

## Tax Return: (Income Tax)

A tax return is a form filed with an income tax authority that reports income, expenses and other pertinent tax information. Tax return allows the taxpayer to calculate their tax liability, schedule tax payments or request refunds for overpayments of taxes. An individual whose annual income i.e. Gross Total Income in excess of the basic exemption limit must i.e. mandatorily file the income tax return.

In case of normal assessee  $\Rightarrow$  Basic Limit Rs 2,50,000

In case of senior citizen assessee  $\Rightarrow$  Basic Limit Rs 3,00,000

In case of Super senior citizen assessee  $\Rightarrow$  Basic Limit Rs 5,00,000

## Permanent Account Number (PAN) (Sec. 139A)

PAN is a unique 10 character alphanumeric code or identifier issued by the Income Tax Department of India under the supervision of the \*CBDT to all the juridical entities identifiable under the Income Tax Act 1961. It is valid for the lifetime of the holder throughout India. \* Central Board of Direct Taxes

A PAN card helps the Income tax Authority in keeping a track of all the financial transactions that may be essential in assessing an individual or companies tax liability. It also helps in reducing the chances of tax evasion.

## Structure of PAN.

PAN is of 10 characters and is selected on mechanized basis by the Income Tax Department.

First 3 places  $\Rightarrow$  Random alphabetic series running from AAA to ZZZ

4th place  $\Rightarrow$  Category of the assessee  $\Rightarrow$

- P = Individual
- H = HUF
- C = Company
- F = Firm
- T = Trust
- E = Limited Liability Partner-ship (LLP)
- L = Local authority etc.

5th place  $\Rightarrow$  First letter of applicant's surname. (individual), First alphabet of name of the entity in all other cases

6th to 9th place  $\Rightarrow$  Sequential numbers from 0001 to 9999.

10th place  $\Rightarrow$  Random alphabet.

## Transactions in which a PAN can be quoted

- 1) Sale or purchase of immovable property involving in excess of Rs 500,000
- 2) Sale or purchase of motor vehicle other than two wheeler.
- 3) Time Deposit in excess of Rs 50000 with bank or post-office.
- 4) Purchase of pay-order or demand draft or banker's cheque of an amount of Rs 50000 or more by depositing cash on any day.
- 5) Deposit of cash in bank account of Rs 50000 or more on any day.
- 6) Sale or purchase of securities exceeding Rs 100,000.
- 7) Purchase of share from company (public offer) for Rs 50,000 or more during relevant previous year.
- 8) Purchase of mutual funds of Rs 50000 or more.
- 9) Purchase of bonds or debentures of a company of Rs 50000 or more.
- 10) Purchase of RBI bonds of Rs 50000 or more.

## RELEVANT FORMS OF RETURN.

Forms	Applicable for which Assessee.
ITR-1 (SAHAJ)	For <u>individual</u> having income from salary/one house property (not being brought forward loss from previous year) / income from other sources (except winning from lotteries and income from race horses) ⇒ ITR-1 is <u>not applicable</u> in the case of a person who - <u>a)</u> has assets located outside India <u>b)</u> has income from any source outside India, <u>c)</u> is a director in any company <u>d)</u> has held any unlisted equity share at any time during the previous year <u>e)</u> has agricultural income exceeding Rs 5000 <u>f)</u> has total income exceeding Rs 50 lacs.
ITR-2	For <u>individual</u> / <u>HUF</u> where the total income <u>does not</u> include PG&BP income.
ITR-3	For <u>individual</u> / <u>HUF</u> having income <u>under the head</u> PG&BP
ITR-4	For an <u>individual</u> or a <u>resident</u> and ordinarily resident HUF or a resident firm (not being LLP) deriving business income and such income is computed in accordance with special provisions referred to in <u>Sec. 44AD, 44ADA, 44AE</u>
ITR-5	For <u>firm, AOP</u>
ITR-6	For <u>Limited companies</u>
ITR-7	For Trust for <u>charitable</u> or religious purposes, <u>political party</u> , Any <u>university, college, other institution</u> .

## Time Limit for filing Return of Income. [For AY-2020-21]

Assessee

Due Date

### A) Company

- Where the company is required to furnish a report in Form 3CEB u/s 92E pertaining to international transaction

30th November.

- Any other company

31st October.

### B) Any other assessee

- Where accounts of the assessee are required to be audited under any Law

31st October

- Where the assessee is a working partner in the firm and the accounts of the firm required to be audited.

31st October.

- Any other cases

31st July.

\* For the assessment year 2020-21, due date of submission of return in respect of all cases has been extended to 30. NOVEMBER

2020.

## Mode of furnishing Income Tax Return.

- a) Paper Return.
- b) Electronic Return with Digital Signature.
- c) Transmitting the data in the return electronically and thereafter the verification of the return in form STR-V.
- d) Transmitting the data electronically in the return under electronic verification code.

