

## RETURN OF INCOME

It is mandatory for every taxpayer to communicate the details of his income to the Income-tax Department. These details are to be furnished in the prescribed form known as return of income. In this part, you can gain knowledge about the various provisions relating to return of income.

### Person required to file the return of income

The provisions relating to filing of return of income depend upon the status of the taxpayer. The position in this regard is given below:

#### In the case of companies:

Every person, being a company, has to file its return of income compulsorily, irrespective of its income being profit or loss. In other words, it is mandatory for every company to file the return of income irrespective of its income or loss.

#### In the case of partnership firms:

Every person, being a partnership firm (including Limited Liability Partnership), has to file its return of income compulsorily, irrespective of its income being profit or loss. In other words, it is mandatory for every partnership firm to file the return of income irrespective of its income or loss.

#### In the case of an Individual/HUF/AOP/BOI/Artificial Juridical Person:

Every individual/HUF/AOP/BOI/artificial juridical person has to file the return of income if his total income (including income of any other person in respect of which he is assessable) without giving effect to the provisions of section 10(38), 10A, 10B, 10BA 54, 54B, 54D, 54EC, 54F, 54G, 54GA, or 54GB or Chapter VIA (i.e., deduction under section 80C to 80U), exceeds the maximum amount which is not chargeable to tax i.e. exceeds the exemption limit.

#### In the case of charitable or religious trusts:

Every person in receipt of income derived from property held under charitable or religious trusts/legal obligations or in receipt of income being voluntary contributions referred to in section 2(24)(ia), has to file the return of income if its total income without giving effect to the provisions of sections 11 and 12 exceeds the maximum amount not chargeable to income-tax.

#### In the case of political parties:

The Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of section 13A exceeds the maximum amount not chargeable to income-tax.

#### In the case of certain associations :

Following entities are liable to file the return of income if their total income without giving effect to the provisions of section 10 exceeds the maximum amount not chargeable to tax:

- Research association referred to in section 10(21)
- News agency referred to in section 10(22B)
- Association or institution referred to in section 10(23A)

- Person referred to in clause (23AAA) of section 10.
- Institution referred to in section 10(23B)
- Fund/institution/trust/university/other educational institution/any hospital/medical institution referred to in sub-clause (iiiac), (iiiab), (iiiad), (iiiad), (iv), (v), (vi) or (via) of section 10(23C)
- Mutual Fund referred to in clause (23D) of section 10
- Securitisation trust referred to in clause (23DA) of section 10
- Investor Protection Fund referred to in clause (23EC) or clause (23ED) of section 10.
- Core Settlement Guarantee Fund referred to in clause (23EE) of section 10
- Venture capital company or venture capital fund referred to in clause (23FB) of section 10;
- Trade union/association referred to in sub-clause (a) or (b) of section 10(24)
- Board or Authority referred to in clause (29A) of section 10.
- Body/authority/Board/Trust/Commission referred to in section 10(46)
- Infrastructure debt fund referred to in section 10(47)

**In the case of certain university, college or other institution:**

Every university, college or other institution referred to in clause (ii) and clause (iii) of section 35(1), which is not required to furnish return of income or loss under any other provision of the Act, shall furnish the return of income every year, irrespective of income (or) loss.

**In the case of Business Trust**

Every business trust, which is not required to furnish return of income or loss under any other provision of the Act, shall furnish the return of income every year, irrespective of income (or) loss.

**In case of investment fund referred to in section 115UB**

Every investment fund referred to in section 115UB, which is not required to furnish return of income or loss under any other provisions, shall furnish the return of income in respect of its income or loss every year irrespective of income (or) loss

**In the case of persons holding assets located outside India:**

A person, being a resident in India (other than not ordinarily resident), who is not required to furnish a return under any of the above and who at any time during the previous year :

- a) holds, as a beneficial owner (\*) or otherwise, any asset (including any financial interest in any entity) located outside India or has signing authority in any account located outside India; or
- b) is a beneficiary (\*) of any asset (including any financial interest in any entity) located outside India,

shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars

as may be prescribed. However, above discussed provision will not apply to an individual, being a beneficiary of any asset (including any financial interest in any entity) located outside India where, income, if any, arising from such asset is includible in the income of the person referred to in (a) above.

(\*) "Beneficial owner" in respect of an asset means an individual who has provided, directly or indirectly, consideration for the asset for the immediate or future benefit, direct or indirect, of himself or any other person.

