



Taxation: Valbhav Sankla,
Founder Director, ADROIT

Mutual Funds: Dharendra
Kumar, CEO, Value Research

Insurance: Amit Suri,
CFP, AUM, Financial Planners

Banking: V.N. Kulkarni,
Chief Counsellor, Abhay
Credit Counselling Centre

Real Estate: Subhankar
Mitra, Associate Director,
Jones Lang LaSalle India

Real Estate (Legal): Dhiraaj
D. Jain, partner (real
estate), SN Gupta Company

ET Wealth brings the collective wisdom of six investing experts to help answer readers' queries on various personal finance-related matters.

MUTUAL FUNDS

I want to put 80% of my investments into equities for the long term. Will a debt fund be a good bet for the balance 20%? If yes, what type of funds should I buy?

—Ankur Jain

While investing in a debt fund is certainly an option, you could also consider putting your money in a balanced fund which invests in a mix of debt and equities. This way, you will be spared the bother of investing in two or three funds. Balanced funds have outperformed equity funds in the past few years.

BANKING

Can a mutual fund registrar reject a redemption claim on the basis

of a signature mismatch even when other details like bank account number and PAN are matching. What should an investor do in such a situation?

—Ravi Kumar, Delhi

It is not uncommon for registrars to reject redemption requests if the signature doesn't match. You should submit a fresh redemption request. Also, it will help if you submit a letter from your bank manager wherein the signature is attested. The letter should also mention the bank manager's name, his designation and employee code and should be on the bank's letterhead.

TAXATION

I haven't filed returns for the past four years. However, TDS has been deducted. Can I file returns

for all four years and claim refunds now?

—Nitesh Garg

You can file late returns within two years from the end of a financial year. So, you can file returns for 2008-09 and 2009-10 only. You will be eligible to claim refund for both these years. For the remaining two years, pay any tax that is due. If the late return is filed after the expiry of one year from the financial year, you could be charged a penalty of up to ₹5,000 unless you provide a valid reason for the delay.

My company contends that I must take privilege leave to claim LTA.

Is it necessary to take privilege leave for claiming LTA? Can I claim the exemption on my own?

—Taral Shah

The tax law has not prescribed the minimum number of days' leave that should be availed for claiming LTA exemption. Therefore, in my view, even one day's leave will suffice for claiming LTA exemption. Yes, you can claim LTA exemption while filing your tax returns if the same is not considered by your employer. You have to reduce the amount of taxable salary as shown in Form 16 by the amount of LTA exemption and reflect such adjusted taxable salary in the tax return.

QUESTION OF THE WEEK

INSURANCE

Though I do not consume tobacco, medical tests conducted for buying a term plan showed that my nicotine levels were high. The company has offered me a tobacco-user premium rate, which is high. I believe that my medical test samples were mishandled by the hospital. What options do I have now?

—P Rajesh

You should immediately ask the insurance company to reconsider the medical test based on your tobacco habits. If possible, also provide a medical test report from a reputed pathology lab along with the reconsideration request. On the basis of that, the company can get another test done and will take a revised decision based on the fresh test reports. The policy thus issued after reconsidering your request shall not have any adverse affect on your policy records. This is not a case of malpractice till it is established that the insurance company is using the same tactic with other clients as well.



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