

**Question 13**

MTP May'20

Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.09.2019 till 31.03.2020, Mr. A withdrew the following amounts as cash from both the said accounts; HDFC Bank: Rs.50 Lakh ICICI Bank: Rs.120 Lakh Compute the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A.

- Rs.1,00,000 and Rs.2,40,000
- Nil and Rs. 40,000
- Nil and Rs.2,40,000
- Rs. 50,000 and Rs.1,20,000

**Question 14**

MTP Mar'22

Mr. Jai, a resident Indian aged 60 years, won ₹ 9 lakhs and Mr. Veeru, resident Indian aged 55 years, won ₹ 8 lakhs from lotteries. Tax deductible at source under section 194B was duly deducted. Assuming that this is the only source of income of Mr. Jai and Mr. Veeru for A.Y.2022 -23, are Mr. Jai and Mr. Veeru liable to pay advance tax for that year?

- No, Mr. Jai and Mr. Veeru are not liable to pay advance tax
- Yes, Mr. Jai and Mr. Veeru are liable to pay advance tax
- Mr. Jai is liable to pay advance tax but Mr. Veeru is not liable to pay advance tax
- Mr. Veeru is liable to pay advance tax but Mr. Jai is not liable to pay advance tax

**Question 15**

MTP Oct'22

Mr. Harish is an interior decorator declaring profits under 44ADA in the P.Y.2021-22 and the earlier previous years. Mr. Harish has to pay brokerage of ₹ 15 lakhs to Mr. Patel, a broker, to buy a residential house, and ₹ 50 lakhs to Mr. Suresh, a contractor for reconstruction of the residential house. Are TDS provisions attracted in the hands of Mr. Harish in respect of the above transactions?

- No; TDS provisions are not attracted in the hands of Mr. Harish in respect of payments to Mr. Patel and Mr. Suresh
- Yes; Mr. Harish has to deduct tax from payment to Mr. Patel and Mr. Suresh
- Mr. Harish does not have to deduct tax on payment to Mr. Patel but has to deduct tax from payment to Mr. Suresh
- Mr. Harish does not have to deduct tax on payment to Mr. Suresh but has to deduct tax from payment to Mr. Patel.

**Question 16**

MTP Mar'21

Mr. Vyas, aged 80, is a retired government employee. On 15th April 2020, he received the maturity amount of his LIC policy amounting to Rs. 3,50,000. This policy was taken by Mr. Vyas on 1st April 2013 on which the sum assured was Rs. 3,00,000 and the annual premium was Rs. 40,000. His other income comprised of pension amounting to Rs. 85,000. Mr. Vyas furnishes a declaration in Form 15H for non-deduction of tax at source to the insurance company stating that his net tax liability for the year is NIL.

Choose the correct statement from below:

- The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of Rs. 3,500 under section 194DA.



- b) The claim by Vyas is right and insurance company is not required to deduct tax at source.
- c) The insurance company has to deduct tax under section 194DA since declaration in Form 15H cannot be made for tax deduction under section 194DA.
- d) The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of Rs. 1,000 under section 194DA.

**Question 17**

MTP April'19

Mr. Kabir (a non-resident and aged 70 years) is a retired person, earning rental income of Rs. 45,000 per month from a property located in Mumbai. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India?

- a) Yes, he is liable to pay advance tax in India as he is a non-resident and his tax liability in India exceeds Rs. 10,000.
- b) No, he is not liable to pay advance tax in India as his tax liability in India is less than Rs. 10,000.
- c) No, he is not liable to pay advance tax in India as he is a senior citizen and has no income chargeable
- d) under the head "Profits and gains of business or profession".
- e) Both (b) and (c)

**Question 18**

RTP May'20

Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2018. He is resident in India during F.Y. 2018-19 and earned salary income of ₹5 lacs (computed). During the year, he earned ₹ 7 lacs from winning of lotteries. Compute his advance tax liability for A.Y. 2019-20:

- a) ₹ 2,20,000 + Cess ₹ 8,800 = ₹2,28,800, being the tax payable on total income of ₹12 lacs
- b) ₹ 2,10,000 + Cess ₹ 8,400 = ₹2,18,400, being the tax payable on lottery income of ₹7 lacs
- c) ₹ 10,000 + Cess ₹400 = ₹ 20,400, being the tax payable on salary income, since tax would have been deducted at source from lottery income.
- d) Nil

**Question 19**

RTP Nov'20

Mr. Nihar maintains a Savings A/c and a Current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2019 -20 are as follows:

Date of Cash withdrawal	Saving Account	Current account
05.04.2019	15,00,000	-
10.05.2019	-	22,00,000
25.06.2019	20,00,000	-
17.07.2019	-	5,00,000
28.10.2019	35,00,000	-
10.11.2019	-	38,00,000
12.12.2019	25,00,000	-

Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2019-20? If yes, what would the amount of tax deducted at source?

