

# PROVISIONS FOR FILING RETURN OF INCOME AND SELF ASSESSMENT



## LEARNING OUTCOMES

After studying this chapter, you would be able to–

- comprehend as to what is a “return of income”;
- identify the persons who have to compulsorily file a return of income;
- identify and recall the due date for filing return of income for different assessees;
- know the consequences of late filing of return;
- compute the interest payable for delayed filing of return of income;
- compute the fee payable for delayed filing of return of income;
- appreciate when a return of income can be revised and the time limit within which a return has to be revised;
- know who are the persons required to apply for permanent account number;
- identify the transactions in respect of which quoting of PAN is mandatory;
- appreciate who are the specified classes of persons who can file return through Tax Return Preparer;
- know who are the persons authorised to verify the return of income in the case of different assessees in various circumstances;
- appreciate the requirement to pay self-assessment tax before filing return of income;
- appreciate the order of adjustment of amount paid by the assessee against self-assessment tax, fee and interest.

**CHAPTER OVERVIEW** **Filing of Return**

Compulsory filing of Return of Income [Section 139(1)]

Return of Loss [Section 139(3)]

Belated Return [Section 139(4)]

Revised Return [Section 139(5)]

Defective Return [Section 139(9)]

**Interest and fee for default in furnishing return of income**

Interest for default in furnishing return of income [Section 234A]

Fee for default in furnishing return of income [Section 234F]

**Other Provisions**

Permanent Account Number [Section 139A]

Quoting of Aadhar Number [Section 139AA]

Submission of returns through Tax Return Preparers [Section 139B]

Person authorised to verify return of income [Section 140]

Self-Assessment [Section 140A]

## 1. RETURN OF INCOME

The Income-tax Act, 1961 contains provisions for filing of return of income. Return of income is the format in which the assessee furnishes information as to his total income and tax payable. The format for filing of returns by different assessees is notified by the CBDT. The particulars of income earned under different heads, gross total income, deductions from gross total income, total income and tax payable by the assessee are generally required to be furnished in a return of income. In short, a return of income is the declaration of income by the assessee in the prescribed format.

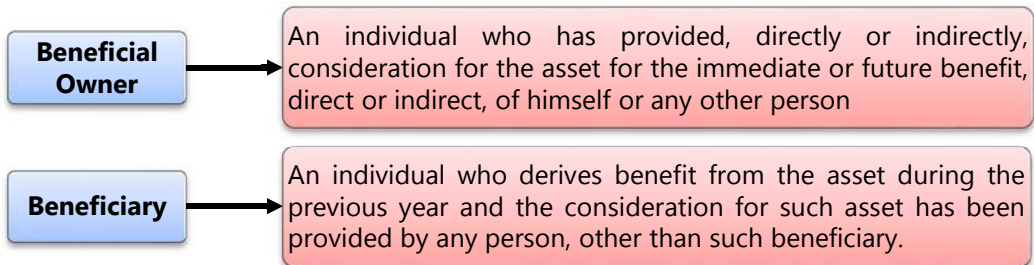
## 2. COMPULSORY FILING OF RETURN OF INCOME [SECTION 139(1)]

- (1) As per section 139(1), it is compulsory for companies and firms to file a return of income or loss for every previous year on or before the due date in the prescribed form.
- (2) In case of a person other than a company or a firm, filing of return of income on or before the due date is mandatory, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeds the basic exemption limit.
- (3) Every person, being a resident other than not ordinarily resident in India within the meaning of section 6(6), who is not required to furnish a return under section 139(1), would be required to file a return of income or loss for the previous year in the prescribed form and verified in the prescribed manner on or before the due date, if such person, 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 a 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.

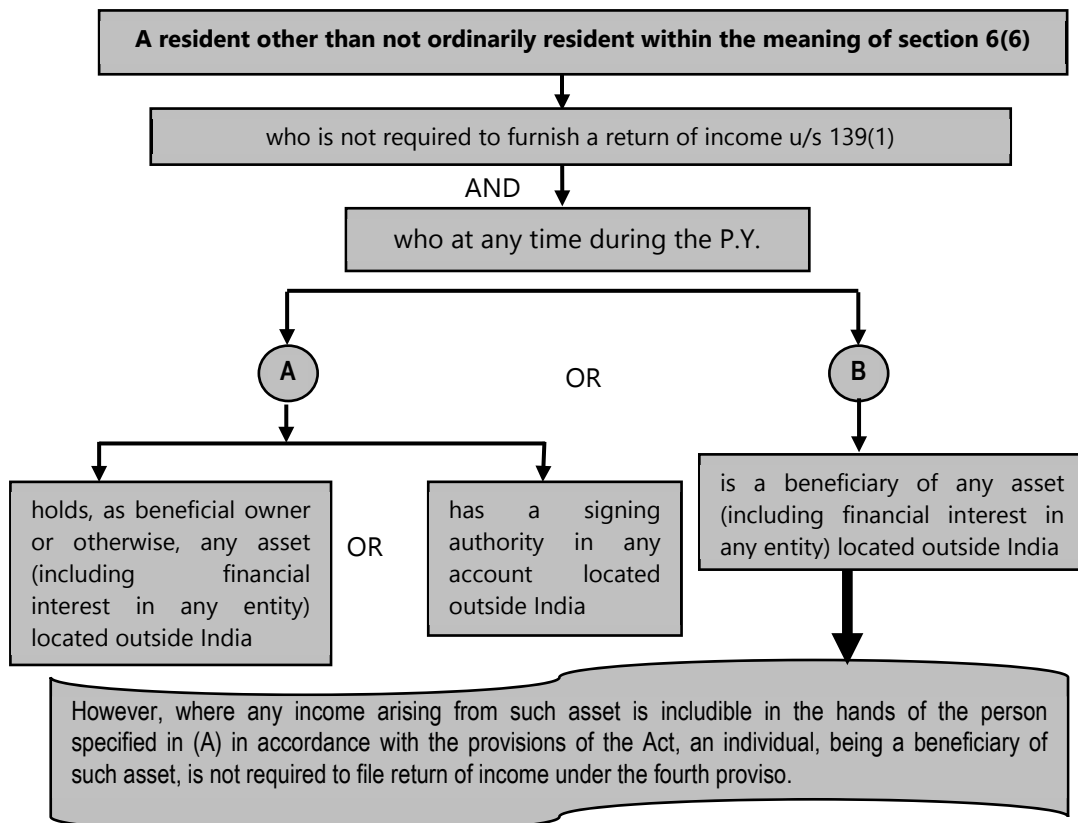
However, an individual being a beneficiary of any asset (including any financial interest in any entity) located outside India would not be required to file return of income under this clause, where, income, if any, arising from such asset is includible in the income of the person

referred to in (a) above in accordance with the provisions of the Income-tax Act, 1961.

**Meaning of “beneficial owner” and “beneficiary” in respect of an asset for the purpose of section 139:**



**Requirement of filing of return of income as per the fourth and fifth proviso to section 139(1)**



- (4) Further, every person, being an individual or a HUF or an AOP/BOI, whether incorporated or not, or an artificial juridical person -
- whose total income or the total income of any other person in respect of which he is assessable under this Act during the previous year
  - without giving effect to the provisions of Chapter VI-A **or section 54/54B/54D/54EC or 54F<sup>1</sup>**
  - exceeded the basic exemption limit.

is required to file a return of his income or income of such other person on or before the due date in the prescribed form and manner and setting forth the prescribed particulars.

The basic exemption limit is ₹ 2,50,000 for individuals/HUF/AOPs/BOIs and artificial juridical persons, ₹ 3,00,000 for resident individuals of the age of 60 years but less than 80 years and ₹ 5,00,000 for resident individuals of the age of 80 years or more at any time during the previous year. These amounts denote the level of total income, which is arrived at after claiming the admissible deductions under Chapter VI-A and exemption under section **54/54B/54D/54EC or 54F in respect of capital gain**. However, the level of total income to be considered for the purpose of filing return of income is the income before claiming the admissible deductions under Chapter VI-A and exemption under section **54/54B/54D/54EC or 54F**.

