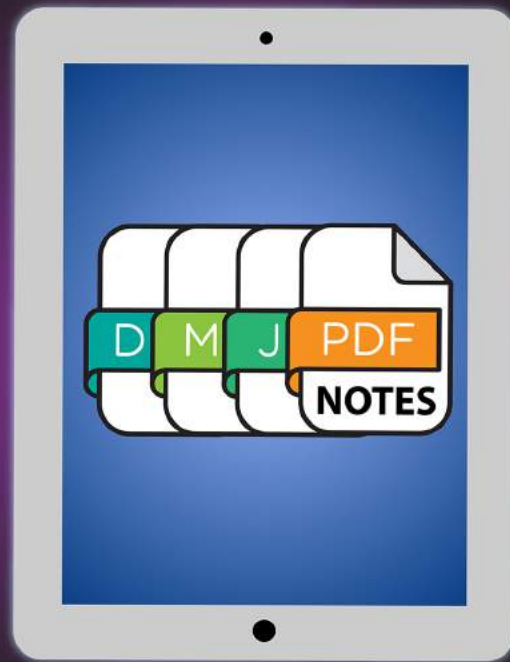




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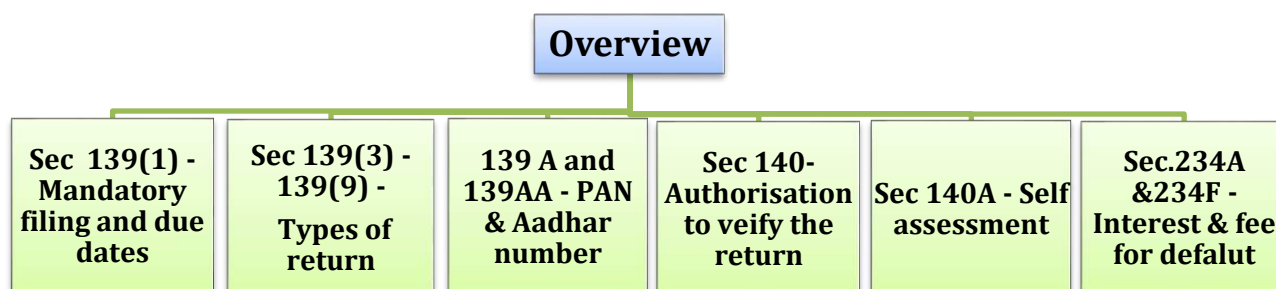
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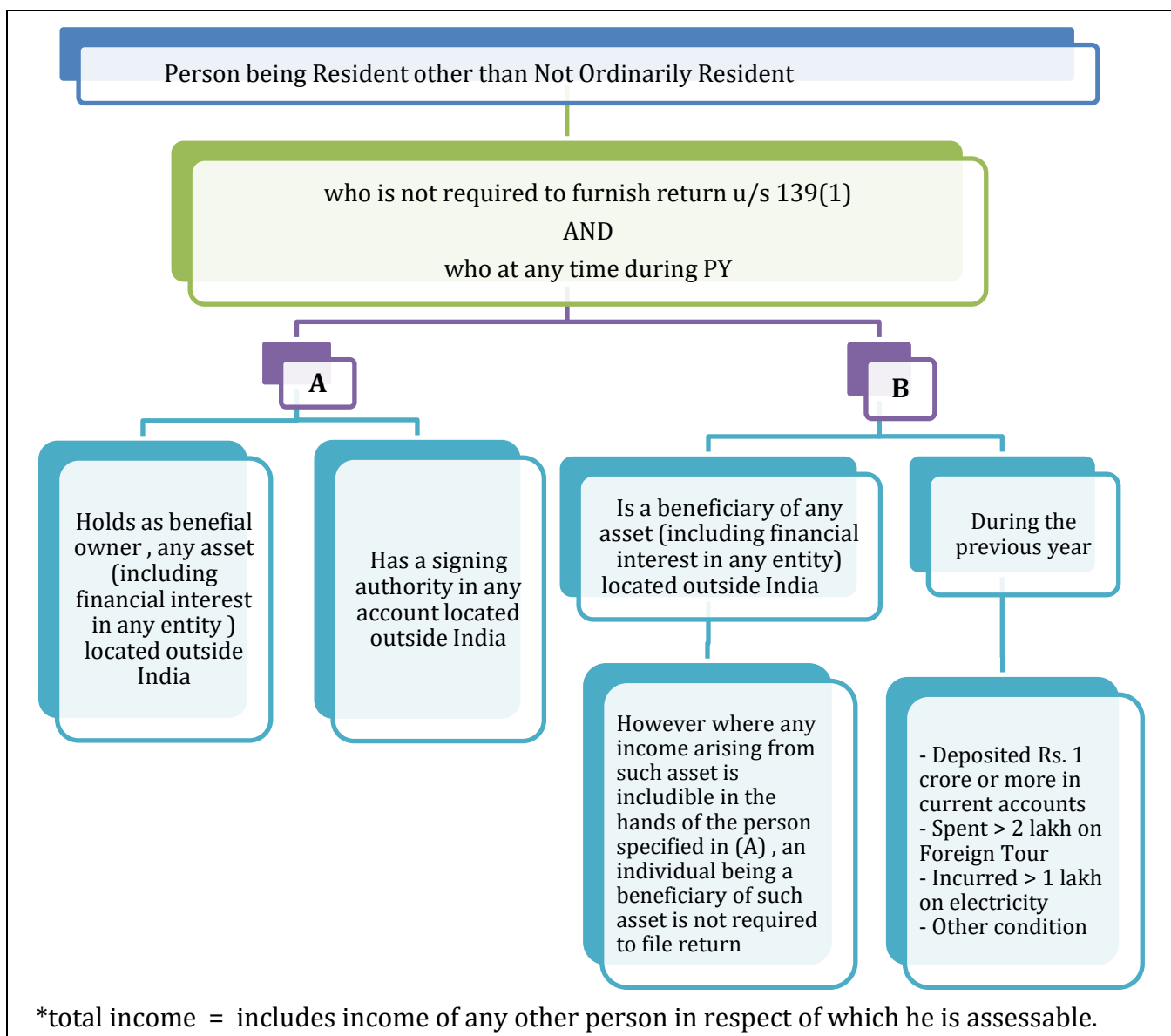
Paper-4A

