

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 ≤ 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

B1a. 139(1) – CA2021(JULY) – In the following cases relating to PY 2021-22, the total income of the assessee or the.....

1. Since total income of Manish & Sons (HUF) without giving effect to section 54EC is Rs. 12 lakh, i.e., it exceeds basic exemption limit of Rs. 2,50,000, ROI needs to be filed.
2. Since Archana is a ROR and holds an asset located outside India, she would need to file ROI.¹
3. Since expenditure on consumption of electricity during the PY exceeds Rs. 1 lakh in the aggregate, Sudhakar needs to file ROI.

Mistake by students – Failure to substantiate answer with correct reasoning.

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.....

¹ As per an alternate view, personal car, being a personal effect, is not a capital asset and, hence, outside the scope of the ROI provision. As per this view, Archana need not file ROI. Refer Footnote A under para 232.

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

M3. Raju, resident of age 60 years, computed his salary income for the PY 2021-22 of Rs. 2 lakh after claiming.....

TI before 80C and 54 = 2L salary + 1L section 54 = 3L. Does not exceed BEL.

M4. Saurabh, age 30 years, having income from business, computed his total income of Rs. 1.5 lakh after claiming.....

TI before 80G, of 2.5L, does not exceed BEL of 2.5L. But electricity expenditure > 1L. Needs to file ROI.

M5. Mrs. J, a resident aged 70 years, does not have a regular source of income. During the PY 2021-22, she sold her.....

No CG for rural agricultural land; TI is Nil. Foreign travel ≤ 2L. No need to file ROI.

M6. Rajesh, a resident aged 35 years, is a partner in a firm whose business turnover for the PY 2021-22 is Rs. 75 lakh.....

Share of profit exempt; TI before 80C of 3L > BEL of 2.5L. Needs to file ROI. No tax audit for firm as TO ≤ 1 cr. Due date is 31 July.

M8. Hiren, aged 30 years, is a Chartered Accountant in practice. Gross receipts for PY 2021-22 were Rs. 60 lakh.....

Liable to tax audit as GR > 50 lakh; TI before 80C of 4L > BEL of 2.5L. Due date 31 Oct.

M9. Suhani, a resident and ordinarily resident, is a shareholder in BCD Ltd. During the PY 2021-22, BCD Ltd. entered.....

TI, before VIA, of 2L ≤ BEL. But she has signing authority abroad and is ROR. ROI to be filed. 31 July is due date. 92E not relevant for shareholder.

M10. Rupesh, a resident aged 61 years, is a sleeping partner in a partnership firm having business turnover of Rs. 2.....

Firm not liable to tax audit as limit u/s 44AB is 10 crore. TI of 2.5L ≤ BEL of 3L. Travel spend by son not relevant. ROI not required.

M11. Sushil is the proprietor of a business whose annual turnover for PY 2021-22 is Rs. 3 crore. As per the records, a.....

No tax audit as limit u/s 44AB is 10 crore. GTI = 2L (5L – 3L). TI, before 80C = 2L which is ≤ BEL. But deposit > 1Cr in current account. ROI to be filed. 31 July is due date.

M12. Mr. Y, a resident, earned income from rent and interest on savings bank account. His gross total income for the.....

TI of 2.15L ≤ BEL. Foreign travel expenditure does not exceed 2L. No need to file ROI.

M14. Rakhi has brought forward short term capital loss of Rs. 1 lakh pertaining to AY 2021-22. For the AY 2022-23, she.....

Inter-head set off can be done (business loss against IHP); STCL b/fd from earlier year can be c/fd; current year unabsorbed business loss of 1.5 lakh can't be c/fd.

M17. Surabhi filed her return on 1.8.2022 as against the due date of 31.7.2022, declaring a total income of Rs. 5 lakh.....

First revised return valid. Second return after 31.12.2022 invalid.

M18. Shovik filed his return on 5.11.2022, as against the due date of 31.10.2022, declaring a total income of Rs. 10 lakh.....

Original return is belated. Belated return can be revised. Inter head set off permitted in belated return.

M19. Sonu filed his return on 25.7.2022 (due date 31.7.2022) declaring a total income of Rs. 6 lakh and long term.....

Return filed on time. Revised return valid. Enhanced loss of 1.5 lakh can be c/fd. Processing is not assessment (date of assessment is 15.6.2023).

M20. Mona filed her return on 31.7.2022 (due date 31.7.2022) declaring a total income of Rs. 3 lakh and current year.....

Original return invalid since defect not rectified. Second return valid but belated (it is not a revised return since original return invalid). But c/fd of IHP possible even for belated return.

M24. Rohit is a resident, being a professional having gross receipts of Rs. 60 lakh during PY 2021-22. He wants to.....

TRP not allowed as he is liable to tax audit

M25. Zeeshan is a resident and a sole proprietor of a business having turnover of Rs. 2.5 crore. All his transactions are.....

Yes, since he is resident and not liable to tax audit as limit u/s 44AB is 10 crore.

M26. Saumil, aged 20 years, started earning salary during PY 2021-22 and his total income for PY 2021-22 is Rs. 4 lakh.....

Yes, as TI during FY of 4L > BEL of 2.5L. Apply by 31 May of relevant AY.

M27. Monu started a business during PY 2020-21, turnover of which was Rs. 4 lakh for PY 2020-21 and is likely to be.....

Yes, as TO of PY 2021-22 is estimated at > 5 lakh. Apply by end of FY.

M28. Dev HUF has had total income of less than Rs. 1 lakh so far in every year. It does not have a PAN. It entered into a.....

None, as HUF is NR (so condition of financial transaction > 2.5 lakh does not apply) and TI does not exceed BEL

M32. Saloni, having a PAN number as well as Aadhaar number, intimated her Aadhaar number to the income tax.....

PAN inoperative from 1.10.2021 to 19.10.2021. Considered as not having quoted PAN for car.

M35. Mr. Q did not file his return for AY 2022-23 and tax on his total income was determined at Rs. 45,620 on best.....

Interest u/s 234A = 1% for 9 months (1.8.2022 to 15.4.2023) on 20,900 (45,620 – 12,000 – 12,650 = 20,970) = 1,881

M36. Gokul furnished his return for AY 2022-23 on 15.10.2022 as against the due date of 31.7.2022. He paid the entire.....

Nil since entire tax paid before due date of return.

M37. Yasmin, having total income of Rs. 6 lakh, furnished her return for AY 2022-23 on 31.12.2022. She will need to.....

TI > 5 lakh. Fee u/s 234F = 5,000.

M38. Yasmin computed her total income for PY 2021-22 of Rs. 4 lakh and filed her return of income on 15.3.2023 (due.....

Fee u/s 234F cannot exceed 1,000 as TI ≤ 5 lakh

M39. Mr. Z declared tax on his total income for AY 2022-23 of Rs. 54,600 and furnished a belated return. He had paid.....

Self assessment tax = 54,600 – 12,000 – 7,500 – 1,400 + 2,500 + 5,000 = 41,200.

Rs. 30,000 paid first towards fee 5,000, then interest 2,500, then 22,500 tax. Balance tax = 33,700 – 22,500 = 11,200.