- (5) **Any person other than a company or a firm, who is not required to furnish a return under section 139(1), is required to file income-tax return in the prescribed form and manner on or before the due date if, during the previous year, such person -**
- (a) **has deposited an amount or aggregate of the amounts exceeding ₹ 1 crore in one or more current accounts maintained with a banking company or a co-operative bank; or**
  - (b) **has incurred expenditure of an amount or aggregate of the amounts exceeding ₹ 2 lakh for himself or any other person for travel to a foreign country; or**
  - (c) **has incurred expenditure of an amount or aggregate of the amounts exceeding ₹ 1 lakh towards consumption of electricity; or**
  - (d) **fulfils such other prescribed conditions**

<sup>1</sup> or 54G or 54GA or 54GB. (These sections will be dealt with in detail at the Final level)

- (5) All such persons mentioned in (1) to (5) above should, on or before the due date, furnish a return of his income or the income of such other person during the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed.

**Meaning of due date:**

'Due date' means -

- (i) 30th September of the assessment year, where the assessee, other than an assessee referred to in (ii) below, is -
  - (a) a company,
  - (b) a person (other than a company) whose accounts are required to be audited under the Income-tax Act, 1961 or any other law for the time being in force; or
  - (c) a working partner of a firm whose accounts are required to be audited under the Income-tax Act, 1961 or any other law for the time being in force.
- (ii) 30<sup>th</sup> November of the assessment year, in the case of an assessee who is required to furnish a report referred to in section 92E.
- (iii) 31st July of the assessment year, in the case of any other assessee.

**Note** – Section 92E is not covered within the scope of syllabus of Intermediate Paper 4: Taxation. Section 139(1) provides a different due date, i.e., 30<sup>th</sup> November of the assessment year, for assesseees who have to file a transfer pricing report under section 92E (i.e. assesseees who have undertaken international transactions). Therefore, reference has been made to this section, i.e. section 92E, for explaining this provision in section 139(1).

**ILLUSTRATION 1**

*Paras aged 55 years is a resident of India. During the F.Y. 2019-20, interest of ₹ 2,88,000 was credited to his Non-resident (External) Account with SBI. ₹ 30,000, being interest on fixed deposit with SBI, was credited to his saving bank account during this period. He also earned ₹ 3,000 as interest on this saving account. Is Paras required to file return of income?*

*What will be your answer, if he has incurred ₹ 3 lakhs as travel expenditure of self and spouse to US to stay with his married daughter for some time?*

**SOLUTION**

An individual is required to furnish a return of income under section 139(1) if his total income, before giving effect to the deductions under Chapter VI-A or exemption under section or section 54/54B/54D/54EC or 54F, exceeds the maximum amount not chargeable to tax i.e. ₹ 2,50,000 (for A.Y. 2020-21).

**Computation of total income of Mr. Paras for A.Y. 2020-21**

Particulars	₹
<b>Income from other sources</b>	
Interest earned from Non-resident (External) Account ₹ 2,88,000 [Exempt under section 10(4)(ii), assuming that Mr. Paras has been permitted by RBI to maintain the aforesaid account]	NIL
Interest on fixed deposit with SBI	30,000
Interest on savings bank account	3,000
<b>Gross Total Income</b>	<b>33,000</b>
Less: Deduction under section 80TTA (Interest on saving bank account)	3,000
<b>Total Income</b>	<b>30,000</b>

Since the total income of Mr. Paras for A.Y.2020-21, before giving effect, *inter alia*, to the deductions under Chapter VI-A, is less than the basic exemption limit of ₹ 2,50,000, he is not required to file return of income for A.Y.2020-21.

**Note:** In the above solution, interest of ₹ 2,88,000 earned from Non-resident (External) account has been taken as exempt on the assumption that Mr. Paras, a resident, has been permitted by RBI to maintain the aforesaid account. However, in case he has not been so permitted, the said interest would be taxable. In such a case, his total income, before giving effect, *inter alia*, to the deductions under Chapter VI-A, would be ₹ 3,21,000 (₹ 30,000 + ₹ 2,88,000 + ₹ 3,000), which is higher than the basic exemption limit of ₹ 2,50,000. Consequently, he would be required to file return of income for A.Y.2020-21.

If he has incurred expenditure of ₹ 3 lakhs on foreign travel of self and spouse, he has to mandatorily file his return of income on or before the due date under section 139(1).



### 3. INTEREST FOR DEFAULT IN FURNISHING RETURN OF INCOME [SECTION 234A]

- (1) Interest under section 234A is attracted for failure to file a return of income on or before the due date under section 139(1) i.e., interest is payable where an assessee furnishes the return of income after the due date or does not furnish the return of income.
- (2) Simple interest @1% per month or part of the month is payable for the period commencing from the date immediately following the due date and ending on the following dates -

Circumstances	Ending on the following dates
Where the return is furnished after due date	the date of furnishing of the return
Where no return is furnished	the date of completion of assessment

- (3) The interest has to be calculated on the amount of tax on total income as determined under section 143(1) or on regular assessment as reduced by the advance tax paid and any tax deducted or collected at source, **any relief of tax allowed under section 89** and any tax credit allowed to be set-off in accordance with section 115JD.
- (4) No interest under section 234A shall be charged on self-assessment tax paid by the assessee on or before the due date of filing of return.
- (5) The interest payable under section 234A shall be reduced by the interest, if any, paid on self-assessment under section 140A towards interest chargeable under section 234A.

**Note** – Section 143(1) provides that if any sum is found due on the basis of a return of income after adjustment of advance tax, **relief of tax allowed under section 89**, tax deducted at source, tax collection at source and self-assessment tax, an intimation would be sent to the assessee and such intimation is deemed to be a notice of demand issued under section 156. If any refund is due on the basis of the return, it shall be granted to the assessee and an intimation to this effect would be sent to the assessee. Where no tax or refund is due, the acknowledgement of the return is deemed to be an intimation under section 156.



## 4. FEE FOR DEFAULT IN FURNISHING RETURN OF INCOME [SECTION 234F]

Where a person, who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of –

Fee	Circumstances
₹ 5,000	If the return is furnished on or before the 31st December of the assessment year;
₹ 10,000	In any other case

However, if the total income of the person does not exceed ₹ 5 lakhs, the fees payable shall not exceed ₹ 1,000

## 5. OPTION TO FURNISH RETURN OF INCOME TO EMPLOYER [SECTION 139(1A)]

- (1) This section gives an option to a person, being an individual who is in receipt of income chargeable under the head "Salaries", to furnish a return of his income for any previous year to his employer, in accordance with such scheme as may be notified by the CBDT and subject to such conditions as may be specified therein.
- (2) Such employer shall furnish all returns of income received by him on or before the due date, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media) and manner as may be specified in that scheme.
- (3) In such a case, any employee who has filed a return of his income to his employer shall be deemed to have furnished a return of income under section 139(1).



## 6. SPECIFIED CLASS OR CLASSES OF PERSONS TO BE EXEMPTED FROM FILING RETURN OF INCOME [SECTION 139(1C)]

- (1) Under section 139(1), every person has to furnish a return of his income on or before the due date, if his total income exceeds the basic exemption limit.
- (2) For reducing the compliance burden of small taxpayers, the Central Government has been empowered to notify the class or classes of persons who will be exempted from the requirement of filing of return of income, subject to satisfying the prescribed conditions.
- (3) Every notification issued under section 139(1C) shall, as soon as may be after its issue, be laid before each House of Parliament while it is in session, for a total period of thirty days. If both Houses agree in making any modification in the notification, the notification will thereafter have effect only in such modified form. If both Houses agree that the notification should not be issued, the notification shall thereafter have no effect.