(\*) "Beneficiary" in respect of an asset means an individual who derives benefit from the asset during the previous year and the consideration for such asset has been provided by any person other than such beneficiary.

#### **Mandatory filing of return in certain cases**

With effect from Assessment Year 2020-21, it is mandatory for every person (other than a company or a firm), who is not required to furnish return of income under any other provision of section 139(1), to file return of income if during the previous year he:

1. Has deposited an amount (or aggregate of amount) in excess of Rs. 1 crore in one or more current account maintained with a bank or a co-operative bank.
2. Has incurred aggregate expenditure in excess of Rs. 2 lakh for himself or any other person for travel to a foreign country.
3. Has incurred aggregate expenditure in excess of Rs. 1 lakh towards payment of electricity bill.
4. Fulfills such other conditions as may be prescribed.

The CBDT vide notification No. 37/2022, dated 21-04-2022, has notified additional conditions under the seventh proviso to section 139(1) whereby return filing is made mandatory. These additional conditions are as follows:

- 1) If total sales, turnover or gross receipt of the business exceeds Rs. 60 lakh during the previous year; or
- 2) If total gross receipt of profession exceeds Rs. 10 lakh during the previous year; or
- 3) If the total of tax deducted and collected in case of a person during the previous year is Rs. 25,000 or more. The threshold limit shall be Rs. 50,000 in case of a resident individual of the age of 60 years or more; or
- 4) If the aggregate deposit in one or more savings bank accounts of the person is Rs. 50 lakhs or more during the previous year.



### Due date of filing of return of income

<i>Sr. No.</i>	<i>Status of the taxpayer</i>	<i>Due date</i>
1	Any company other than a company who is required to furnish a report in Form No. 3CEB under section 92E (i.e. other than covered in 2 below)	October 31 of the assessment year
2	Any person (may be corporate/non- corporate) who is required to furnish a report in Form No. 3CEB under section 92E	November 30 of the assessment year
3	Any person (other than a company) whose accounts are to be audited under the Income-tax Law or under any other law	October 31 of the assessment year
4	A working partner of a firm whose accounts are required to be audited under this Act or under any other law.	October 31 of the assessment year
5	Any other assessee	July 31 of the assessment year

#### Illustration

Miss Saroj is a salaried employee. Her taxable salary income for the year 2021-22 is Rs. 8,40,000 (she does not have any other income). What will be the due date of filing the return of income for the financial year 2021-22?

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In this case, Miss Saroj will be covered in Sr. No. 5 of the table discussed earlier and hence the due date for filing the return of income of the year 2021-22 will be 31st July, 2022.

#### Illustration

Mr. Rupen is a doctor. Gross receipts for the year 2021-22 came to Rs. 18,40,000. He opts for the presumptive taxation scheme of section 44ADA. What will be the due date for filing of return of income by Mr. Rupen for the financial year 2021-22?

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The gross receipts for the year are less than Rs. 50,00,000 and Mr. Rupen has opted for the presumptive taxation scheme of section 44ADA. Hence Mr. Rupen will not be liable to get his accounts audited i.e. he is not covered by audit. He will be covered in Sr. No. 5 of the table discussed earlier and, hence, the due date for filing the return of income of the year 2021-22 will be 31st July, 2022.

#### Illustration

Mr. Rahul is running a garments factory. Turnover of his business for the year 2021-22 amounted to Rs. 1,84,00,000. He opts for the presumptive taxation scheme of section 44AD. What will be the due date for filing of return of income by Mr. Rahul for the financial year 2021-22?

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The turnover for the year is less than Rs. 2,00,00,000 and hence Mr. Rahul will not be liable to get his accounts audited i.e. he is not covered by audit as he opts for the presumptive taxation scheme of section 44AD. Mr. Rahul will be covered in Sr. No. 5 of the table discussed earlier and, hence, the due date of filing the return of income of the year 2021-22 will be 31<sup>st</sup> July, 2022.

#### **Illustration**

Mr. Kaushal is a partner in Essem Trading Company. The turnover of the firm for the financial year 2021-22 amounted to Rs. 2,84,00,000. Apart from remuneration, interest and share of profit from the firm, Mr. Kaushal is not having any other source of income. What will be the due date for filing the return of income by the partnership firm and by Mr. Kaushal for the financial year 2021-22?

