



Income Tax Compliance for Individuals Working with Two Employers in the Same Financial Year: A Case Study

Shreyas P¹, Dr. Selvi S²

¹ Student, Faculty of Management Studies, CMS Business School, JAIN (Deemed-to-be University), Bengaluru, Karnataka, India

² Professor, Faculty of Management Studies, CMS Business School, JAIN (Deemed-to-be University), Bengaluru, Karnataka, India.

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Corresponding Author:

Shreyas P

Abstract:

This case study examines the income-tax compliance issues that can arise when an individual works for two employers within the same financial year. The case describes Mr. A, who works for Employer 1 from April to September and joins Employer 2 from October to March. The central compliance issue is that the second employer may not have complete information about salary and Tax Deducted at Source (TDS) already received or deducted by the first employer. The case study explains the need to consolidate salary income from both employers, verify Form 16, Annual Information Statement (AIS), and Form 26AS information, identify the TDS credited against the taxpayer's PAN, compute the overall tax liability, and file the appropriate Income Tax Return (ITR). An illustrative calculation included in the internship report shows how separate salary records and TDS amounts can be combined to determine the balance tax payable. The study also highlights the practical importance of documentation, data validation, employee disclosure, digital filing, and timely e-verification. The case demonstrates that accurate tax compliance depends not only on tax computation but also on systematic collection and reconciliation of financial information.

Keywords: income tax compliance, multiple employers, salary income, TDS, Form 16, AIS, Form 26AS, ITR filing, tax reconciliation

1. Introduction

Employment changes within a financial year are increasingly relevant to individual tax compliance. An employee may move from one organization to another because of career progression, organizational restructuring, or other employment circumstances. When such a change occurs within the same financial year, the employee may receive salary from more than one employer. For income-tax reporting, the salary received from different employers has to be considered together so that the return represents the individual's complete income for the year.

The internship case study on which this paper is based considers an individual who worked for two employers during one financial year. Employer 1 paid salary from April to September, while Employer 2 paid salary from October to March. Both employers deducted TDS from salary, but the second employer was assumed not to have complete information about the salary already received from the first employer. The case therefore illustrates how a difference can arise between the total tax liability and the TDS deducted during the year.

The purpose of this paper is to present the case in a structured publication format and explain the compliance process in simple terms. Particular attention is given to salary consolidation, documentation, TDS reconciliation, ITR filing,

and the role of digital tax records. The case is presented as an illustrative case from the internship report and does not disclose any actual taxpayer identity or confidential client information.

2. Literature Review

The background sources listed in the internship report provide a practical context for income-tax compliance and digital return filing. The Income Tax Department's e-filing resources are relevant to the electronic submission of returns and the taxpayer's access to information used for reconciliation. The internship case specifically emphasizes checking Form 26AS and AIS before filing so that salary income and TDS reported against the taxpayer's PAN can be matched with the information used in the return [1].

The literature and professional references used in the internship report also emphasize the importance of structured tax compliance. Taxation texts such as Singhanian and Singhanian and Kothari and Kothari provide the broader academic context for salary taxation, deductions, and tax planning [4], [5]. In the practical setting described in the case, these concepts are translated into activities such as collecting salary documents, identifying taxable salary, considering eligible deductions, reconciling TDS, and determining the balance tax payable.

The case also reflects the increasing role of technology in tax administration. The internship report refers to the Income Tax e-Filing Portal and professional tax-filing software as tools used in the compliance process. CompuTax is included in the internship bibliography as a practical reference for income-tax return filing [3]. The case therefore connects tax knowledge with digital documentation, data validation, and electronic filing rather than treating tax compliance as a purely manual calculation exercise.

3. Case and Methodology

3.1 Case Background

Mr. A is a salaried individual who worked for two employers during the same financial year. He worked for Employer 1 from April to September and then joined Employer 2 from October to March. Employer 1 issued Form 16 for the salary paid during the first part of the year, and Employer 2 issued Form 16 for the salary paid during the second part of the year.

The central issue in the case is that Employer 2 did not initially have information about the salary received from Employer 1. Consequently, TDS calculated by Employer 2 was based only on the salary known to that employer. The employee therefore needs to consolidate both salary incomes while preparing the annual ITR and compare the total tax liability with the TDS already credited.

3.2 Methodology

This study follows a descriptive single-case methodology based on the case study developed in the author's summer internship report at CA Jain Ankush K & Associates. The case is examined through the sequence of document collection, income consolidation, deduction review, TDS reconciliation, tax-liability determination, ITR preparation, and electronic filing. The methodology is process-oriented and focuses on identifying the compliance steps that an individual should follow when salary is received from two employers in one financial year.

The case uses an illustrative taxpayer, Mr. A, rather than an identifiable client. The financial figures used in the illustration are those presented in the internship report. The purpose is to demonstrate the reconciliation process and not to provide individualized tax advice.

4. Results & Analysis

4.1 Salary Income Consolidation

The first analytical requirement is to combine the salary income reported by both employers. Salary income for the financial year cannot be considered employer by employer in isolation when preparing the annual return. The

employee should collect the salary information from both employers and determine the combined amount before assessing the final tax liability.