## 7. RETURN OF LOSS [SECTION 139(3)]

- (1) This section requires the assessee to file a return of loss in the same manner as in the case of return of income within the time allowed under section 139(1).
- (2) Section 80 requires mandatory filing of return of loss under section 139(3) on or before the due date specified under section 139(1) for carry forward of the following losses
  - (a) Business loss under section 72(1)
  - (b) Speculation business loss under section 73(2)
  - (c) Loss from specified business under section 73A(2)
  - (d) Loss under the head "Capital Gains" under section 74(1)
  - (e) Loss from the activity of owning and maintaining race horses under section 74A(3)
- (3) Consequently, section 139(3) requires filing of return of loss mandatorily within the time allowed under section 139(1) for claiming carry forward of the losses mentioned in (2) above.

- (4) However, loss under the head "Income from house property" under section 71B and unabsorbed depreciation under section 32 can be carried forward for set-off even though return of loss has not been filed before the due date.
- (5) A return of loss has to be filed by the assessee in his own interest and the non-receipt of a notice from the Assessing Officer requiring him to file the return cannot be a valid excuse under any circumstances for the non-filing of such return.



## **8. BELATED RETURN [SECTION 139(4)]**

Any person who has not furnished a return within the time allowed to him under section 139(1) may furnish the return for any previous year at any time -

- (i) before the end of the relevant assessment year; or
- (ii) before the completion of the assessment,

whichever is earlier.



## **9. REVISED RETURN [SECTION 139(5)]**

If any person having furnished a return under section 139(1) or a belated return under section 139(4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time -

- (i) before the end of the relevant assessment year; or
- (ii) before completion of assessment,

whichever is earlier.

**QUICK RECAP**

**Mandatory filing of return of income [Section 139(1)]**

Company and Firms	Person being Resident other than RNOR, having any asset located outside India or signing authority in any account located outside India or is beneficiary of any asset located outside India	Individual, HUF, AOPs or BOIs and artificial juridical persons having total income exceeding basic exemption limit before giving effect to the provisions of Chapter VI-A or exemption u/s 54/54B/54D/54EC or 54F	Person who during the P.Y. - - has deposited > ₹ 1 crore in one or more current accounts with bank or a co-operative bank - has incurred exp. of > ₹ 2 lakh for himself or any other person for travel to a foreign country - has incurred exp of > ₹ 1 lakh towards electricity consumption - fulfils other prescribed conditions
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**Due date of filing of return**

**30<sup>th</sup> September of A.Y**

- Company
- Person other than company, whose accounts are required to be audited
- A working partner of a firm, whose accounts are required to be audited

**31<sup>st</sup> July of A.Y.**

- Any other assessee

**Loss Return under section 139(3)**

To be filed on or before the due date under section 139(1) for carry forward Of

Business loss u/s 72(1)	Loss from speculation business u/s 73(2)	Loss from specified business u/s 73A(2)	Loss under the head "Capital Gains" u/s 74(1)	Loss from the activity of owning and maintaining race horses u/s 74A(3)
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**Belated Return under section 139(4)**

If return not filed within the time specified u/s 139(1), the assessee can file belated return u/s 139(4), at any time before

End of the Relevant Assessment Year

**OR**

Completion of the Assessment

**Whichever is earlier**

**Revised Return under Section 139(5)**

Return filed u/s 139(1) or u/s 139(4) can be revised u/s 139(5), if any omission or any wrong statement is discovered by the assessee, at any time before

End of the Relevant Assessment Year

**OR**

Completion of the Assessment

**Whichever is earlier**

**ILLUSTRATION 2**

*Explain with brief reasons whether the return of income can be revised under section 139(5) of the Income-tax Act, 1961 in the following cases:*

- (i) *Belated return filed under section 139(4).*
- (ii) *Return already revised once under section 139(5).*
- (iii) *Return of loss filed under section 139(3).*

**SOLUTION**

Any person who has furnished a return under section 139(1) or 139(4) can file a revised return at any time before the end of the relevant assessment year or before the completion of assessment, whichever is earlier, if he discovers any omission or any wrong statement in the return filed earlier. Accordingly,

- (i) A belated return filed under section 139(4) can be revised.
- (ii) A return revised earlier can be revised again as the first revised return replaces the original return. Therefore, if the assessee discovers any omission or wrong statement in such a revised return, he can furnish a second revised return within the prescribed time i.e. within the end of the relevant assessment year or before the completion of assessment, whichever is earlier.
- (iii) A return of loss filed under section 139(3) is deemed to be return filed under section 139(1), and therefore, can be revised under section 139(5).



## **10. PARTICULARS TO BE FURNISHED WITH THE RETURN [SECTION 139(6)]**

The prescribed form of the return shall, in certain specified cases, require the assessee to furnish the particulars of -

- (i) income exempt from tax;
- (ii) assets of the prescribed nature and value, held by him as a beneficial owner or otherwise or in which he is a beneficiary;
- (iii) his bank account and credit card held by him;
- (iv) expenditure exceeding the prescribed limits incurred by him under prescribed heads; and
- (v) such other outgoings as may be prescribed.



## 11. PARTICULARS TO BE FURNISHED WITH RETURN OF INCOME IN THE CASE OF AN ASSESSEE ENGAGED IN BUSINESS OR PROFESSION [SECTION 139(6A)]

The prescribed form of the return shall, in the case of an assessee engaged in any business or profession, also require him to furnish -

- (i) the report of any audit referred to in section 44AB.
- (ii) the particulars of the location and style of the principal place where he carries on the business or profession and all the branches thereof.
- (iii) the names and addresses of his partners, if any, in such business or profession.
- (iv) if he is a member of an association or body of individuals,
  - (a) the names of the other members of the association or the body of individuals; and
  - (b) the extent of the share of the assessee and the shares of all such partners or members, as the case may be, in the profits of the business or profession.



## 12. DEFECTIVE RETURN [SECTION 139(9)]

- (1) Under this section, the Assessing Officer has the power to call upon the assessee to rectify a defective return.
- (2) Where the Assessing Officer considers that the return of income furnished by the assessee is defective, he may intimate the defect to the assessee and give him an opportunity to rectify the defect within a period of 15 days from the date of such intimation. The Assessing Officer has the discretion to extend the time period beyond 15 days, on an application made by the assessee.
- (3) If the defect is not rectified within the period of 15 days or such further extended period, then the return would be treated as an invalid return. The consequential effect would be the same as if the assessee had failed to furnish the return.
- (4) Where, however, the assessee rectifies the defect after the expiry of the

period of 15 days or the further extended period, but before assessment is made, the Assessing Officer can condone the delay and treat the return as a valid return.

- (5) A return of income shall be regarded as defective unless all the following conditions are fulfilled, namely:
- (a) The annexures, statements and columns in the return of income relating to computation of income chargeable under each head of income, computations of gross total income and total income have been duly filled in.
  - (b) The return of income is accompanied by the following, namely:
    - (i) a statement showing the computation of the tax payable on the basis of the return.
    - (ii) the report of the audit obtained under section 44AB (If such report has been furnished prior to furnishing the return of income, a copy of such report and the proof of furnishing the report should be attached).
    - (iii) the proof regarding 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. (However, the return will not be regarded as defective if (a) a certificate for tax deducted or collected was not furnished under section 203 or section 206C to the person furnishing his return of income, (b) such certificate is produced within a period of 2 years).
    - (iv) the proof of the amount of compulsory deposit, if any, claimed to have been paid under the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974;
  - (c) Where regular books of account are maintained by an assessee, the return of income is accompanied by the following -
    - (i) copies of manufacturing account, trading account, profit and loss account or income and expenditure account, or any other similar account and balance sheet;

(ii) the personal accounts as detailed below -

(1)	Proprietary business or profession	The personal account of the proprietor
(2)	Firm, association of persons or body of individuals	personal accounts of partners or members
(3)	Partner or member of a firm, association of persons or body of individuals	partner's personal account in firm member's personal account in the association of persons or body of individuals

- (d) Where the accounts of the assessee have been audited, the return should be accompanied by copies of the audited profit and loss account and balance sheet and the auditor's report.
- (e) Where the cost accounts of an assessee have been audited under section 148 of Companies Act, 2013, the return should be accompanied by such report.
- (f) Where regular books of account are not maintained by the assessee, the return should be accompanied by -
- (i) a statement indicating -
    - (1) the amount of turnover or gross receipts,
    - (2) gross profit,
    - (3) expenses; and
    - (4) net profit
 of the business or profession;
  - (ii) the basis on which such amounts mentioned in (i) above have been computed,
  - (iii) the amounts of total sundry debtors, sundry creditors, stock-in-trade and cash balance as at the end of the previous year.