\*\*

The turnover of the firm exceeds Rs. 2,00,00,000 and, hence, the firm will not be eligible for presumptive taxation scheme under section 44AD. Further, the firm shall be liable to get its accounts audited under section 44AB. Thus, the firm as well as Mr. Kaushal will be covered in Sr. No. 4 of the table discussed earlier and, hence, the due date for filing the return of income of the year 2021-22 (in case of the firm as well as Mr. Kaushal) will be 31<sup>st</sup> October, 2022.

#### **Illustration**

Mr. Kiran is a partner in SM Enterprises. The turnover of the firm for the financial year 2021-22 amounted to Rs. 1,84,00,000. The firm has declared income @ 8% on presumptive basis under section 44AD of the Act. Apart from remuneration, interest and share of profit from the firm, Mr. Kiran is not having any other source of income. What will be the due date of filing of return of income by the partnership firm and by Mr. Kiran for the financial year 2021-22?

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The turnover of the firm is below Rs. 2,00,00,000 and, hence, it will not be liable to get its accounts audited. Thus, the firm as well as Mr. Kiran will be covered in Sr. No. 5 of the table discussed earlier and, hence, the due date for filing the return of income of the year 2021-22 (in case of firm as well as Mr. Kiran) will be 31<sup>st</sup> July, 2022.

#### **Illustration**

Essem Minerals Pvt. Ltd. is a company engaged in trading of minerals. What will be the due date for filing the return of income for the financial year 2021-22?

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In this case Essem Ltd. will be covered in Sr. No. 1 of the table discussed earlier and, hence, the due date for filing the return of income of the year 2021-22 will be 31<sup>st</sup> October, 2022.

#### **Illustration**

Essem Minerals Pvt. Ltd. is a company engaged in trading of minerals and liable to furnish a report in Form No. 3CEB under section 92E. What will be the due date for filing the return of income for the financial year 2021-22?

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In this case Essem Ltd. will be covered in Sr. No. 2 of the table discussed earlier and, hence, the due date for filing the return of income of the year 2019-20 will be 30<sup>th</sup> November, 2022.



## Belated return

If the person fails to file the return of income within the time-limit prescribed in this regard, then as per section 139(4) he can file a belated return. A belated return can be filed at any time 3 months before the end of the relevant assessment year or before completion of assessment, whichever is earlier.

### Illustration

Mr. Raja is a trader of agricultural products. Turnover of his business for the previous year 2021-22 amounted to Rs. 84,00,000. He has not opted for the presumptive taxation scheme of section 44AD i.e. not declaring income at 8% of sales. He declared income at less than 8% of sales. What will be the 'due date' for filing his return of income for the financial year 2021-22? If he fails to file the return of income by the due date then by what date he can file a belated return?

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In this case, as Mr. Raja had not opted for presumptive taxation scheme of section 44AD, and declared income at less than 8% of sales, he will be required to get his accounts audited under section 44AB and, hence, he is covered in Sr. No. 3 of the table discussed earlier. Hence, the due date for filing the return of income of the year 2021-22 will be 31<sup>st</sup> October, 2022.

If he cannot file the return of income by the due date, i.e., by 31<sup>st</sup> October, 2021, then he can file a belated return 3 months before end of the relevant assessment year or before completion of assessment, whichever is earlier.

In other words, he can file a belated return upto 31-12-2022. If the assessment is completed before 31-12-2022, then he can file a belated return at any time before the completion of assessment.

**Illustration** Mrs. Gupta is house wife and has no source of income. During the financial year 2021- 22, she made payment towards electricity bills of her house. Total payment of Rs. 1,50,000 lakhs were made through bank account. Whether Mrs. Gupta will be liable to file return of income?

W.e.f., Assessment Year 2020-21, a person shall be liable to file return of income if he has incurred aggregate expenditure in excess of Rs. 1 lakh towards payment of electricity bill. In this case, Mrs. Gupta has made payment of Rs. 1,50,000 towards electricity bills. Thus, she will be liable to file return of income for the financial year 2021-22 by 31<sup>st</sup> July, 2022.

### Illustration

Mr. Raghav is a salaried employee. He gifted a holiday package of Dubai to his brother. Mr. Raghav paid total amount of Rs. 2.5 lakhs to tour operator for the holiday package. His salary income for the financial year 2021-22 is Rs. 2,00,000 and has no other income. Whether Mr. Raghav is liable to file return of income?

