

SMEs to ink digitally

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In what would enhance tax compliance and step-up deployment of latest technologies by companies, including SMEs, the Central Board of Direct Taxes (CBDT) has made it mandatory for companies to file income tax (I-T) returns electronically with digital signatures. This is expected to cut down the possibilities of fraudulence in this regard and also facilitate faster filing of I-T returns by domestic firms. In this context, Supriyo Kundu, an independent IT expert in Kolkata, said, "Technology has advanced to an extent where one's signature can be saved and used electronically. Small companies are also increasingly realising its importance, not only in context of tax payment, but for other important documentation work as well." A digital signature is an electronic signature, which can verify the identity of the signer and most importantly, it cannot be imitated. Therefore, by switching to electronic signatures from the manual ones and also insisting clients to do the same, companies can evade the risks attached with fake signatures. "Considering that business loss arising from fake signatures particularly holds a lot of importance for SMEs, as limited technical know-how of most of them makes them even more vulnerable to such fraudulence, it is important that they implement the practice of sending out and receiving important e-mails and documents with digital signatures. In case they suffer a loss, it will be difficult for most SMEs to recover the same quickly," said Mustafa Salehin, an independent IT analyst in Secunderabad. Long-term gains While companies would have to make a small investment to install the digital signature software, the long-term benefits that it ensures make the investment worthwhile. Many small and big companies are already using this in the payslips of their employees. Now with CBDT becoming stringent about filing of I-T returns with digital signatures, it is expected that more SMEs would switch over to this format in the near future.