**Note** – Many of these particulars are now required to be incorporated as part of the relevant return form, for example, details of tax deducted at source, advance tax paid, self-assessment tax paid, amount of turnover/gross receipts etc.



## 13. PERMANENT ACCOUNT NUMBER (PAN) [SECTION 139A]

- (1) Sub-section (1) requires the following persons mentioned in column (2), who have not been allotted a permanent account number (PAN), to apply to the Assessing Officer within the time specified in column (3) for the allotment of a PAN –

(1)	(2)	(3)
	Persons required to apply for PAN	Time limit for making such application
(i)	Every person, if his total income or the total income of any other person in respect of which he is assessable under the Act during any previous year exceeds the maximum amount which is not chargeable to income-tax	On or before 31st May of the assessment year for which such income is assessable
(ii)	Every person carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed ₹ 5 lakhs in any previous year	Before the end of that financial year (previous year).
(iii)	Every person being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to ₹ 2,50,000 or more in a financial year	On or before 31 <sup>st</sup> May of the immediately following financial year
(iv)	Every person who is a managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of any person referred in (iv) above or any person competent to act on behalf of such person referred in (iv) above	On or before 31 <sup>st</sup> May of the immediately following financial year in which the person referred in (iii) enters into financial transaction specified therein.

**Further, for widening the tax base, every person who has not been allotted a PAN and intends to enter into such transaction as prescribed by the CBDT is also required to apply for PAN to the Assessing Officer.**

- (2) The Central Government is empowered to specify, by notification in the Official Gazette, any class or classes of persons by whom tax is payable under the Act or any tax or duty is payable under any other law for the time being in force. Such persons are required to apply within such time as may be mentioned in that notification to the Assessing Officer for the allotment of a PAN [Sub-section (1A)].
- (3) For the purpose of collecting any information which may be useful for or relevant to the purposes of the Act, the Central Government may notify any class or classes of persons, and such persons shall within the prescribed time, apply to the Assessing Officer for allotment of a PAN [Sub-section (1B)].
- (4) The Assessing Officer, having regard to the nature of transactions as may be prescribed, may also allot a PAN to any other person (whether any tax is payable by him or not) in the manner and in accordance with the procedure as may be prescribed [Sub-section (2)].
- (5) Any person, other than the persons mentioned in (1) or (4) above, may apply to the Assessing Officer for the allotment of a PAN and the Assessing Officer shall allot a PAN to such person immediately.
- (6) Such PAN comprises of 10 alphanumeric characters.
- (7) Quoting of PAN is mandatory in all documents pertaining to the following prescribed transactions:
  - (a) in all returns to, or correspondence with, any income-tax authority;
  - (b) in all challans for the payment of any sum due under the Act;
  - (c) in all documents pertaining to such transactions entered into by him, as may be prescribed by the CBDT in the interests of revenue. In this connection, CBDT has notified the following transactions, namely:

S. No.	Nature of transaction	Value of transaction
1.	Sale or purchase of a motor vehicle or vehicle, as defined in the Motor Vehicles Act, 1988 which requires	All such transactions

	registration by a registering authority under that Act, other than two wheeled vehicles.	
2.	Opening an account [other than a time-deposit referred to at Sl. No.12 and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act).	All such transactions
3.	Making an application to any banking company or a co-operative bank to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or to any other company or institution, for issue of a credit or debit card.	All such transactions
4.	Opening of a demat account with a depository, participant, custodian of securities or any other person registered under section 12(1A) of the SEBI Act, 1992.	All such transactions
5.	Payment to a hotel or restaurant against a bill or bills at any one time.	Payment in cash of an amount exceeding ₹ 50,000.
6.	Payment in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time.	Payment in cash of an amount exceeding ₹ 50,000.
7.	Payment to a Mutual Fund for purchase of its units	Amount exceeding ₹ 50,000.
8.	Payment to a company or an institution for acquiring debentures or bonds issued by it.	Amount exceeding ₹ 50,000.

9.	Payment to the Reserve Bank of India for acquiring bonds issued by it.	Amount exceeding ₹ 50,000.
10.	Deposit with a banking company or a co-operative bank to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act); or post office	Cash deposits exceeding ₹ 50,000 during any one day.
11.	Purchase of bank drafts or pay orders or banker's cheques from a banking company or a co-operative bank to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act).	Payment in cash of an amount exceeding ₹ 50,000 during any one day.
12.	A time deposit with, - (i) a banking company or a co-operative bank to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act); (ii) a Post Office; (iii) a Nidhi referred to in section 406 of the Companies Act, 2013; or (iv) a non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934, to hold or accept deposit from public.	Amount exceeding ₹ 50,000 or aggregating to more than ₹ 5 lakh during a financial year.
13.	Payment for one or more pre-paid payment instruments, as defined in the policy guidelines for issuance and operation of pre-paid payment instruments issued by Reserve Bank of India under the Payment and	Payment in cash or by way of a bank draft or pay order or banker's cheque of an amount aggregating to more than ₹ 50,000 in a financial year.

	Settlement Systems Act, 2007, to a banking company or a co-operative bank to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or to any other company or institution.	
14.	Payment as life insurance premium to an insurer as defined in the Insurance Act, 1938.	Amount aggregating to more than ₹ 50,000 in a financial year.
15.	A contract for sale or purchase of securities (other than shares) as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.	Amount exceeding ₹ 1 lakh per transaction
16.	Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange.	Amount exceeding ₹ 1 lakh per transaction.
17.	Sale or purchase of any immovable property.	Amount exceeding ₹ 10 lakh or valued by stamp valuation authority referred to in section 50C at an amount exceeding ₹ 10 lakh
18.	Sale or purchase, by any person, of goods or services of any nature other than those specified at Sl. No. 1 to 17 of this Table, if any.	Amount exceeding ₹ 2 lakh per transaction:

However, a person is required to quote General Index Register Number till such time PAN is allotted to him.

***Minor to quote PAN of parent or guardian***

Where a person, entering into any transaction referred to in this rule, is a minor and who does not have any income chargeable to income-tax, he shall quote the PAN of his father or mother or guardian, as the case may be, in the document pertaining to the said transaction.

**Declaration by a person not having PAN**

Further, any person who does not have a PAN and who enters into any transaction specified in this rule, shall make a declaration in Form No.60 giving therein the particulars of such transaction either in paper form or electronically under the electronic verification code in accordance with the procedures, data structures, and standards specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

**Non-applicability of Rule 114B**

The provisions of this rule shall not apply to the following class or classes of persons, namely:-

- (i) the Central Government, the State Governments and the Consular Offices;
- (ii) the non-residents referred to in section 2(30) in respect of the transactions other than a transaction referred to at Sl. No. 1 or 2 or 4 or 7 or 8 or 10 or 12 or 14 or 15 or 16 or 17 of the Table.

**Meaning of certain phrases:**

	Phrase	Inclusion
(1)	Payment in connection with travel	Payment towards fare, or to a travel agent or a tour operator, or to an authorized person as defined in section 2(c) of the Foreign Exchange Management Act, 1999
(2)	Travel agent or tour operator	A person who makes arrangements for air, surface or maritime travel or provides services relating to accommodation, tours, entertainment, passport, visa, foreign exchange, travel related insurance or other travel related services either severally or in package
(3)	Time deposit	Any deposit which is repayable on the expiry of a fixed period.