Return of Income and Assessment



SEC.139(1) - COMPULSORY FILING OF RETURN OF INCOME

- ★ A return of income is the declaration of income by the assessee in the prescribed format.
- ★ 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.
- ★ The format for filing of returns by different assesses is notified by the CBDT.
- ★ The following persons should mandatorily file return of income on or before the due date.
 - Company
 - Firms
 - 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 , Sec 10(38), sec 10A, sec 10B or Sec 10BA, 54 to 54GB
 - Person being Resident other than Not Ordinarily Resident,
 - Who is not required to furnish a return of income u/s 139(1) AND
 - Who satisfies the below conditions.



SEC. 139(1) – EXPLANATION 2 – DUE DATE FOR FILING RETURN OF INCOME	
Assessee	Due date
Where the assessee is required to furnish a report in Form 3CEB u/s 92E pertaining to international transaction(s)	30 th November
Where the assessee is a Company not having international transaction(s)	31 th October
Any other assessee, Where accounts are required to be audited under any law	
Where the assessee is a partner in a firm and the accounts of the firm are required to be audited under any law	31 st July
In any other case	

SEC. 139(1A) - RETURN FILED TO EMPLOYER BY SALARIED EMPLOYEES / BULK FILING OF RETURN BY SALARIED EMPLOYEE

- The Scheme is optional and provides an additional mode of furnishing return of income by persons deriving salary income.
- Under the scheme, the employee may furnish his return of income in the prescribed Form together with relevant documents to his eligible employer.
- The employer will transcribe the data of such returns on computer readable media using an authorised Bulk Return Preparation Software (BRPS) and shall furnish these returns in specified form and in specified manner, including in a computer readable media (like floppy, CD- ROM, diskette, magnetic cartridge tape) to the designated Assessing Officer on or before the due date.
- The return furnished under such scheme shall be deemed to be a return furnished u/s 139(1).

SEC 139(1C) - SPECIFIED CLASS OR CLASSES OF PERSONS TO BE EXEMPTED FROM FILING RETURN OF INCOME

- For reducing the compliance burden of small taxpayers, the Central Government is 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.
- 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.

SEC. 139(3) - RETURN OF LOSS**★ Compulsory requirement :**

- The following losses cannot be carried forward if the return of loss is not submitted within the time allowed u/s 139(1) -
 - Sec 72(1) - Business loss
 - Sec 73(2) - Speculative business loss
 - Sec 73A(2) – Loss from business specified u/s 35AD
 - Sec 74(1) &(3) - Capital loss;
 - Sec 74A (3) - Loss from the activity of owning and maintaining race horses

Thus any assessee suffering from any of the above loss must compulsorily file his return of loss on or before the due date.