W.e.f Assessment Year 2020-21, a person shall be liable to file return of income if he has incurred aggregate expenditure in excess of Rs. 2 lakh for himself or any other person for travel to a foreign country. So whether a person incurred expense for self or for any other person, filing of return is mandatory if expenses on foreign travel is in excess of Rs. 2 Lakh.





In this case, Mr. Raghav has purchased holiday package worth Rs. 2.5 lakhs. Thus, he will be liable to file return of income for the financial year 2021-22 by 31<sup>st</sup> July, 2022 even though his total income doesn't exceed the maximum amount not chargeable to tax.

### Consequences of delay in filing the return of income

Delay in filing the return of income may attract certain adverse consequences. Following are the consequences of delay in filing the return of income:

- Loss (other than loss under the head “Income from house property”) cannot be carried forward.
- Levy of interest under section 234A. Levy of fee under section 234F\*
- Exemptions under sections 10A, 10B, are not available.
- Deduction under Part-C of Chapter VI-A shall not be available.

\* Fee for default in furnishing return of income shall be Rs. 5,000. However, where the total income of the person does not exceed Rs. 5,00,000, the fee payable shall not exceed Rs. 1,000.

### Revision of return

Sometimes the taxpayer may omit to include certain information in the return or may commit any mistake at the time of filing the return of income. In such case any unintentional mistake or error or omission in the return of income filed by the taxpayer can be corrected by filing a revised return.

A return can be revised at any time 3 months before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier. It should be noted that only a return filed under section 139(1) or belated return filed under section 139(4) can be revised.

A return of income filed pursuant to notice under section 142(1) of Act cannot be revised under section 139(5).

### Defective return

Section 139(9) provides the list of situations in which the return of income filed by the taxpayer can be treated as defective return. If the Assessing Officer finds the return of income to be defective under section 139(9), then he may intimate such defect to the taxpayer and may give an opportunity to him to rectify such defect.

The taxpayer shall rectify such defect in the return of income within a period of 15 days of such intimation or within such further period as the Assessing Officer may allow.

If the defect is not rectified within the period of 15 days or the further period so allowed (as the case may be), then, notwithstanding anything contained in any other provision of the Act, the return shall be treated as an invalid return and the provisions of the Act shall apply as if the taxpayer had failed to furnish the return.

A return of income shall be regarded as defective, unless all the following conditions are fulfilled:

- The annexures, statements and columns in the return of income relating to computation of income chargeable under each head of income, computation of gross total income and total income have been duly filled in.
- The return is accompanied by a statement showing the computation of the tax payable on the basis of the return.



- The return is accompanied by the report of the audit referred to in section 44AB, or, where the report has been furnished prior to the furnishing of the return, by a copy of such report together with proof of furnishing the report.
- The return is accompanied by proof of the tax, if any, claimed to have been deducted or collected at source and the advance tax and tax on self-assessment, if any, claimed to have been paid. Where the return is not accompanied by proof of the tax, if any, claimed to have been deducted or collected at source, the return of income shall not be regarded as defective if :
  1. A certificate for tax deducted or collected was not furnished under section 203 or section 206C to the person furnishing his return of income.
  2. Such certificate is produced within a period of two years specified under sub-section (14) of section 155.
- Where regular books of account are maintained by the taxpayer, the return is accompanied by copies of :
  1. Manufacturing account, trading account, profit and loss account or, as the case may be, income and expenditure account or any other similar account and balancesheet.
  2. In the case of a proprietary business or profession, the personal account of the proprietor; in the case of a firm, association of persons or body of individuals, personal accounts of the partners or members and in the case of a partner or member of a firm, association of persons or body of individuals, also his personal account in the firm, association of persons or body of individuals.
- Where the accounts of the taxpayer have been audited, the return is accompanied by copies of the audited profit and loss account and balance sheet and the auditor's report and, where an audit of cost accounts of the taxpayer has been conducted under section 233B of the Companies Act, 1956 [now Section 148 of Companies Act, 2013], also the report under that section.
- Where regular books of account are not maintained by the taxpayer, the return is accompanied by a statement indicating the amounts of turnover or, as the case may be, gross receipts, gross profit, expenses and net profit of the business or profession and the basis on which such amounts have been computed, and also disclosing the amounts of total sundry debtors, sundry creditors, stock-in-trade and cash balance as at the end of the previous year.