- (8) If there is a change in the address or in the name and nature of the business of a person, on the basis of which PAN was allotted to him, he should intimate such change to the Assessing Officer.

- (9) Every person who receives any document relating to any transaction cited above shall ensure that the PAN or General Index Register Number **or the Aadhar number** is duly quoted in the document.

**(10) Intimation of PAN to person deducting tax at source**

Every person who receives any amount from which tax has been deducted at source shall intimate his PAN to the person responsible for deducting such tax [Sub-section (5A)].

**(11) Quoting of PAN in certain documents**

Where any amount has been paid after deducting tax at source, the person deducting tax shall quote the PAN of the person to whom the amount was paid in the following documents:

- (i) in the statement furnished under section 192(2C) giving particulars of perquisites or profits in lieu of salary provided to any employee;
- (ii) in all certificates for tax deducted issued to the person to whom payment is made;
- (iii) in all returns made to the prescribed income-tax authority under section 206;
- (iv) in all statements prepared and delivered or caused to be delivered in accordance with the provisions of section 200(3)[Sub-section (5B)].

**(12) Requirement to intimate PAN and quote PAN not to apply to certain persons**

The above sub-sections (5A) and (5B) shall not apply to a person who –

- (i) does not have taxable income or
- (ii) who is not required to obtain PAN

if such person furnishes a declaration under section 197A in the prescribed form and manner that the tax on his estimated total income for that previous year will be nil.

**(13) Inter-changeability of PAN with the Aadhaar number**

Every person who is required to furnish or intimate or quote his PAN may furnish or intimate or quote his Aadhaar Number in lieu of the PAN w.e.f. 1.9.2019 if he

- *has not been allotted a PAN but possesses the Aadhaar number*

- *has been allotted a PAN and has intimated his Aadhar number to prescribed authority in accordance with the requirement contained in section 139AA(2)..*

*PAN would be allotted in prescribed manner to a person who has not been allotted a PAN but possesses Aadhar number.*

**(14) Quoting and authentication of PAN or Aadhar number**

- (a) *Every person entering into such prescribed transactions is required to quote his PAN or Aadhar number, as the case may be, in the documents pertaining to such transactions and also authenticate such PAN or Aadhar number in the prescribed manner.*
- (b) *Every person receiving such document relating to transactions referred to in (a) has to ensure that PAN or Aadhar number has been duly quoted in such document and also ensure that such PAN or Aadhar number is so authenticated.*

**(15) Power to make rules**

The CBDT is empowered to make rules with regard to the following:

- (a) the form and manner in which an application for PAN may be made and the particulars to be given therein;
- (b) the categories of transactions in relation to which PAN or the General Index Register Number **or the Aadhar number, as the case may be**, is required to be quoted on the related documents;
- (c) the categories of documents pertaining to business or profession in which PAN or the General Index Register Number **or the Aadhar number, as the case may be**, shall be quoted by every person;
- (d) the class or classes of persons to whom the provisions of this section shall not apply;
- (e) the form and manner in which a person who has not been allotted a PAN or the General Index Register Number shall make a declaration;
- (f) the manner in which PAN or the General Index Register Number **or the Aadhar number, as the case may be**, shall be quoted for transactions cited in (b) above;
- (g) the time and manner in which such transactions shall be intimated to the prescribed authority.



**(16) Meaning of certain terms**

	<b>Term</b>	<b>Meaning</b>
<b>(i)</b>	<b>Aadhar number</b>	An identification number issued to an individual by the Authority on receipt of the demographic information and biometric information.
<b>(ii)</b>	<b>Authentication</b>	The process by which the PAN or Aadhar number alongwith demographic information or biometric information of an individual is submitted to the income-tax authority or such other prescribed authority or agency for its verification and such authority or agency verifies the correctness, or the lack thereof, on the basis of information available with it.
<b>(iii)</b>	<b>General Index Register Number</b>	A number given by Assessing Officer to an assessee in the General Index Register maintained by him and containing the designation and particulars of the ward or circle or range of the Assessing Officer.



## 14. QUOTING OF AADHAR NUMBER [SECTION 139AA]

**(1) Mandatory quoting of Aadhar Number**

Every person who is eligible to obtain Aadhar Number is required to mandatorily quote Aadhar Number, on or after 1<sup>st</sup> July, 2017:

- (a) in the application form for allotment of Permanent Account Number (PAN)
- (b) in the return of income

**Quoting of Aadhaar Number mandatory in returns filed on or after 1.4.2019 [Circular No. 6/2019 dated 31.03.2019]**

As per section 139AA(1)(ii), with effect from 01.07.2017, every person who is eligible to obtain Aadhaar number has to quote Aadhaar number in the return of income.

*The Apex Court in a series of judgments has upheld the validity of section 139AA. Consequently, with effect from 01.04.2019, the CBDT has clarified that it is mandatory to quote Aadhaar number while filing the return of income unless specifically exempted as per any notification issued under section 139AA(3) [detailed in point no. (5) in the next page]. Thus, returns being filed either electronically or manually on or after 1.4.2019 cannot be filed without quoting the Aadhaar number.*

**(2) Mandatory quoting of Enrolment Id, where person does not have Aadhar Number**

If a person does not have Aadhar Number, he is required to quote Enrolment ID of Aadhar application form issued to him at the time of enrolment in the application form for allotment of Permanent Account Number (PAN) or in the return of income furnished by him.

Enrolment ID means a 28 digit Enrolment Identification Number issued to a resident at the time of enrolment

**(3) Intimation of Aadhar Number to prescribed Authority**

Every person who has been allotted Permanent Account Number (PAN) as on 1<sup>st</sup> July, 2017, and who is eligible to obtain Aadhar Number, shall intimate his Aadhar Number to prescribed authority on or before a date as may be notified by the Central Government.

Accordingly, the Central Government has, vide **Notification No. 31/2019, dated 31.03.2019**, notified that every person who has been allotted permanent account number as on 1st July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the Principal DGIT (Systems) or Principal Director of Income-tax (Systems) by 30th September, 2019.

This notification would, however, not be applicable to those persons or such class of persons or any State or part of any State who/which are/is specifically excluded under section 139AA(3) [detailed in point (5) below].

**(4) Consequences of failure to intimate Aadhar Number**

If a person fails to intimate the Aadhar Number, the permanent account Number (PAN) allotted to such person shall be **made inoperative after the date so notified in the prescribed manner.**

**(5) Provision not to apply to certain persons or class of persons**

The provisions of section 139AA relating to quoting of Aadhar Number would, however, not apply to such person or class or classes of persons or any State or part of any State as may be notified by the Central Government.

Accordingly, the Central Government has, vide Notification No. 37/2017 dated 11.05.2017 effective from 01.07.2017, notified that the provisions of section 139AA relating to quoting of Aadhar Number would not apply to an individual who does not possess the Aadhar number or Enrolment ID and is:

- (i) residing in the States of Assam, Jammu & Kashmir and Meghalaya;
- (ii) a non-resident as per Income-tax Act, 1961;
- (iii) of the age of 80 years or more at any time during the previous year;
- (iv) not a citizen of India



## **15. SCHEME FOR SUBMISSION OF RETURNS THROUGH TAX RETURN PREPARERS [SECTION 139B]**

- (1) This section provides that, for the purpose of enabling any specified class or classes of persons to prepare and furnish their returns of income, the CBDT may notify a scheme to provide that such persons may furnish their returns of income through a Tax Return Preparer authorised to act as such under the Scheme.
- (2) The Tax Return Preparer shall assist the persons furnishing the return in a manner that will be specified in the Scheme, and shall also affix his signature on such return.
- (3) **A Tax Return Preparer** means any individual, other than
  - (i) any officer of a scheduled bank with which the assessee maintains a current account or has other regular dealings.
  - (ii) any legal practitioner who is entitled to practice in any civil court in India.
  - (iii) a chartered accountant.
  - (iv) an employee of the 'specified class or classes of persons'.

