

# TAXBOOK<sup>+</sup>

## Working steps of solutions

### Select questions

#### Return of Income

#### Build Your Confidence (BYC)

**B1. 139(1) – Determine if return of income u/s 139(1) is required to be filed in the following cases for AY 2022-23 and.....**

#	Person	ROI to be filed	Due date
1	C Ltd., having turnover of Rs. 6 crore, has total income being a loss of Rs. 10 lakh.	Yes, as it is a company	31.10.2022
2	CD & Co, a partnership firm, having turnover of Rs. 10.5 crore, has Nil total income and Nil tax liability. Its gross total income is Rs. 2.5 lakh.	Yes, as it is a firm	31.10.2022 as tax audit applicable
3	Mr. X, a resident of age 80 years deriving income from pension, has a total income of Rs. 2 lakh (after claiming deductions u/s 80C and 80D of Rs. 2 lakh) and tax liability is Nil.	No as TI, before VIA, of 4L ≤ 5L BEL	-
4	In #3, assume that Mr. X is a non-resident.	Yes as TI, before VIA, of 4 > 2.5L BEL	31.7.2022
5	In #3, assume that Mr. X incurred expenditure on consumption of electricity of Rs. 1.5 lakh and on travel to France of Rs. 1.5 lakh.	Yes, as expenditure on electricity > 1 lakh, though TI, before VIA, of 4L ≤ 5L BEL	31.7.2022
6	Mr. J, a resident of age 45 years, computed his total income of Rs. 1 lakh after claiming deduction u/s 54EC of Rs. 1 lakh and u/s 80C of Rs. 20,000. He also claimed exemption for share of profit of Rs. 50,000 received from a partnership firm, in which he was a partner. The business turnover of the firm was Rs. 1.5 crore (10% of total payments made by the firm during the year were in cash).	No as TI, before 54EC and 80C, of 2.2L ≤ 2.5L BEL.	-
7	In #6, assume that total income is computed at Rs. 1.5 lakh.	Yes as TI, before 54EC and 80C, of 2.7L > 2.5L BEL.	31.10.2022 as firm is liable to tax audit (limit u/s 44AB is 1 crore)
8	Mr. D, a Chartered Accountant of age 55 years, having gross receipts from profession of Rs. 10 lakh, computed business income u/s 44ADA. His total income, after claiming set off of loss from house property of Rs. 2 lakh and loss under the head IFOS of Rs. 1 lakh, was Rs. 2 lakh. He did not claim any deduction u/c VIA. He stayed in India throughout the PY 2021-22 and purchased a house in Australia on 15.4.2021.	Yes, as he (being ROR) held asset outside India during the PY, though his TI of 2L ≤ 2.5L BEL	31.7.2022 as no tax audit required while computing income u/s 44ADA

**B2. 139(1) –CA2011(N) – Time limit for filing return u/s 139(1) in the case of Mr. A having total turnover of Rs. 45 lakh.....**

If Mr. A opts for section 44AD, tax audit u/s 44AB is not required and due date u/s 139(1) will be 31.7.2022. If benefit of section 44AD ceases to apply to Mr. A in terms of that section and his total income exceeds basic exemption limit, he will need to get tax audit done u/s 44AB and due date u/s 139(1) will be 31.10.2022.

**B2a. CA2021(JAN) - Mr. Hari, aged 57 years, is a resident of India. He provides you the following details of his incomes.....**

*Computation of total income of Hari for AY 2022-23*

Particulars	Rs.
<b>Income from other sources</b>	
Interest on NR(E) Account with SBI: Exempt u/s 10(4)(ii) since maintained as per RBI stipulations	Nil
Interest on savings bank account with SBI	8,000
Interest on fixed deposits with PNB	40,000
<b>Gross total income</b>	<b>48,000</b>

Less: Deduction u/s 80TTA for interest on saving bank account	(8,000)
<b>Total income</b>	<b>40,000</b>

Since total income, before giving effect to section 80TTA is Rs. 48,000 being less than BEL of Rs. 2.5 lakh, he is not required to file ROI u/s 139(1) for AY 2022-23. However, if he incurs expenditure on foreign travel for himself or any other person which is > 2 lakh, he is required to file return of income u/s 139(1).

**B3. 139(1) –CA2012(M) – Paras is resident of India. During the FY 2021-22, interest of Rs. 1,88,000 was credited to his.....**

*Computation of total income of Paras for AY 2022-23*

Particulars	Rs.
<b>Income from other sources</b>	
Interest on NR(E) Account with SBI: Exempt u/s 10(4)(ii) assuming specified conditions are satisfied	Nil
Interest on fixed deposit with SBI	30,000
Interest on saving bank account	3,000
<b>Gross total income</b>	<b>33,000</b>
Less: Deduction u/s 80TTA for interest on saving bank account (assuming Paras is < 60 years of age)	(3,000)
<b>Total income</b>	<b>30,000</b>

Since total income, before giving effect to 80TTA is Rs. 33,000 being less than BEL of Rs. 2.5 lakh, he is not required to file ROI for AY 2022-23.

**B7. 139(4) –Determine whether the return of income filed by Mr. X for AY 2022-23 is valid in the following cases:**

Due date to file return u/s 139(1)	Date of filing of return	Date of completion of assessment	Earlier of 3 months prior to the end of AY or completion of assessment	Return valid?
31.7.2022	15.11.2022	15.3.2023	31.12.2022	Yes
31.10.2022	10.1.2023	10.2.2023	31.12.2022	No
31.7.2022	31.12.2022	20.4.2023	31.12.2022	Yes

**B8. 139(4) –CA2018(N) – Mr. Subramaniam, due to inadvertent reasons, failed to file his income tax return for.....**

Belated return can be filed u/s 139(4) before earlier of 3 months prior to the end of relevant AY, i.e., 31.12.2022 or completion of assessment. Hence, he cannot file the return in the year 2023-24.