Person	Condition	Mode
Company	-	Electronically with
Political Party	-	Digital Sign
Firm or LLP or Individual or HUF	Audit u/s 44AB required.	
Individual or HUF	Where the total income assessable during the previous year of a person:- a) being an individual of the age of 80 years or more at any time during the previous year or b) whose income does not exceeds Rs 5 lakhs and no refund is claimed in the return of income and who furnishes the return in Form No. ITR-1 or ITR-4.	Any of the given mode
Any other person		Any mode other than paper mode

## Responsibility of Signing for Submission of Return.

### Assessors Category

### Who can Sign.

Individual

By the individual himself -

- Where he is absent from India, by the individual himself or by some person duly authorised by him on his behalf.
- Where he is mentally incapacitated from attending to his affairs by his guardian

HUF

- By the karta or where the karta is absent from India by any other adult member of such family.

Firm/LLP.

- By Managing Partner or where the managing partner is not able to sign for any unavoidable reason then by any partner thereof.

Company

- By the Managing Director or where the managing director is not able to sign for any unavoidable reason then by any director thereof.

A local authority

- The principal officer thereof.

A Political Party

- The Chief executive officer of such party.

Any other Organisation

- Any member of the association or principal officer thereof.

## Voluntary and Mandatory Return [Sec 139(i)]

Under this section, filing of the Income Tax Return before the due date is mandatory in the following cases:-

- \* If an individual assessee has a total income [GTI] of more than the exemption limit.
- \* If a public, foreign, domestic or a private company is located or doing business in India.
- \* If it is about any firm, including Unlimited Liability Partnership or Limited Liability Partnership (LLP)
- \* If the taxpayer is an Indian resident who has assets situated outside India.
- \* If the taxpayer belongs to HUF, AOP, BOI.

## Compulsory filing of Return:

- \* If the assessee has deposited an amount or aggregate of amounts exceeding **one crore rupees** in **one or more current** account maintained with a banking company or a co-operative bank.
- \* If the assessee has incurred expenditure of an amount or aggregate of the amounts exceeding **two lacs** for himself or any other person for **travel to foreign country**.
- \* If the assessee has incurred expenditure of an amount or aggregate of amounts exceeding **one lac rupees** towards the consumption of **electricity**.

### Filing of Loss Return. u/s 139(3)

It is not mandatory for individual assessee to file a return of loss as there is no taxable income. But if a person has sustained a loss in any previous year in respect of following cases losses cannot be carried forward if the return of loss not submitted in time -

- \* Loss under the head "Profits & Gains of Business or Profession."
- \* Capital Loss under the head 'Capital Gains.'
- \* loss from activity of owning and maintaining race horses under the head "Other Sources."

In case of loss arises under the head "House Property", the loss could be carried forward even though the tax return is filed after the due date.

### Belated Return. u/s 139(4)

It is the return filed after the due date. It can be filed on or before 31st March of the assessment year or before the completion of assessment, whichever is earlier.

Consequences of belated return:-

- \* Loss (other than House property loss) cannot be carried forward.
- \* Levy of interest u/s 234A @ 1% Per month, commencing the date immediately following the due date and ending on the date of furnishing the return or completion of assessment u/s 144 as the case may be.
- \* u/s 234F a fee of ₹1000, ₹5000, & ₹10000 may be levied.

## Revised Return Section 139(5)

If an assessee having furnished return u/s 139(1) or 139(4) discovers any omission or any wrong statement therein, he may furnish a revised return at any time before the end of the relevant assessment year or before the completion of assessment whichever is earlier.

- \* Only a return filed u/s 139(1) or 139(4) [i.e. belated return] can be revised.
- \* A revised return u/s 139(5) can be further revised within the same specified time, if the assessee discovers any omission or wrong statement in such return.
- \* A return of income filed in pursuant to notice u/s 142(1), cannot be revised.
- \* Section 139(5) applies to cases of "Omission or wrong statement" and NOT to the cases of "concealment or false statement".

## Defective Return U/S 139(9).

Where the Income Tax Officer considers that the return is defective, then he shall intimate the defect to the taxpayer and give him the opportunity to rectify the defect within **15 days** from the date of intimation. He can also **extend** the time period on an application made by the assessee.

If the assessee does not rectify the defective return within a period of **15 days** or extended time period then it shall be deemed the assessee has **not filed the** income tax return.

## Various Reason Behind Defective Return.

- 1) If details of taxes paid is filled up but income details are not furnished clearly.
- 2) TDS is claimed as refunded but no income details are provided or income is mismatched with TDS related income.
- 3) Where return <sup>should be</sup> accompanied by the report of audit u/s 44AB but such report not furnished properly.
- 4) If the name mentioned on the income tax return does not match with the name on PAN card.