★ Points to remember

- Loss declared in belated return cannot be carried forward. However, set-off of losses of current year is not prohibited while computing the total income, even if the return of loss is filed after the due date.
- Delay in filing the return of loss may be condoned in certain cases.

- Unabsorbed depreciation u/s 32 and loss under the head “Income from house property” can be carried forward even if the loss return is filed after the due date u/s 139(1).
- Although the loss of the current year cannot be carried forward unless the return of loss is submitted before the due date but the loss of earlier years can be carried forward if the return of loss of that year was submitted within the due date.

SEC. 139(4) - BELATED RETURN

- If an assessee fails to file return within the time limit allowed u/s 139(1) or within the time allowed under a notice issued u/s 142(1), he can file a belated return.
- Time limit: Assessee may file such return
 - before the end of the relevant assessment year; or
 - before the completion of assessment (u/s 144),
 - whichever is earlier.
- However, if an assessee files a belated return, he would be liable to fee u/s 234F and interest u/s 234A.

SEC. 139(5) - REVISED RETURN

- ★ **Requirement**
 - If an assessee discovers any omission or wrong statement (bonafide in nature) in the return filed, he can revise his return u/s 139(5).
- ★ **Time limit:**
 - Assessee may file the revised return
 - before the end of the relevant assessment year; or
 - before completion of regular assessment,
 whichever is earlier.
- ★ **Points to remember**
 - Replacement of original return: Once a revised return is filed, it replaces the earlier return. This signifies that the revised return should be complete in itself and not merely an accessory to the original return.
 - Revision of revised return: A revised return can again be revised i.e. a second revised return can be filed u/s 139(5) for correcting any omission or wrong statement made in the first revised return within specified time.
 - A belated return u/s 139(4) can be revised.
 - A loss return u/s 139(3) can be revised.
 - Return filed pursuant to notice u/s 142(1) cannot be revised.

SEC. 139(6) - PARTICULARS TO BE FURNISHED WITH THE RETURN

- 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) expense exceeding the prescribed limits incurred by him under prescribed heads; &
- (v) such other outgoings as may be prescribed.

SEC. 139(6A)- PARTICULARS TO BE FURNISHED WITH RETURN OF INCOME IN THE CASE OF AN ASSESSEE ENGAGED IN BUSINESS OR PROFESSION

- The prescribed form of the return shall, in the case of an assessee engaged in any business or profession, also require him to furnish –
- The report of any audit referred to in section 44AB.
- The particulars of the location and style of the principal place where he carries on the business or profession and all the branches thereof.
- The names and addresses of his partners, if any, in such business or profession.
- If he is a member of an association or body of individuals, the names of the other members of the association or the body of individuals; and 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.

SEC. 139(9)- DEFECTIVE RETURN

★ **When a return is termed defective –**

- A return of income is said to be defective where all or any of the following conditions are fulfilled:
 - The return is furnished without paying self-assessment tax along with interest, if any.
 - The annexure, statements and columns in the return have not been duly filled in.
 - The return is accompanied by any of the following documents -
- (i) A statement showing the computation of tax liability;
- (ii) The audit report u/s 44AB (where the report has been submitted prior to the furnishing of return, a copy of audit report together with proof of furnishing the report);
- (iii) The proof of tax deducted or collected at source, advance tax paid and tax paid on self-assessment;

Note: - 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) where regular books of account are maintained by the assessee:
 - a) Copies of Manufacturing A/c, Trading A/c, Profit and Loss A/c or Income and Expenditure A/c or any other similar account and Balance Sheet;
 - b) In the case of –
 - A proprietary business or profession - the personal account of the proprietor;
 - A firm, AOP or BOI – personal account of the partners or members; or
 - A partner or member of the firm, AOP or BOI - his personal account in the firm, AOP or BOI

- (v) where regular books of account are not maintained by the assessee
 - A statement indicating the amount of turnover or gross receipts, gross profit expenses and net profit of the business or profession and
 - the basis on which such amount have been computed; and
 - the amount of sundry debtors, sundry creditors, stock and cash balance as at the end of the previous year.
- (vi) where the accounts of the assessee have been audited, copies of the audited P&L A/c, Balance Sheet and a copy of the Auditor's report;
- (vii) Cost audit report u/s 233B of the Companies Act, 1956 (if any).