- (4) The **“specified class or classes of persons”** for this purpose means any person other than a company or a person whose accounts are required to be audited under section 44AB (tax audit) or under any other existing law, who is required to furnish a return of income under the Act.
- (5) The Scheme notified under the said section may provide for the following -
- (i) the manner in which and the period for which the Tax Return Preparers shall be authorised,
  - (ii) the educational and other qualifications to be possessed, and the training and other conditions required to be fulfilled, by a person to act as a Tax Return Preparer,
  - (ii) the code of conduct for the Tax Return Preparers,
  - (iii) the duties and obligations of the Tax Return Preparers,
  - (iv) the circumstances under which the authorisation given to a Tax Return Preparer may be withdrawn, and
  - (v) any other relevant matter as may be specified by the Scheme.
- (6) Accordingly, the CBDT has, in exercise of the powers conferred by this section, framed the Tax Return Preparer Scheme, 2006, which came into force from 1.12.2006.

Particulars	Contents
<b>Applicability of the scheme</b>	The scheme is applicable to all eligible persons.
<b>Eligible person</b>	Any person being an individual or a Hindu undivided family.
<b>Tax Return Preparer</b>	Any individual who has been issued a "Tax Return Preparer Certificate" and a "unique identification number" under this Scheme by the Partner Organisation to carry on the profession of preparing the returns of income in accordance with the Scheme.  However, the following person are not entitled to act as Tax Return Preparer:  (i) any officer of a scheduled bank with which the assessee maintains a current account or has other

	<p>regular dealings.</p> <p>(ii) any legal practitioner who is entitled to practice in any civil court in India.</p> <p>(iii) an accountant.</p>
<b>Educational qualification for Tax Return Preparers</b>	An individual, who holds a bachelor degree from a recognised Indian University or institution, or has passed the intermediate level examination conducted by the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or the Institute of Cost Accountants of India, shall be eligible to act as Tax Return Preparer.
<b>Preparation of and furnishing the Return of Income by the Tax Return Preparer</b>	<p>An eligible person may, at his option, furnish his return of income under section 139 for any assessment year after getting it prepared through a Tax Return Preparer:</p> <p>However, the following eligible person (an individual or a HUF) cannot furnish a return of income for an assessment year through a Tax Return Preparer:</p> <p>(i) who is carrying out business or profession during the previous year and accounts of the business or profession for that previous year are required to be audited under section 44AB or under any other law for the time being in force; or</p> <p>(ii) who is not a resident in India during the previous year.</p> <p>An eligible person cannot furnish a revised return of income for any assessment year through a Tax Return Preparer unless he has furnished the original return of income for that assessment year through such or any other Tax Return Preparer.</p>

**Note** - It may be noted that as per section 139B(3), an employee of the "specified class or classes of persons" is not authorized to act as a Tax Return Preparer. Therefore, it follows that employees of companies and persons whose accounts are required to be audited under section 44AB or any other law for the

time being in force (since they are not falling in the category of specified class or classes of persons), are eligible to act as Tax Return Preparers.

### ILLUSTRATION 3

*Mrs. Hetal, an individual engaged in the business of Beauty Parlour, has got her books of account for the financial year ended on 31<sup>st</sup> March, 2020 audited under section 44AB. Her total income for the assessment year 2020-21 is ₹ 3,35,000. She wants to furnish her return of income for assessment year 2020-21 through a tax return preparer. Can she do so?*

### SOLUTION

Section 139B provides a scheme for submission of return of income for any assessment year through a tax return preparer. However, it is not applicable to persons whose books of account are required to be audited under section 44AB. Therefore, Mrs. Hetal cannot furnish her return of income for A.Y.2020-21 through a tax return preparer.



## 16. POWER OF CBDT TO DISPENSE WITH FURNISHING DOCUMENTS ETC. WITH THE RETURN AND FILING OF RETURN IN ELECTRONIC FORM [SECTIONS 139C & 139D]

- (i) Section 139C provides that the CBDT may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificate, reports of audit or any other documents, which are otherwise required to be furnished along with the return under any other provisions of this Act.
- (ii) However, on demand, the said documents, statements, receipts, certificate, reports of audit or any other documents have to be produced before the Assessing Officer.
- (iii) Section 139D empowers the CBDT to make rules providing for –
  - (a) the class or classes of persons who shall be required to furnish the return of income in electronic form;
  - (b) the form and the manner in which the return of income in electronic form may be furnished;

- (c) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return of income in electronic form but have to be produced before the Assessing Officer on demand;
- (d) the computer resource or the electronic record to which the return of income in electronic form may be transmitted.



## 17. PERSONS AUTHORISED TO VERIFY RETURN OF INCOME [SECTION 140]

This section specifies the persons who are authorized to verify the return of income under section 139.

	Assessee	Circumstance	Authorised Persons
1.	Individual	(i) In circumstances not covered under (ii), (iii) & (iv) below	- the individual himself
		(ii) where he is absent from India	- the individual himself; or - any person duly authorised by him in this behalf holding a valid power of attorney from the individual (Such power of attorney should be attached to the return of income)
		(iii) where he is mentally incapacitated from attending to his affairs	- his guardian; or - any other person competent to act on his behalf
		(iv) where, for any other reason, it is not possible for the individual to verify the return	- any person duly authorised by him in this behalf holding a valid power of attorney from the individual (Such power of attorney should be attached to the return of income)

2.	Hindu Undivided Family	(i) in circumstances not covered under (ii) and (iii) below	- the karta
		(ii) where the karta is absent from India	- any other adult member of the HUF
		(iii) where the karta is mentally incapacitated from attending to his affairs	- any other adult member of the HUF
3.	Company	(i) in circumstances not covered under (ii) to (vi) below	- the managing director of the company
		(ii) (a) where for any unavoidable reason such managing director is not able to verify the return; or (b) where there is no managing director	- any director of the company  - any director of the company
		(iii) where the company is not resident in India	a person who holds a valid power of attorney from such company to do so (such power of attorney should be attached to the return).
		(iv) (a) Where the company is being wound up (whether under the orders of a court or otherwise); or (b) where any person has been appointed as the receiver of any assets of the company	- Liquidator  - Liquidator
		(v) Where the management of the company has	- the principal officer of the company



		been taken over by the Central Government or any State Government under any law	
		(vi) Where an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016.	insolvency professional appointed by such Adjudicating Authority
4.	Firm	(i) in circumstances not covered under (ii) below	- the managing partner of the firm
		(ii) (a) where for any unavoidable reason such managing partner is not able to verify the return; or (b) where there is no managing partner.	- any partner of the firm, not being a minor - any partner of the firm, not being a minor
5.	LLP	(i) in circumstances not covered under (ii) below	- Designated partner
		(ii) (a) where for any unavoidable reason such designated partner is not able to verify the return; or (b) where there is no designated partner.	- any partner of the LLP - any partner of the LLP
6.	Local authority	-	- the principal officer
7.	Political party [referred to in section 139(4B)]	-	- the chief executive officer of such party (whether he is known as secretary or by any other designation)

8.	Any other association	-	- any member of the association or the principal officer of such association
9.	Any other person	-	- that person or some other person competent to act on his behalf.



## 18. SELF-ASSESSMENT [SECTION 140A]

### (1) **Payment of tax, interest and fee before furnishing return of income**

Where any tax is payable on the basis of any return required to be furnished under, *inter alia*, section 139, after taking into account -

- (i) the amount of tax, already paid, under any provision of the Income-tax Act, 1961
- (ii) the tax deducted or collected at source
- (iii) **any relief of tax claimed under section 89**
- (iv) any tax credit claimed to set-off in accordance with the provisions of section 115JD.

the assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax before furnishing the return. The return shall be accompanied by the proof of payment of such tax, interest and fee.