**Note:** As per the current norms prescribed by CBDT vide Income-tax Rules, 1962 for filing return of income, no documents shall be attached along with the Return of Income. Hence, documents like computation of income, balance sheet and accounts, audit report, TDS certificate, tax payment challan, proof of investment, etc., are not to be attached along with the return of income. No penalty will be levied for non-submission of these documents along with the return of income and the return will not be treated as defective due to non-attachment of aforesaid documents, statements, etc.

### **Return to be verified by whom**

As per section 140, the return of income is to be verified by:

In the case of an individual :

- i. by the individual himself;
- ii. where he is absent from India, by the individual himself or by some person duly authorised by him in this behalf;



- iii. where he is mentally incapacitated from attending to his affairs, by his guardian or any other person competent to act on his behalf; and
- iv. where, for any other reason, it is not possible for the individual to verify the return, by any person duly authorised by him in this behalf:

It should be noted that in a case referred to in (ii) or (iv) above, the person verifying the return holds a valid power of attorney from the individual to do so, which shall be attached to the return.

- b) in the case of a Hindu undivided family, by the karta, and, where the karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family;
- c) in the case of a company, by the managing director thereof, or where for any unavoidable reason such managing director is not able to verify the return, or where there is no managing director, by any director thereof.

It should be noted that where the company is not resident in India, the return may be verified by a person who holds a valid power of attorney from such company to do so, which shall be attached to the return. Following points should be noted in this regard :

- where the company is being wound up, whether under the orders of a court or otherwise, or where any person has been appointed as the receiver of any assets of the company, the return shall be verified by the liquidator referred to in section 178(1);
- where the management of the company has been taken over by the Central Government or any State Government under any law, the return of the company shall be verified by the principal officer thereof;
- With effect from Assessment Year 2018-19, where an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under Section 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016, the return shall be verified by the insolvency professional appointed by such adjudicating authority.

(cc) in the case of a firm, by the managing partner thereof, or where for any unavoidable reason such managing partner is not able to verify the return, or where there is no managing partner as such, by any partner thereof, not being a minor;

(cd) in the case of a limited liability partnership, by the designated partner thereof, or where for any unavoidable reason such designated partner is not able to verify the return, or where there is no designated partner as such, by any partner thereof;

(d) in the case of a local authority, by the principal officer thereof;

(dd) in the case of a political party referred to in section 139(4B), by the chief executive officer of such party (whether such chief executive officer is known as secretary or by any other designation);

(e) in the case of any other association, by any member of the association or the principal officer thereof; and

(f) in the case of any other person, by that person or by some person competent to act on his behalf.

### Note:

*W.e.f., Assessment Year 2020-21, the Finance Act, 2020 has empowered the Central Board of Direct Taxes (CBDT) to enable any other person, as may be prescribed, to verify the return of income in the cases of a company and an LLP.*

*In exercise of such power, the CBDT has inserted a new Rule 12AA to prescribe the other person who can verify a company's return and an LLP. This rule provides that any other person shall be the person, appointed by the National Company Law Tribunal (NCLT), for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 and the rules and regulations made thereunder.*

### Updated Return

The Finance Act 2022, has inserted subsection (8A) in section 139 to enable the filing of an updated return. The section provides that an updated return can be filed by any person irrespective of the fact whether such person has already filed the original, belated or revised return for the relevant assessment year or not.

An updated return can be filed at any time within 24 months from the end of the relevant assessment year. However, an updated return cannot be filed in the following three situations:

**Situation 1:** An updated return cannot be filed if such updated return:

- a) is a return of a loss; or
- b) results in lower tax liability determined on the basis of original, revised or belated return filed by assessee; or
- c) results in or increasing the refund due on the basis of original, revised or belated return filed by assessee.

**Situation 2:** A person cannot file updated return wherein:

- a) A search has been initiated under section 132 or books of account or other documents or any assets are requisitioned under section 132A in the case of such person; or
- b) A survey has been conducted under section 133A, other than section 133A(2A), in the case of such person; or
- c) A notice has been issued to the effect that any money, bullion, jewellery or valuable article or thing, seized or requisitioned under section 132 or section 132A in the case of any other person belongs to such person; or
- d) A notice has been issued to the effect that any books of account or documents, seized or requisitioned under section 132 or section 132A in the case of any other person, pertain or pertain to, or any other information contained therein, relate to, such person.