★ **Effect:**

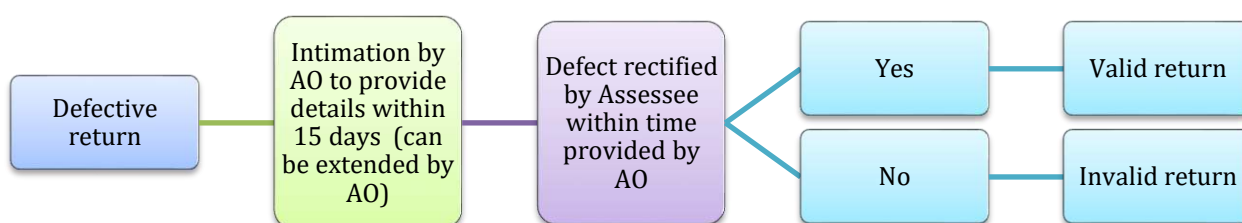
- Where the Assessing Officer considers that the return of income furnished by the taxpayer is defective, he may intimate the defect to the taxpayer and give him an opportunity to rectify the defect(s).

★ **Time limit for rectification:**

- The assessee must rectify the error within a period of 15 days from the date of intimation (served on the assessee) or within such extended time as allowed by the Assessing Officer. Where the taxpayer rectifies the defect after the expiry of the period of 15 days or such extended period but before the assessment is completed, the Assessing Officer can condone such delay.
- If defect is not rectified within the time limit, the AO will treat the return as an invalid return and provisions of the Act will apply as if the taxpayer had failed to furnish the return at all.

★ **Note:**

- Currently, the assessee is required to furnish paper-less return. i.e., no documents, proof or report (other than some specified report required to be furnished electronically) is required to be attached with return of income. In this regard, return of income shall not be considered as defective return. However, the assessee should retain these documents, proof or report with himself. If called for by the income-tax authority during any proceeding, it shall be incumbent upon the assessee to furnish/produce the same.



SEC 139A – PERMANENT ACCOUNT NUMBER (PAN)

★ **Meaning**

- Permanent Account Number (PAN) is an alpha-numeric (ten characters) code given to a person by income tax department for the purpose of identification of the assessee.
- A person can have only one PAN.

★ **Compulsory application for allotment of PAN**

- As per sec. 139A & rule 114, following persons are under statutory obligation to apply for PAN within the time limit stated as under:

Who is to apply for PAN	When to apply for PAN
Any person whose total income exceeds maximum exempted limit.	On or before 31 May of the relevant assessment year.
Any resident person other than an individual, which enters into a financial transaction of an amount aggregating to Rs. 2,50,000 or more in a financial year	
Any person who is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred above or any person competent to act on behalf of the person referred above	
Any person who intends to enter such transaction as may be prescribed by the Board in the interest of revenue	
Any person whose sales or turnover or gross receipts are likely to exceed Rs.5,00,000 in any previous year	On or before the end of the relevant financial year
Any person who is required to furnish return u/s 139(4A) i.e. trust and charitable institution	
Any person who is entitled to receive any sum or income, on which tax is deductible under in any financial year	
Any person who requires export-import code	Before making any export or import.
Assessee under the GST	Before making application for registration under GST.

- ★ **Sec 139A(1A)** - 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.

- ★ **Sec 139A(1B)** - 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.

- ★ **Sec 139A(2)** -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.

- ★ **Sec 139A(3)** - 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.

★ **Sec. 139A(5) - Mandatory provision**

- A person to whom a PAN is allotted, is required to quote that number in -
- All his returns to; or

- Any correspondence with; or
 - Any other documents to,
- Income-tax authority.
- A person to whom a PAN is allotted, is required to quote that number in challans for payment of any sum due under this Act.