### (2) **Order of adjustment of amount paid by the assessee**

Where the amount paid by the assessee under section 140A(1) falls short of the aggregate of the tax, interest and fee as aforesaid, the amount so paid shall first be adjusted towards the fee payable and thereafter towards interest and the balance, if any, shall be adjusted towards the tax payable.

### (3) **Interest under section 234A**

For the above purpose, interest payable under section 234A shall be computed on the amount of tax on the total income as declared in the return, as reduced by the amount of-

- (i) advance tax paid, if any;

- (ii) any tax deducted or collected at source;
- (iii) **any relief of tax claimed under section 89**
- (iv) any tax credit claimed to be set-off in accordance with the provisions of section 115JD.

**(4) Interest under section 234B**

Interest payable under section 234B shall be computed on the assessed tax or on the amount by which the advance tax paid falls short of the assessed tax.

For this purpose "assessed tax" means the tax on total income declared in the return as reduced by the amount of

- tax deducted or collected at source on any income which forms part of the total income;
- **any relief of tax claimed under section 89**
- any tax credit claimed to be set-off in accordance with the provisions of section 115JD.

**(5) Consequence of failure to pay tax, interest or fee**

If any assessee fails to pay the whole or any part of such of tax or interest or fee, he shall be deemed to be an assessee in default in respect of such tax or interest or fee remaining unpaid and all the provisions of this Act shall apply accordingly.

**QUICK RECAP**

<b>Mandatory Quoting of PAN under section 139A</b>		
In all returns to, and correspondence with, any, income tax authority	In all challans for the payment of sum due under the Act	In all documents pertaining to such transactions entered into by him as prescribed by CBDT in the interests of revenue

<b>Quoting of Aadhar Number under section 139AA</b>		
To be quoted on or after 1/7/2017 in the application for allotment of PAN and in Return of Income	If he does not have Aadhar Number, the enrolment ID of Aadhar application form issued to him at the time of enrolment shall be quoted	Aadhar Number to be intimated to prescribed authority

<b>Self-assessment under section 140A</b>		
<b>Tax Payable</b> = Tax on Total Income – Advances tax paid – TDS/TCS – relief u/s 89 – tax credit claimed to be set-off in accordance with section 15JD	<b>Return to be accompanied by proof of payment of</b> Tax payable + Interest u/s 234A, 234B and 234C + Fee payable u/s 234F	<b>Order of adjustment of amount paid</b> Fee, Interest and tax

## EXERCISE

### Question 1

State with reasons whether you agree or disagree with the following statements:

- (a) Return of income of Limited Liability Partnership (LLP) could be verified by any partner.
- (b) Time limit for filing return under section 139(1) in the case of Mr. A having total turnover of ₹ 160 lakhs for the year ended 31.03.2020, whether or not opting to offer presumptive income under section 44AD, is 30th September 2020.

### Answer

#### (a) Disagree

The return of income of LLP should be verified by a designated partner.

Any other partner can verify the Return of Income of LLP only in the following cases:-

- (i) where for any unavoidable reason such designated partner is not able to verify the return, or,
- (ii) where there is no designated partner.

#### (b) Disagree

In case Mr. A opts to offer his income as per the presumptive taxation provisions of section 44AD, then, the due date under section 139(1) for filing of return of income for the year ended 31.03.2020, shall be 31st July, 2020.

In case Mr. A does not opt for presumptive taxation provisions under section 44AD and, has to get his accounts audited under section 44AB, since his turnover exceeds ₹ 1 crore, the due date for filing return would be 30th September, 2020.

### Question 2

Mr. Vineet submits his return of income on 12-09-2020 for A.Y 2020-21 consisting of income under the head salaries, "Income from house property" and bank interest. On 21-01-2021, he realized that he had not claimed deduction under section 80TTA in respect of his interest income on the Savings Bank Account. He wants to revise

*his return of income. Can he do so? Examine. Would your answer be different if he discovered this omission on 21-04-2021?*

### Answer

Since Mr. Vineet has income only under the heads "Salaries", "Income from house property" and "Income from other sources", he does not fall under the category of a person whose accounts are required to be audited under the Income-tax Act, 1961 or any other law in force. Therefore, the due date of filing return for A.Y. 2020-21 under section 139(1), in his case, is 31<sup>st</sup> July, 2020. Since Mr. Vineet had submitted his return only on 12.9.2020, the said return is a belated return under section 139(4).

As per section 139(5), a return furnished under section 139(1) or a belated return u/s 139(4) can be revised. Thus, a belated return under section 139(4) can also be revised. Therefore, Mr. Vineet can revise the return of income filed by him under section 139(4) in January 2021, to claim deduction under section 80TTA, since the time limit for filing a revised return is upto the end of the relevant assessment year, which is 31.03.2021.

However, he cannot revise return had he discovered this omission only on 21-04-2021, since it is beyond 31.03.2021, being the end of A.Y. 2020-21.

### Question 3

*Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income-tax Act, 1961:*

- (i) *The Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.*
- (ii) *Where the Karta of a HUF is absent from India, the return of income can be verified by any male member of the family.*

### Answer

- (i) **True** : Section 139A(2) provides that the Assessing Officer may, having regard to the nature of transactions as may be prescribed, also allot a PAN to any other person, whether any tax is payable by him or not, in the manner and in accordance with the procedure as may be prescribed.
- (ii) **False** : Section 140(b) provides that where the Karta of a HUF is absent from India, the return of income can be verified by any other adult member of the family; such member can be a male or female member.

**Question 4**

*Explain the term “return of loss” under the Income-tax Act, 1961. Can any loss be carried forward even if return of loss has not been filed as required?*

**Answer**

A return of loss is a return which shows certain losses. Section 80 provides that the losses specified therein cannot be carried forward, unless such losses are determined in pursuance of return filed under the provisions of section 139(3).

Section 139(3) states that to carry forward the losses specified therein, the return should be filed within the time specified in section 139(1).

Following losses are covered by section 139(3):

- business loss to be carried forward under section 72(1),
- speculation business loss to be carried forward under section 73(2),
- loss from specified business to be carried forward under section 73A(2).
- loss under the head “Capital Gains” to be carried forward under section 74(1); and
- loss incurred in the activity of owning and maintaining race horses to be carried forward under section 74A(3)

However, loss from house property to be carried forward under section 71B and unabsorbed depreciation can be carried forward even if return of loss has not been filed as required under section 139(3).

**LET US RECAPITULATE**

Section	Particulars
<b>139(1)</b>	<p><b><u>Assessees required to file return of income compulsorily</u></b></p> <p>(i) Companies and firms (whether having profit or loss or nil income);</p> <p>(ii) a person, being a resident other than not ordinarily resident, having any asset (including any financial interest in any entity) located outside India or signing authority in any account located outside India, whether or not having income chargeable to tax;</p> <p>(iii) Individuals, HUF, AOPs or BOIs and artificial juridical persons whose total income before giving effect to the provisions of Chapter VI-A <b>and sections 54, 54B, 54B, 54EC or 54F</b> exceeds</p>

the basic exemption limit.

(iv) **Any person who during the previous year –**

- **has deposited more than ₹ 1 crore in one or more current accounts maintained with a banking company or a co-operative bank**
- **has incurred expenditure of more than ₹ 2 lakh for himself or any other person for travel to a foreign country;**
- **has incurred expenditure of more than ₹ 1 lakh towards consumption of electricity**
- **fulfils such other conditions as may be prescribed**

**Due date of filing return of income**

30<sup>th</sup> September of the assessment year, in case the assessee is:

- (i) a company;
- (ii) a person (other than company) whose accounts are required to be audited; or
- (iii) a working partner of a firm whose accounts are required to be audited.

