the paper does not independently audit or verify them. Tax rules may change over time, so this paper describes the project experience and should not be treated as individual tax advice or a substitute for checking current official rules.

4. PRACTICAL INCOME TAX RETURN FILING PROCESS

The OJT experience showed that filing works best when it follows a clear sequence. Completing each stage carefully reduces the chance of missing information and makes the next stage easier.

Step 1: Client onboarding

The client's basic details and filing requirement are recorded. This helps establish the type of return required and the documents that may be needed.

Step 2: Document collection

Documents such as PAN, Aadhaar, Form 16, bank information, investment proofs and other income statements are requested according to the client's situation.

Step 3: Document verification

The received documents are checked for completeness and consistency. Missing details or differences are listed and clarified with the client before calculations are finalised.

Step 4: Taxpayer classification

The taxpayer's residential status and income profile are identified. This stage helps determine which information and rules may be relevant.

Step 5: Income identification and aggregation

Income from the relevant sources is identified and organised. For example, salary information is checked against Form 16 and other available records.

Step 6: Taxable income and tax computation

Taxable income is calculated using the information available and the applicable provisions. The figures should be reviewed carefully because errors at this stage affect the final tax liability.

Step 7: Deductions and exemptions

Potentially eligible deductions and exemptions are checked against the client's circumstances and supporting documents. Unsupported claims should not be included.

Step 8: Tax-regime comparison

Where applicable, the tax liability is compared under the old and new regimes. The client can then understand which option is more suitable based on the calculation.

Step 9: ITR form selection and preparation

The appropriate ITR form is selected after reviewing the income profile. The relevant details are entered and checked before the return is finalised.

Step 10: Final review, filing support and confirmation

Personal details, income, deductions, tax regime, bank details and calculations are checked again. The filing status and any next steps are communicated to the client.

5. PRACTICAL WORK COMPLETED DURING OJT

The project provided exposure to the main activities involved in individual tax return preparation. The work was not limited to data entry; it required checking information, understanding the client's needs and communicating clearly when something was missing or unclear.

5.1 Client Onboarding and Document Management

Client onboarding was the starting point for each case. Basic client information was collected and the expected documents were identified. Documents were organised so that the relevant information could be used during tax computation. The experience showed that early and organised document collection can prevent delays later in the process.

5.2 Taxpayer Classification and Income Aggregation

The work involved understanding the client's income profile and identifying relevant sources of income. A case with only salary income usually required a different level of checking from a case with additional income sources. The report also discusses residential-status categories such as Resident, Resident but Not Ordinarily Resident (RNOR) and Non-Resident Indian (NRI), where relevant to the taxpayer's case.

5.3 Tax Computation and Regime Comparison

Tax computation required the available income details and eligible claims to be reviewed before calculating the liability. Comparing both regimes, where appropriate, helped show how deductions and exemptions could affect the result. The experience reinforced that a decision should be based on the client's actual figures instead of assumptions or a general preference for one regime.

5.4 ITR Preparation and Review

The practical work mainly focused on ITR-1, with exposure to selected ITR-2 cases. Before filing, the information needed to be checked for completeness and consistency. A final review was important because an incorrect form, missing income or unsupported deduction could affect the return. The work also showed the value of keeping case records and tracking pending information.

5.5 Client Communication and Follow-up

Clients sometimes needed help understanding why a document was required, whether a deduction could apply or why additional information was needed. The OJT helped develop patience, simple explanations, professional communication and timely follow-up. These skills supported both the quality of service and the completion of cases.

6. DATA ANALYSIS AND OBSERVATIONS

The following observations are taken from the original OJT report. They describe the cases and work recorded during the project and should not be interpreted as a representative survey of all taxpayers.

6.1 Client Cases and ITR Forms

The report states that approximately 70 cases were independently handled, mainly involving salaried individuals. It also records a form distribution of 64 ITR-1 cases and 6 ITR-2 cases in one case summary. This distribution supports the report's observation that ITR-1 was common in the cases handled, while some clients needed a different form because of their income details.

Item reported in OJT	Number / observation	Interpretation
Cases independently handled	Approximately 70	Provided practical exposure to real filing situations.
ITR-1 in the case summary	64	Most cases in that summary were relatively simple individual returns.
ITR-2 in the case summary	6	Some cases required a form suitable for additional or more complex income details.