**B9. REVISED RETURN – CA2019(N) – Explain with brief reasons, whether the return of income can be revised u/s 139(5).....**

- Defective or incomplete return filed u/s 139(9)* – It needs to be revised within 15 days from date of intimation received from AO or such further extended period. Return, so rectified, would be a valid return and it can, thereafter, be revised u/s 139(5) if assessee discovers any omission or wrongful statement within the time allowed u/s 139(5). Defective or incomplete return, not rectified within the time allowed, is an invalid return and, hence, it cannot be revised.
- Return already revised once u/s 139(5)* – Yes, within the time allowed u/s 139(5).
- Return of loss filed u/s 139(3)* - Yes, within the time allowed u/s 139(5), since return of loss is treated as a regular return filed u/s 139(1).

*Mistake by students – Improper reasoning for the answers.*

**B10. REVISED RETURN – CA2017(N) – Mr. Sachin filed return on 30.9.2022 related to AY 2022-23. In the month of.....**

Belated return can be furnished u/s 139(4) before earlier of 3 months prior to end of AY 2022-23 (31.12.2022) or completion of assessment, whichever is earlier. Belated return filed on 30.9.2022 is valid. Mr. Sachin can revise the belated return before earlier of 3 months prior to the end of AY 2022-23 (31.12.2022) or completion of assessment, whichever is earlier, since he has noticed an omission in the return.

**B11. REVISED RETURN – Mr. Jain furnished his return of income for AY 2022-23 on 25.9.2022. His income comprises of.....**

Due date to file return u/s 139(1) is 31.7.2022. Hence, return filed on 25.9.2022 is a belated return u/s 139(4) which can be revised before 3 months prior to end of AY 2022-23 (31.12.2022) or completion of assessment, whichever is earlier, since Mr. Jain has discovered an omission in the return. However, he cannot furnish revised return on 15.1.2023, being beyond 31.12.2022.

**B12. REVISED RETURN – CA2020(N) - Mr. Mukesh, born on 1.4.1962, furnished his original return for AY 2022-23 on.....**

As Mukesh is born on 1.4.1962, he will be said to have completed 60 years of age on 31.3.2022 as per Circular 28/2016 (see para 13). Hence, he will be a senior citizen. Since he has claimed deduction u/s 80TTA and not u/s 80TTB, it is assumed that he computed his tax liability considering that he is not a senior citizen for PY 2021-22. Tax will be recomputed considering that he is a senior citizen.

Particulars	Income declared	Recomputed income
Income from salaries	7,30,000	7,30,000
Income from other sources:		
• Interest from savings bank	12,700	12,700
• Interest from fixed deposits	43,000	43,000
<b>Gross total income</b>	<b>7,85,700</b>	<b>7,85,700</b>
Deduction u/s VIA:		
U/s 80C	(1,50,000)	(1,50,000)
U/s 80D:	(25,000)	
• Self and spouse: Premium 38,000 + checkup 1,500 = Rs. 39,500, allowed up to Rs. 50,000 since Mukesh is a senior citizen (assuming he is a resident)		(39,500)
• Parents: Checkup 3,500 (total limit 5,000) + premium for mother 33,000 + medical expenditure for father 25,000 = Rs. 61,500, allowed up to Rs. 50,000		(50,000)
U/s 80TTA	(10,000)	-
U/s 80TTB	-	(50,000)
<b>Total income</b>	<b>6,00,700</b>	<b>4,96,200</b>
Tax on total income	32,640	9,810
Less: Rebate u/s 87A	-	(9,810)
	32,640	Nil
Add: HEC @ 4%	1,306	Nil
	33,946	Nil
Less: TDS deducted from salary	(33,950)	(33,950)
<b>Refund due (rounded off)</b>	<b>Nil</b>	<b>(33,950)</b>

Since omissions have been discovered in the original return, Mr. Mukesh can file revised return u/s 139(5) before earlier of 31.12.2022 or completion of assessment, and claim refund of Rs. 33,950.

**B14. VERIFICATION OF RETURN – CA2017(M) – By whom should the return of income be signed in the case of following.....**

(i) CEO; (ii) liquidator, (iii) any other adult member, (iv) any member or principal officer

**B20. PAN/AADHAAR – CA2018(M) – State whether quoting of PAN in the following transactions is mandatory or not.....**

1	No, since cash payment does not exceed Rs. 50,000.
2	Yes, since amount > Rs. 1 lakh for the transaction
3	Yes, since amount > Rs. 50,000

*Mistake by students – Not aware of monetary limits.*

**B21. PAN/AADHAAR – CA2018(M) – Pertaining to the following transactions, what is the minimum amount above which quoting of PAN is mandatory?**

Transaction	Threshold
1. Sale or purchase of car	No threshold
2. Payment to a hotel or restaurant against a bill or bills at any one time	Payment in cash > 50,000
3. Payment in connection with travel to any foreign country	Payment in cash > 50,000
4. Payment to RBI for acquiring bonds issued by it	Amount > 50,000

5. A time deposit with a Post Office	Amount > 50,000 OR aggregating > 5 lakh during a FY
6. Payment as life insurance premium to an insurer	Aggregate > 50,000 in a FY
7. Sale or purchase of shares of a company not listed in a recognized stock exchange	Amount > 1 lakh per transaction
8. Sale or purchase of any immovable property	Amount > 10 lakh OR SDV > 10 lakh