31<sup>st</sup> July of the assessment year, in case of any other assessee (other than assesseees who are required to furnish report under section 92E, for whom the due date is 30<sup>th</sup> November of the assessment year).

**234A**

**Interest for default in furnishing return of income**

Interest under section 234A is payable where an assessee furnishes the return of income after the due date or does not furnish the return of income.

Assessee shall be liable to pay simple interest @1% per month or part of the month for the period commencing from the date immediately following the due date and ending on the following dates –

Circumstances	Ending on the following dates
Where the return is furnished after due date	the date of furnishing of the return
Where no return is furnished	the date of completion of assessment



	<p>However, where the assessee has paid taxes in full on or before the due date, interest under section 234A is not leviable.</p>
<b>234F</b>	<p><b><u>Fee for default in furnishing return of income</u></b></p> <p>Where a person who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of –</p> <p>(I) ₹ 5,000, if the return is furnished on or before the 31st December of the assessment year;</p> <p>(II) ₹ 10,000 in any other case</p> <p>However, if the total income of the person does not exceed ₹ 5 lakhs, the fees payable shall not exceed ₹ 1,000</p>
<b>139(3)</b>	<p><b><u>Return of loss</u></b></p> <p>An assessee can carry forward or set off his/its losses provided he/it has filed his/its return under section 139(3), within the due date specified under section 139(1).</p> <p><b><u>Exceptions</u></b></p> <p>Loss from house property and unabsorbed depreciation can be carried forward for set-off even though return has not been filed before the due date.</p>
<b>139(4)</b>	<p><b><u>Belated Return</u></b></p> <p>A return of income for any previous year, which has not been furnished within the time allowed u/s 139(1), may be furnished at any time before the:</p> <p>(i) end of the relevant assessment year; or</p> <p>(ii) completion of the assessment,</p> <p>whichever is earlier.</p>
<b>139(5)</b>	<p><b><u>Revised Return</u></b></p> <p>If any omission or any wrong statement is discovered in a return furnished u/s 139(1) or belated return u/s 139(4), a revised return may be furnished by the assessee at any time before the:</p> <p>(i) end of the relevant assessment year; or</p> <p>(ii) completion of assessment,</p> <p>whichever is earlier.</p> <p>Thus, belated return can also be revised.</p>

139A	<p><b><u>Permanent Account Number (PAN)</u></b></p> <p>Quoting of PAN is mandatory in all documents pertaining to the following prescribed transactions :</p> <p>(a) in all returns to, or correspondence with, any income-tax authority;</p> <p>(b) in all challans for the payment of any sum due under the Act;</p> <p>(c) in all documents pertaining to such transactions entered into by him, as may be prescribed by the CBDT in the interests of revenue. For example, sale or purchase of a motor vehicle, payment in cash of an amount exceeding ₹ 50,000 to a hotel against a bill or bills at any one time, etc.</p> <p><b><u>Inter-changeability of PAN with the Aadhaar number</u></b></p> <p><i>Every person who is required to furnish or intimate or quote his PAN may furnish or intimate or quote his Aadhaar Number in lieu of the PAN w.e.f. 1.9.2019 if he</i></p> <ul style="list-style-type: none"> <li>- <i>has not been allotted a PAN but possesses the Aadhaar number</i></li> <li>- <i>has been allotted a PAN and has intimated his Aadhaar number to prescribed authority in accordance with the requirement contained in section 139AA(2).</i></li> </ul>
139AA	<p><b><u>Quoting of Aadhar Number</u></b></p> <p>To be quoted by every person on or after 1/7/2017 in the application for allotment of PAN and in Return of Income</p> <p>If a person does not have Aadhar Number, the Enrolment ID of Aadhar application form issued to him at the time of enrolment shall be quoted.</p> <p>Aadhar Number to be intimated to prescribed authority on or before a date notified by the Central Government</p>
140A	<p><b><u>Self-Assessment</u></b></p> <p>Where any tax is payable on the basis of any return required to be furnished under section 139, after taking into account –</p> <p>(i) the amount of tax, already paid,</p> <p>(ii) the tax deducted or collected at source</p> <p>(iii) <b><i>any relief of tax claimed under section 89</i></b></p> <p>(iv) any tax credit claimed to be set-off in accordance with the provisions of section 115JD.</p>

the assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax before furnishing the return.

Where the amount paid by the assessee under section 140A(1) falls short of the aggregate of the tax, interest and fee as aforesaid, the amount so paid shall first be adjusted towards the fee payable and thereafter, towards interest and the balance shall be adjusted towards the tax payable.

**TEST YOUR KNOWLEDGE**

1. Akash, who is 32 years old, has long-term capital gains on transfer of equity shares of ₹ 25,000 which is exempt under section 112A, deduction of ₹ 80,000 under section 80C and claimed capital gain exemption of ₹ 30,000 under section 54. He has to file a return of income for A.Y.2020-21, only if his total income exceeds -
  - (a) ₹ 1,40,000
  - (b) ₹ 1,15,000
  - (c) ₹ 1,20,000
  - (d) ₹ 2,20,000
2. The due date for filing of a return of income for a company for Assessment Year 2020-21 is -
  - (a) 31st July, 2020
  - (b) 30th September, 2020
  - (c) 31st October, 2020
  - (d) 31st August, 2020
3. For filing returns of income in respect of various entities, the Income-tax Act, 1961 has prescribed -
  - (a) One due date
  - (b) Two due dates
  - (c) Three due dates
  - (d) Four due dates
4. The return of a company has to be verified by -
  - (a) the Managing Director or Director
  - (b) the General Manager
  - (c) the Secretary
  - (d) the Manager
5. An assessee can file a revised return of income at any time before the completion of assessment or before expiry of the following period, whichever is earlier -

- (a) one year from the end of the relevant assessment year
- (b) two years from the end of the relevant assessment year
- (c) six months from the end of the relevant assessment year
- (d) end of the relevant assessment year
6. As per section 139(1), filing of returns is compulsory irrespective of whether profit is earned or loss is incurred, in case of -
- (a) companies only
- (b) firms only
- (c) both companies and firms
- (d) All assessees
7. Mr. X has a total income of ₹ 7 lakhs for A.Y. 2020-21. He files his return of income for A.Y. 2020-21 on 13th January, 2021. He is liable to pay fee of-
- (a) upto ₹ 1,000 under section 234F
- (b) ₹ 5,000 under section 234F
- (c) ₹ 10,000 under section 234F
- (d) Not liable to pay any fee
8. Mr. Y has a total income of ₹ 4,50,000 for A.Y. 2020-21. He furnishes his return of income for A.Y. 2020-21 on 2<sup>nd</sup> December, 2020. He is liable to pay fee of -
- (a) upto ₹ 1,000 under section 234F
- (b) ₹ 5,000 under section 234F
- (c) ₹ 10,000 under section 234F
- (d) Not liable to pay any fee
9. Mr. Z, a salaried individual, has a total income of ₹ 8 lakhs for A.Y. 2020-21. He furnishes his return of income for A.Y. 2020-21 on 28th August, 2020. He is liable to pay fee of-
- (a) upto ₹ 1,000 under section 234F
- (b) ₹ 5,000 under section 234F
- (c) ₹ 10,000 under section 234F

- (d) Not liable to pay any fee
10. The due date of filing of return for a company with a business loss of ₹ 1,30,000 for A.Y. 2020-21 is—
- (a) 31st July, 2020
- (b) 30th September, 2020
- (c) 31st October, 2020
- (d) 31st August, 2020
11. Filing of return of income on or before due date is necessary for carry forward of losses. Discuss the correctness of this statement.
12. Who are the persons authorised to verify the return of income in the case of -
- (a) Hindu Undivided Family
- (b) Company
- (c) Partnership firm

### Answers

1. (a); 2. (b); 3. (c); 4. (a); 5. (d); 6. (c);  
7. (c); 8. (a); 9. (b); 10. (b).