★ **Sec. 139A(5)(c) & Rule 114B**

- Every person shall quote its PAN in all documents pertaining to following transactions entered into by him –
1. Transactions relating to sale or purchase of a motor vehicle (other than two wheeled vehicles), which requires registration.
 2. Opening an account [other than a time-deposit and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank .
 3. Making application for issue of a credit card or debit card.
 4. Opening of a demat account.
 5. Payment in cash exceeding Rs. 50,000 to a hotel or restaurant against a bill or bills at any one time.
 6. Payment in cash exceeding Rs. 50,000 in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time
 7. Payment exceeding Rs. 50,000 to any mutual fund for purchase of its units.
 8. Payment exceeding Rs. 50,000 to a company or an institution for acquiring debentures or bonds issued by it.
 9. Payment exceeding Rs. 50,000 to RBI for acquiring bonds issued by it.
 10. Deposit in cash exceeding Rs. 50,000 during any one day with a banking company or a co-operative bank.
 11. Purchase of bank drafts or pay orders or banker's cheques from a banking company or a co-operative bank in cash for an amount exceeding Rs. 50,000 during any one day.
 12. A time deposit of an amount exceeding Rs. 50,000 or aggregating to more than Rs. 5 lakh during a financial year with:
 - (i) a banking company or a co-operative bank; or
 - (ii) a Post Office; or
 - (iii) a Nidhi referred to in section 406 of the Companies Act, 2013; or
 - (iv) a non-banking financial company
 13. Payment in cash or by way of a bank draft or pay order or banker's cheque of an amount aggregating to more than Rs.50,000 in a financial year 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 u/s 18 of the Payment and Settlement Systems Act, 2007, to a banking company or a co-operative bank
 14. Payment aggregating to more than Rs. 50,000 in a financial year as life insurance premium to an insurer.
 15. A contract for sale or purchase of securities (other than shares) where transaction value exceeds Rs. 1 lakh
 16. Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange where transaction value exceeds Rs. 1 lakh
 17. Sale or purchase of any immovable property where amount exceeds Rs. 10 lakh or stamp value exceeds Rs.10 lakh

18. Sale or purchase, by any person, of goods or services of any nature other than those specified above where transaction value exceeds Rs. 2 lakh

★ **Sec.139A (5A)** - 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.

Every buyer or licensee or lessee referred u/s 206C shall intimate his PAN to the person responsible for collecting such tax.

★ **Sec.139A (5B)** – Deductor needs to furnish PAN in returns, statements and certificates

★ **Sec.139A (5C)** – Buyer shall furnish PAN to Seller in case of TCS.

★ **Sec.139A (5D)** – Person collecting tax at source shall quote PAN of buyer in all returns, statements and certificates

Every person collecting tax at source with the provisions of Sec 206C shall quote PAN in all returns, statements and certificates.

★ **Sec.139A (5E)** – Aadhar number can be used in lieu of PAN even when PAN has not been issued.

★ **Points to remember :**

- Where a person, entering into any of the aforesaid transaction, is a minor and who does not have any income chargeable to 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.
- Any person who does not have a PAN and who enters into any of the aforesaid transaction, he shall make a declaration in Form No.60 giving therein the particulars of such transaction.
- The provisions of this rule shall not apply to the following class or classes of persons, namely:
 - the Central Government, the State Governments and the Consular Offices;
 - the non-residents in respect of the transactions other than a transaction referred above with .
- 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.

SECTION 139AA – QUOTING OF AADHAR NUMBER

★ **Mandatory quoting of Aadhar Number**

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

(a) in the application form for allotment of Permanent Account Number (PAN)

(b) in the return of income

★ **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 (28 digits) of Aadhar application form issued to him at the time of enrolment

(a) in the application form for allotment of Permanent Account Number (PAN) or

(b) in the return of income furnished by him.

★ **Intimation of Aadhar Number to prescribed Authority**

- Every person who has been allotted Permanent Account Number (PAN) as on 1st July, 2017, and who is eligible to obtain Aadhar Number, shall intimate his Aadhar Number to prescribed authority **on or before a 30th June 2021.**

★ **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.
- However CBDT has notified that the permanent account number (PAN) of those who do not have Aadhaar and who do not wish to obtain Aadhaar for the time being, will not be cancelled so that other consequences under the Income-tax Act for failing to quote PAN may not arise

★ **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 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

SEC.139B - SCHEME FOR SUBMISSION OF RETURNS THROUGH TAX RETURN PREPARERS

★ **Meaning:**

- A TRP is an individual who has been authorized to enable any specified class(es) of person to prepare and furnish their returns of income.
- The TRP shall also affix his signature on such return.
- Specified class(es) of person means resident individual and resident HUF other than person whose accounts are required to be audited.
- Such specified 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

★ **CBDT has framed the Tax Return Preparer Scheme, 2006.**

★ **Person not eligible to become TRP**

- **Accountant**
- Any legal practitioner who is entitled to practice in any civil court in India.
- Any officer of a scheduled bank cannot be the TRP of the assessee who maintains a Current account or has other regular dealing with such bank.
- Any employee of the specified class(es) of persons

(Note - 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 are eligible to act as TRPs)

★ **Educational Qualification of TRP**

- An individual, who holds a bachelor degree from a recognised Indian University or institution, or
- has passed the intermediate level examination conducted by the ICAI or ICSI or ICMAI shall be eligible to act as Tax Return Preparer.

