

TAXBOOK⁺

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 $4L \leq 5L$ 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 $4L \leq 5L$ 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 $2.2L \leq 2.5L$ 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 $2L \leq 2.5L$ 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.
Income from other sources	
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
Gross total income	48,000

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

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.
Income from other sources	
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
Gross total income	33,000
Less: Deduction u/s 80TTA for interest on saving bank account (assuming Paras is < 60 years of age)	(3,000)
Total income	30,000

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).....

1. *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.
2. *Return already revised once u/s 139(5)* – Yes, within the time allowed u/s 139(5).
3. *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
Gross total income	7,85,700	7,85,700
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)
Total income	6,00,700	4,96,200
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)
Refund due (rounded off)	Nil	(33,950)

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