6.2 Old and New Tax Regime Observations

The original report includes a summary showing 12 cases under the old regime and 58 under the new regime. It also states that the average tax-liability optimisation observed through suitable regime selection was approximately 7–12%. These figures are presented as they appear in the OJT report. The practical learning was that a comparison should be made using each client's income and eligible deductions; the case count alone does not prove that one regime is universally better.

Observation recorded	Value in OJT report	Meaning
Old tax regime cases in summary	12	Cases recorded under the old regime.
New tax regime cases in summary	58	Cases recorded under the new regime.
Average tax-liability optimisation reported	Approximately 7–12%	The report attributes this to suitable regime selection in the cases studied.

6.3 Taxpayer Awareness

The OJT report identified differences in awareness of common tax provisions. Awareness was reported to be higher for salary-related exemptions than for Chapter VI-A deductions and the benefits of the new regime. The report also noted misunderstandings relating to HRA, donations and house-property classification.

Area of awareness	Approximate percentage recorded	Observation
Salary-related exemptions	85%	Awareness was comparatively higher.
Chapter VI-A deductions	65%	A sizeable group needed better understanding.
Benefits of the new tax regime	40%	Awareness was comparatively lower.

Important note: These percentages are observations documented in the original OJT report. The report does not describe them as results from a separate questionnaire survey. They are therefore presented as project observations, not as findings that represent the wider population.

6.4 Reported Service and Process Indicators

Indicator	Result recorded in the OJT report	Practical implication
Filing errors	Below 2%	The report links lower errors with professional advisory and review.
Turnaround time	Improved by approximately 30–40%	Organised work and follow-up were reported to improve processing speed.

Indicator	Result recorded in the OJT report	Practical implication
Client satisfaction	Average 4.6 out of 5	The report records a positive client-satisfaction result.
Tax-liability optimisation	Approximately 7–12% on average	Suitable regime comparison was reported to help reduce liability in the cases studied.

These are figures reported in the original project. The underlying calculation method and independent verification are not provided in enough detail to audit them in this paper. They are included to reflect the source report accurately.

6.5 Case-Based Learning

Case 1: Tax-Regime Selection

One case described in the OJT report showed that selecting a suitable regime after calculation could result in tax savings of more than ₹1 lakh. The key lesson was to compare the options using the client's actual income and eligible claims before making a decision.

Case 2: House-Property Classification

Another case highlighted the importance of correctly classifying a property as deemed let out where the facts and applicable rules required it. The report states that correct classification helped consider the applicable deduction under Section 24(b). This case demonstrated that correct classification can affect the tax calculation.

Case 3: Use of Eligible Deductions

A further case described how eligible HRA, Section 80C and Section 80D claims could reduce tax liability. The report records a reduction of nearly 70% in that case. This is a case-specific result from the original report and should not be treated as a typical outcome for every taxpayer.

7. MAJOR FINDINGS AND DISCUSSION

Finding 1: The filing process depends on the client's income profile.

Salary-only cases were generally simpler, while cases with additional income sources needed more detailed checking and calculation.

Finding 2: Correct ITR form selection is essential.

The taxpayer's full income profile should be understood before selecting ITR-1, ITR-2 or another applicable form.

Finding 3: Regime comparison supports informed decisions.

The project showed the value of comparing tax liability under the available regimes instead of choosing a regime without calculation.

Finding 4: Taxpayer awareness can be improved.

The report observed lower familiarity with Chapter VI-A deductions and the benefits of the new regime than with salary-related exemptions.

Finding 5: Document verification is a key control.

Checking the client's documents and comparing information across records helps identify missing or inconsistent details before filing.

Finding 6: Client communication affects efficiency.

Simple explanations and timely follow-ups help clients provide information and understand the next steps.

Finding 7: Final review supports accuracy.

A checklist covering personal details, income, deductions, regime, form and bank information can help identify mistakes before submission.

Finding 8: The OJT developed practical and professional skills.

The project helped connect classroom concepts with tax computation, client coordination, problem-solving, time management, teamwork and attention to detail.

8. CHALLENGES OBSERVED

8.1 Incomplete or Disorganised Documents

A filing case cannot move smoothly if important documents are missing or unclear. Missing information may require several follow-ups and can delay tax computation. A checklist at the beginning of the case can help the client understand what is required and help the preparer track what has been received.