The case emphasizes the importance of collecting Form 16 from each employer. Form 16 provides information about salary and TDS and helps the employee identify the income reported by each organization. AIS provides a broader view of financial information associated with the taxpayer's PAN, while Form 26AS can be used to check the TDS credited by the employers. Payslips may also be useful for validating salary components and deductions when required.

4.2 TDS Reconciliation and Employee Disclosure

When an employee changes employers during the year, the new employer may not automatically know the salary already received from the previous employer. The case study therefore highlights employee disclosure as an important compliance step. The internship report refers to Section 192(2) and the use of Form 12B for communicating previous salary and TDS information to the new employer.

The practical objective of this disclosure is to help the later employer consider the earlier salary while determining the appropriate TDS. If the earlier income is not considered, the total TDS deducted during the year may be lower than the tax that ultimately becomes payable on the combined salary. The employee should therefore reconcile the TDS shown by both employers with the tax information available in Form 26AS and AIS before filing the return.

4.3 Documents Required for Filing

The case identifies the following documents as useful for preparing the ITR: Form 16 from each employer, AIS, Form 26AS, and payslips where required. Form 16 is used to establish salary and TDS details, while AIS and Form 26AS support reconciliation. Payslips can help verify components such as professional tax, Provident Fund, House Rent Allowance, and Leave Travel Allowance when the relevant information is required.

The document-verification stage is particularly important because an error in the source information can affect tax computation and the final return. The internship experience described in the report similarly emphasizes verification of client financial records before computation and filing. This shows that tax compliance is also a data-quality exercise.

4.4 Illustrative Calculation

Particulars	Employer 1	Employer 2
Salary Income	₹4,50,000	₹5,50,000
TDS Deducted	₹15,000	₹10,000

Table 1. Illustrative salary and TDS details from the internship case study.

Based on the figures presented in the internship report, total salary is ₹10,00,000 and total TDS deducted is ₹25,000. The report illustrates an approximate old-regime tax liability of ₹1,12,500 plus cess and a balance tax payable of approximately ₹87,500 plus cess after reducing the TDS already deducted. These figures are reproduced for case-analysis purposes from the internship report and should not be treated as current individualized tax advice; actual tax liability depends on the applicable tax regime, deductions, exemptions, and tax rules for the relevant assessment year.

4.5 ITR Filing Process

After the salary and TDS information has been reconciled, the taxpayer can proceed with the ITR. The case describes a sequence beginning with the collection of salary documents, followed by addition of salary income from both employers, consideration of applicable deductions and exemptions, reconciliation of TDS, determination of any balance tax payable, and submission of the return through the Income Tax Department's online e-filing platform.

The case notes that the appropriate ITR form depends on the taxpayer's income profile. The internship report discusses ITR-1 for eligible salaried individuals and ITR-2 for individuals with specified additional income such as capital gains. The correct form should therefore be selected based on the taxpayer's complete income and circumstances rather than merely on the fact that the taxpayer changed employers.

4.6 Risks of Incorrect or Incomplete Reporting

Failure to combine salary income or reconcile TDS can result in an incorrect return and may lead to a tax demand or interest consequences where applicable. The internship case refers to possible consequences connected with advance-tax shortfalls, notices under Section 143(1), interest, and delayed refunds. The broader lesson is that reconciliation should be completed before filing rather than after a mismatch is identified.

The case also demonstrates why taxpayers should maintain copies of Form 16, tax-credit statements, challans, and other supporting documents. When additional tax is payable, the report recommends making the required self-assessment payment and retaining the challan details for the return-filing process.

4.7 Best Practices Identified from the Case

First, collect Form 16 from every employer for the financial year. Second, compare salary and TDS information with AIS and Form 26AS. Third, inform the new employer about previous employment income when required so that TDS can be calculated with better information. Fourth, estimate the annual tax liability using the combined salary rather than looking at each employer separately. Fifth, consider eligible tax-saving investments and deductions based on the applicable tax regime. Finally, complete ITR filing and e-verification within the prescribed timeline.

These practices align closely with the practical learning recorded in the internship report. The internship involved document verification, basic tax computations, ITR preparation, client communication, and e-verification. Together, these activities demonstrate that accurate compliance requires both technical tax knowledge and disciplined handling of financial information.

5. Conclusion

This case study demonstrates the practical income-tax compliance issues faced by an individual who works for two employers within the same financial year. The key requirement is to treat the salary received from both employers as part of the individual's overall annual tax computation and to reconcile the TDS deducted by both employers with the tax information available through Form 26AS and AIS.

The case also highlights the importance of employee disclosure, proper documentation, data validation, and digital filing. A change of employer during the year does not remove the need for complete annual reporting; instead, it increases the need for reconciliation. From the internship perspective, the case connects academic learning in finance and analytics with practical activities such as document verification, tax computation, ITR preparation, client follow-up, and e-verification.

Overall, the case shows that effective tax compliance is a combination of accurate financial information, correct procedural steps, timely communication, and responsible use of digital tax systems. The case is useful as an academic illustration of how a seemingly simple employment change can create additional compliance requirements at the time of annual tax filing.

6. Funding Details

No external funding was reported for this case study.

7. Disclosure Statement

The case study is based on an illustrative case presented in the author's internship report. No identifiable taxpayer information is disclosed. The author reports no financial interest or benefit arising from the direct application of this case study.

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