In this situation, an updated return cannot be filed for the assessment year relevant to the previous year in which such search is initiated or survey is conducted or requisition is made and any assessment year preceding such assessment year.

**Situation 3:** An updated return cannot be filed for the relevant assessment year wherein:

- a) An updated return has been furnished by him;
- b) Any proceeding for assessment or reassessment or recomputation or revision of income is pending or has been completed;

- c) The Assessing Officer has information in respect of such person under:
- The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;
  - The Prohibition of Benami Property Transactions Act, 1988;
  - The Prevention of Money-laundering Act, 2002; or
  - The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

And the same has been communicated to him, prior to the date of furnishing of updated return

- d) Information has been received under an agreement referred to in section 90 or section 90A in respect of such person and the same has been communicated to him, prior to the date of furnishing of return of updated return;
- e) Any prosecution proceedings have been initiated in respect of such person, prior to the date of furnishing of updated return.
- f) Assessee is such person or belongs to such class of persons, as may be notified by the Board.

#### Note:

1. Where a person has furnished a return of loss under section 139(3), he can furnish an updated return. However, such an updated return should be a return of income. In other words, the updated return should not be a return of loss.
2. If as a result of furnishing of an updated return for a previous year, the following is reduced for any subsequent year, then the person shall be required to file the updated return for each such subsequent year:
  - loss or any part thereof carried forward under Chapter VI; or
  - unabsorbed depreciation carried forward under Section 32(2); or
  - tax credit carried forward under Section 115JAA; or
  - tax credit carried forward under Section 115JD.

#### Tax on updated return

Section 140B provides for payment and computation of tax, interest, fee, and additional income-tax on updated return. It contains the following six provisions:

- (a) Computation of tax on the updated return where no original or belated return was filed.
- (b) Computation of tax on the updated return where original, revised or belated earlier ('earlier return') was filed.
- (c) Computation of additional tax payable at the time of furnishing of updated return.

This provision also contains an explanation that provides for computation of interest under section 234A, section 234C and interest on additional tax payable at the time of furnishing of updated return.

1. *Computation of tax, interest, and fee on the updated return where no return was filed earlier*



Where a person has not filed the original or belated return for the relevant assessment year, the tax payable on the updated return (self-assessment tax) shall be paid along with interest and fee for delay in furnishing the return of income and interest for any default or delay in payment of advance tax.

Further, an additional income tax shall be paid before filing of an updated return. Such tax, interest, fee, and additional income tax shall be computed in the following manner:

*(a) Self-assessment tax*

Self-assessment tax on income reported in updated return shall be computed after taking into account the following:

- Advance tax;
- Tax deducted at source (TDS);
- Tax collected at source (TCS);
- Relief under section 89;
- Foreign tax credit; and
- MAT or AMT credit.

*(b) Interest under Section 234A for late filing of return*

At the time of furnishing of updated return, the interest under section 234A shall be computed on the self-assessment tax payable on updated return.

The interest shall be charged for the period commencing from the date immediately following the due date for filing the original return of income and ending with the date on which the updated return is furnished.

However, this interest shall not be charged on the amount of additional income-tax payable on updated return.

*(c) Interest under section 234C for default in payment of advance tax instalments*

Section 234C interest is computed with reference to 'tax due on the returned income'. Thus, in the case of an updated return, the total income reported in updated return is to be considered as returned income. Total income reported in updated return shall be treated as returned income even in cases where the assessee has already filed an original, belated or revised return for the relevant assessment year before filing the updated return.

*(d) Fee under section 234F for default in furnishing return*

The fee for default in furnishing of return shall be levied as per the extant provisions on furnishing of belated return.

*2. Computation of tax, interest and fee on updated return where a return was filed earlier*

Where a person has already filed the original, belated or revised return for the relevant assessment year, then the tax payable on the updated return (self-assessment tax) shall be paid along with interest for any default or delay in payment of advance tax as reduced by the amount of interest paid in an earlier return.

Further, an additional income tax shall also be required to be paid before filing of updated return. The tax, interest and additional income tax that is required to be paid before filing of updated return shall be computed in the following manner:

*(a) Self-assessment tax*

The self-assessment tax shall be computed after taking into account the following:

- Tax or relief, the credit of which has already been taken in earlier return; and
- Tax or relief, the credit of which has not been claimed in earlier return.