8.2 Different Client Requirements

Clients have different income sources, deductions and levels of tax knowledge. Some need only basic guidance, while others need a more detailed explanation. The process therefore requires the preparer to understand the client's profile rather than apply the same approach to every case.

8.3 Understanding Regime Differences

The old and new tax regimes can be confusing when a client is not familiar with the rules or does not know which deductions may apply. The practical solution is to calculate the liability under both regimes where appropriate and explain the comparison in clear language.

8.4 Risk of Errors in Calculation or Form Selection

An incorrect income figure, missed document, unsupported deduction or wrong ITR form can affect the return. Careful checking and a final review are therefore necessary. Work should be reviewed systematically rather than relying only on memory.

8.5 Follow-up and Workload Management

During busy filing periods, several cases may be waiting for documents or client confirmation at the same time. Without a case tracker, it can be difficult to know which case needs action next. A simple status tracker can improve prioritisation and prevent cases from being overlooked.

9. RECOMMENDATIONS

9.1 Use a Standard Document Checklist

A standard checklist should be shared with each client at the start. It may include PAN, Aadhaar, Form 16, bank details, investment proofs, rent details, home-loan documents and other records relevant to the client. The checklist should be adjusted to the client's income profile. This can reduce missing documents and repeated follow-ups.

9.2 Prepare a Regime Comparison Before Finalisation

Where applicable, the tax liability under both regimes should be calculated and shown in a clear comparison. The comparison should include the client's income, eligible deductions and final liability under each option. The client should receive a simple explanation so the choice is informed and based on the actual calculation.

9.3 Explain Tax Provisions in Simple Language

Clients should be given short explanations of commonly discussed items such as HRA, Section 80C, Section 80D, Section 80CCD and home-loan benefits. The explanation should also make clear that eligibility conditions and supporting information must be checked. This can improve awareness and reduce incorrect assumptions.

9.4 Make Final Review Compulsory

A final review checklist should cover personal details, income, deductions, exemptions, tax regime, ITR form, tax computation and bank details. The preparer should resolve any mismatch before the return is submitted. A second review may be used for cases with more complex income details.

9.5 Maintain a Pending-Case Tracker

A digital tracker should record the case status, missing documents, date of last follow-up, client confirmation and next action. This is especially useful when many cases are being handled at the same time. It can improve workload planning and reduce the chance of a case being forgotten.

9.6 Use Digital Tools with Human Review

Digital tools can support document organisation, reminders, calculations and case tracking. However, important tax decisions should still be checked by a trained person. Technology should support accuracy and efficiency, not replace professional judgement or the need to protect client information.

9.7 Protect Client Confidentiality

Tax documents contain personal and financial information. Access should be limited to authorised people, documents should be handled carefully and information should only be used for the relevant work. Confidentiality should be maintained during collection, processing, communication and storage.

10. CONCLUSION

The OJT project at Taxblock Professional Services Ltd., Pune, provided practical exposure to the main stages of individual income tax return filing. The work covered client onboarding, document collection and verification, taxpayer classification, income aggregation, tax computation, deductions and exemptions, comparison of tax regimes, ITR preparation, client communication and final review. It showed that a reliable filing process depends on both technical knowledge and careful handling of client information.

The project observations highlight that the correct tax regime and ITR form depend on the client's actual income profile. They also show that document checking, clear explanations and timely follow-up can make the process more organised. The awareness figures recorded in the original report suggest that some taxpayers may need more guidance about deductions and the benefits of the new tax regime. Since these percentages were project observations rather than a separate questionnaire survey, they should be interpreted within the limits of the OJT work.

The project also helped develop workplace skills, including accuracy, patience, communication, teamwork, time management and problem-solving. Overall, the OJT connected MBA Finance learning with practical work and showed the value of a standard workflow, clear client communication, suitable regime comparison and final review in providing more accurate and client-friendly tax services.

11. SCOPE FOR FUTURE WORK

Future studies can cover a larger number of taxpayers from different income groups, cities and professional backgrounds. This would help compare tax awareness and filing challenges across a wider group. Further work can also study corporate tax filing, GST compliance, NRI taxation, capital gains and other complex cases. Another useful area is the role of automation and artificial intelligence in document verification, reminder systems and error identification. Any future study should clearly explain how its data were collected and how its results were calculated.

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