★ **When return cannot be filed through a TRP**

An individual or a HUF cannot furnish a return of income for an assessment year through a TRP

- 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
- who is not a resident in India during the previous year
- an individual or a HUF cannot furnish a revised return of income for any assessment year through a TRP unless he has furnished the original return of income for that assessment year through such or any other Tax Return Preparer

SEC. 139C & 139D - POWER OF CBDT TO DISPENSE WITH FURNISHING DOCUMENTS ETC. WITH THE RETURN AND FILING OF RETURN IN ELECTRONIC FORM

- 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.
- However, on demand, the said documents, statements, receipts, certificate, reports of audit or any other documents have to be produced before the Assessing Officer.
- 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.

SEC.140 - PERSONS AUTHORISED TO VERIFY RETURN OF INCOME

<u>Assessee</u>	<u>Case</u>	<u>Verified by</u>
	In general	Individual himself
	Where the individual concerned is absent from India	Individual himself or any person duly authorized person by him

Individual	Where the individual is mentally Incapacitated	Guardian of such individual or any other person competent to act on his behalf
	Where by any other reason it is not possible for the individual to verify the return.	Any person duly authorised by him
Note: When return is verified by any authorised person in that case the return should be accompanied with power of attorney.		
HUF	In general	Karta
	Where the 'karta' is absent from India or is mentally incapacitated	Any adult member of the family.
Firm	In general	Managing partner
	If due to any reason it is not possible for managing partner to verify or where there is no managing partner	Any partner of the LLP or any other person as may be prescribed for this purpose
Limited liability partnership	In general	Designated partner
	If due to any unavoidable reason such designated partner is not able to verify the return, or where there is no designated partner as such	Any partner
Local authority		Principal Officer
Political party		Chief Executive Officer
Company	In general	Managing Director (MD)
	If due to any reason it is not possible for MD to verify or where there is no MD	Any director or any other person as may be prescribed for this purpose
	Non-resident company	A person holding a valid power of attorney. Copy of such power of attorney must be attached with the return.
	Company in process of winding up	Liquidator of the company
	where any person has been appointed as the receiver of any assets of the company	Liquidator of the company
	Where the management of the company has been taken over by the Central or State Government.	Principal officer
Any other association		Any member or principal officer
Any other person		Such person or any other person competent to act on its behalf.

SEC 140A - SELF-ASSESSMENT

- In self-assessment, assessee itself is responsible to determine its taxable income, tax liability and to pay tax accordingly.
- Where any tax is payable (after deducting relief, rebate, advance payment of tax or tax deducted or collected at source or MAT or AMT credit, **any tax or interest payable as per the provisions of Sec 192(2)** if any) on the basis of return furnished the assessee is required to pay such tax before filing the return.
- A return furnished without paying self-assessment tax & interest, if any, shall be treated as defective return.
- If any interest is payable for delayed filing of return (u/s 234A) or default in payment of advance tax (u/s 234B) or for deferment of advance tax (u/s 234C) or fee (u/s 234F) is payable for filing return after due date, then such interest or fee should be paid along with self-assessment tax.
- While calculating above interest for the purpose of self-assessment, tax on the total income declared in the return shall be considered.
- Where the amount paid by the assessee falls short of the aggregate of tax, interest and fee, the amount so paid shall first be adjusted towards fee and thereafter towards interest payable and the balance, if any, shall be adjusted towards tax payable.
- If an assessee fails to pay whole or any part of such tax or interest or both in accordance with the provisions of sec. 140A, he shall be deemed to be an assessee in default.

Sec. 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

- 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.
- where the assessee has paid taxes in full on or before the due date, interest under section 234A is not leviable.
- 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

Sec. 234F - Fee for default in furnishing return of income

- 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
 - Rs. 5,000, if the return is furnished on or before the 31st December of the assessment year;
 - Rs. 10,000 in any other case
- However, if the total income of the person does not exceed Rs. 5 lakhs, the fees payable shall not exceed Rs. 1,000.