Further, the amount of tax so computed shall be increased by the amount of refund, if any, issued in respect of such an earlier return.

*(b) Interest under section 234B for delay in payment of advance tax*

Where a person has already filed return of income, interest payable under section 234B at the time of furnishing of updated return shall be computed on the amount of assessed tax or on the amount by which the advance tax paid falls short of the assessed tax, as the case may be. The amount of interest computed shall be reduced by the amount of interest paid in an earlier return.

*(c) Interest under section 234C for default in payment of advance tax instalments*

Interest under section 234C shall be computed after taking into account the income furnished in the updated return as the returned income. The amount of interest computed shall be reduced by the amount of interest paid in an earlier return.

*(d) Fee under section 234F for default in furnishing return*

A person shall not be required to pay the fee at the time of furnishing of updated return if he has already filed the original, revised, or belated return for the relevant assessment year.

*3. Payment of additional tax on updated return*

Tax on the updated return shall be paid along with interest, fee, and additional income tax.

The additional tax shall be equal to 25% of the aggregate of tax and interest payable by a person on the filing of the updated return where such return is furnished after the expiry of the due date of filing of belated or revised return but before completion of a period of 12 months from the end of the relevant assessment year.

Where the updated return is furnished after the expiry of 12 months from the end of the relevant assessment year but before completion of the period of 24 months from the end of the relevant assessment year, the additional tax payable shall be 50% of the aggregate of tax and interest payable.

*4. Proof of payment*

The updated return shall be accompanied by the proof of tax payment, i.e., normal tax (if any), additional tax, interest and fee as required under section 140B; otherwise, it shall be treated as a [defective return](#).

**Filing the return through Tax Return Preparers**

For the purpose of enabling any specified class or classes of persons (\*) in preparing and furnishing returns of income, the Board has notified the Tax Return Preparers Scheme providing that such persons may furnish their returns of income through a Tax Return Preparer (TRP)\* authorised to act as such under the Scheme

In other words, a specified person\*\*can file his return of income through Government authorised return preparer i.e. TRPs.

\*“Tax Return Preparer” means any individual, [not being a person referred to in section 288(2)(ii)/(iii)/(iv) or an employee of the “specified class or classes of persons”], who has been authorised to act as a Tax Return Preparer under the Scheme framed in this behalf.





\*\*\*“Specified class or classes of persons” means any person, other than a company or a person, whose accounts are required to be audited under section 44AB or under any other law for the time being in force, who is required to furnish a return of income under the Act.

### **Form of return and mode of filing the return**

The provisions relating to form of return and mode of filing the return are discussed in separate topic under heading “Filing the return of Income”.

## MCQ ON RETURN OF INCOME

**Q1.** Every person, being a company, has to file its return of income only if it has any positive income or if it wants to carry forward the loss (if any).

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

Every person, being a company, has to file its return of income compulsorily, irrespective of its income being profit or loss. In other words, it is mandatory for every company to file the return of income irrespective of its income or loss.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q2.** Every person, being a partnership firm (including Limited Liability Partnership), has to file its return of income compulsorily, irrespective of its income being profit or loss.

- (a) True (b) False

**Correct answer : (a)**

**Justification of correct answer :**

Every person, being a partnership firm (including Limited Liability Partnership), has to file its return of income compulsorily, irrespective of its income being profit or loss. In other words, it is mandatory for every company to file the return of income irrespective of its income or loss.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

**Q3.** Every individual/HUF/AOP/BOI/artificial juridical person has to file the return of income if his total income (including income of any other person in respect of which he is assessable) without giving effect to the provisions of section 10(38), 10A, 10B, 10BA, 54, 54B, 54D, 54EC, 54F, 54G, 54GA or 54GB or Chapter VIA (*i.e.*, deduction under section 80C to 80U), exceeds \_\_\_\_\_

- (a) Rs. 2,00,000 (b) Rs. 2,50,000  
(c) Rs. 5,00,000 (d) The maximum amount not chargeable to tax

**Correct answer : (d)**

**Justification of correct answer :**

Every individual/HUF/AOP/BOI/artificial juridical person has to file the return of income if his total income (including income of any other person in respect of which he is assessable) without giving effect to the provisions of section 10(38), 10A, 10B, 10BA, 54, 54B, 54D, 54EC, 54F, 54G, 54GA or 54GB or Chapter VIA (*i.e.*, deduction under section 80C to 80U), exceeds the maximum amount not chargeable to tax *i.e.* exceeds the exemption limit.

Thus, option (d) is the correct option.



**Q4.** Every person in receipt of income derived from property held under charitable or religious trusts/legal obligations or in receipt of income being voluntary contributions referred to in section 2(24)(iia), has to file the return of income if its total income after giving effect to the provisions of sections 11 and 12 exceeds the maximum amount not chargeable to income-tax.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

Every person in receipt of income derived from property held under charitable or religious trusts/legal obligations or in receipt of income being voluntary contributions referred to in section 2(24)(iia), has to file the return of income if its total income without giving effect to the provisions of sections 11 and 12 exceeds the maximum amount not chargeable to income-tax.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q5.** The Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of section \_\_\_\_\_ exceeds the maximum amount not chargeable to income-tax.

- (a) 11 (b) 12  
(c) 13 (d) 13A

**Correct answer : (d)**

**Justification of correct answer :**

The Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of section 13A exceeds the maximum amount not chargeable to income-tax.

Thus, option (d) is the correct option.

**Q6.** What is the due date of filing the return of income in case of a company other than a company who is required to furnish a report in Form No. 3CEB under section 92E?

- (a) October 31 of the assessment year (b) November 30 of the assessment the year  
(c) July 31 of the assessment year (d) June 30 of relevant assessment the year

**Correct answer : (a)**

**Justification of correct answer :**

The due date of filing the return of income in case of a company other than a company who is required to furnish a report in Form No. 3CEB under section 92E is October 31 of the assessment year.

Thus, option (a) is the correct option.

**Q7.** What is the due date of filing the return of income in case of a person who is required to furnish a report in Form No. 3CEB under section 92E?

- (a) October 31 of the assessment year                      (b) November 30 of the assessment the year  
(c) July 31 of the assessment year                      (d) June 30 of relevant assessment the year

**Correct answer : (b)**

**Justification of correct answer :**

The due date of filing the return of income in case of a person who is required to furnish a report in Form No. 3CEB under section 92E is November 30 of the assessment year

Thus, option (b) is the correct option.

**Q8.** What is the due date of filing the return of income in case of a person other than a company whose accounts are not required to be audited under the Income-tax Law or under any other law?

- (a) October 31 of the assessment year                      (b) November 30 of the assessment the year  
(c) July 31 of the assessment year                      (d) June 30 of relevant assessment the year

**Correct answer : (c)**

**Justification of correct answer :**

The due date of filing the return of income in case of a person other than a company whose accounts are not required to be audited under the Income-tax Law or under any other law is July 31 of the assessment year.

Thus, option (c) is the correct option.

**Q9.** What is the due date of filing the return of income in case of a person whose accounts are to be audited under the Income-tax Law or under any other law (other than a person who is required to furnish a report in Form No. 3CEB under section 92E)?

- (a) October 31 of the assessment year                      (b) November 30 of the assessment the year  
(c) July 31 of the assessment year                      (d) June 30 of relevant assessment the year

**Correct answer : (a)**

**Justification of correct answer :**

The due date of filing the return of income in case of a person whose accounts are to be audited under the Income-tax Law or under any other law (other than a person who is required to furnish a report in Form No. 3CEB under section 92E) is October 31 of the assessment year.

Thus, option (a) is the correct option.

**Q10.** If a person fails to file the return of income within the time-limit prescribed in this regard, then as per section 139(4) he can file a belated return. A belated return can be filed before the end of the relevant assessment year or before completion of assessment, whichever is earlier.

(a) True

(b) False

**Correct answer : (b)**

**Justification of correct answer :**

If the person fails to file the return of income within the time-limit prescribed in this regard, then as per section 139(4) he can file a belated return. A belated return can be filed at any time 3 months before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q11.** Mr. A is an employee earning salary of Rs. 30,000 per month. He filed return of income and his tax liability was nil after claiming rebate under section 87A. Later he found that he didn't disclose interest income of Rs. 60,000 on which tax was deducted by bank. The time limit to file belated return has expired. Can assessee file updated return and claim refund of tax deducted on interest?

(a) Yes      (b) No

**Correct answer : (b)**

**Justification of correct answer :**

An updated return can be filed at any time within 24 months from the end of the relevant assessment year. However, an updated return cannot be filed if such return results in refund. Thus, Mr. A shall not be eligible to file updated return of income.