- a) No, TDS is not required to be deducted as the aggregate cash withdrawal on or after 1.9.2019 does not exceed ₹ 1 crore



- b) No, TDS is not required to be deducted as the cash withdrawal does not exceed ₹ 1 crore neither in saving account nor in current account
- c) TDS of ₹ 60,000 is required to be deducted.
- d) TDS of ₹ 1,20,000 is required to be deducted.

**Question 20**

RTP Nov'22

Mrs. Kajal, the General Manager of M/s Gold Ltd. was paid a salary ₹ 4,50,000 per month. The above salary includes non-monetary perquisite of ₹ 50,000 per month. As per the terms of employment, tax on non-monetary perquisite is to be borne by M/s Gold Ltd. Mrs. Kajal's contribution towards PPF is ₹ 1,50,000. What would be the amount of tax to be deducted by M/s Gold Ltd. from the salary of Mrs. Kajal if she intimated M/s Gold Ltd. to opt for provisions of section 115BAC for A.Y. 2022-23?

- a) ₹ 13,80,427
- b) ₹ 15,52,980
- c) ₹ 12,54,936
- d) ₹ 13,88,970

**Question 21**

RTP May'24

Mr. Sunil took an education loan of Rs. 8 lakhs on 1.7.2023 from State Bank of India, Mumbai, for his son's MBA from University of Oxford, UK and remitted the said amount through the same bank, which is an authorised dealer, under the Liberalised Remittance Scheme of RBI (LRS). He, further, remitted Rs. 2 lakhs on 15.10.2023 to his son for his personal expenditure, out of his personal savings, through Bank of India, Mumbai which is also an authorised dealer, under LRS. Mr. Sunil also remitted Rs. 6 lakhs on 28.3.2024, out of his personal savings, under LRS through Union Bank of India, Mumbai, for his sister's medical treatment in London.

Mr. Sunil has furnished undertaking containing the details of earlier remittance to Bank of India and Union Bank of India. What is the amount of tax to be collected from Mr. Sunil in respect of the remittance of amounts to his son and sister?

- (a) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @5% of Rs. 2 lakhs in respect of remittance for son's personal expenditure and 5% of Rs. 6 lakhs in respect of remittance for sister's medical treatment.
- (b) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @20% of Rs. 2 lakhs in respect of remittance for son's personal expenditure and 5% of Rs. 6 lakhs in respect of remittance for sister's medical treatment.
- (c) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; no TCS in respect of remittance for son's personal expenditure and sister's medical treatment since each transaction is of less than Rs. 7 lakhs.
- (d) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @5% of Rs. 1 lakh in respect of remittance for sister's medical treatment.

**Question 22**

CS Exec.

Mr. X, a resident, is due to receive ₹ 4.50 lakhs on 31.3.2024, towards maturity proceeds of LIC policy taken on 1.4.2020, for which the sum assured is ₹ 4 lakhs and the annual premium is ₹ 1,25,000. Mr. Z, a resident, is due to receive ₹ 95,000 on 1.10.2023 towards maturity proceeds of LIC policy taken on 1.10.2014 for which the sum assured is ₹ 90,000 and the annual premium is ₹ 10,000.



- (a) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X and Mr. Z
- (b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
- (c) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. Z
- (d) No tax is required to be deducted on income comprised in maturity proceeds payable to either Mr. X or Mr. Z

  
  
  

**Question 23****CS Exec.**

ABC Ltd. wants 400 customized backpacks which will be distributed by the company to its employees on the annual event. ABC Ltd. hires a local vendor for this task and ABC Ltd. informs the local vendor about its specifications for the backpacks. The local vendor procures its own raw material and supplies the required backpacks to the Company. He charges ₹1,00,000 for the backpacks from ABC Ltd. While making payment to the vendor, at what rate ABC Ltd. is required to deduct tax at source?

- (a) 1%
- (b) 2%
- (c) 10%
- (d) No tax is required to be deducted at source.

  
  
  

**Question 24****CS Exec.**

Mr. X, a resident Indian, wins ₹ 10,000 in a lottery. Which of the statement is true?

- (a) Tax is deductible u/s 194B@30%
- (b) Tax is deductible u/s 194B@ 30.9%
- (c) No tax is deductible at source
- (d) None of the above

  
  
  

**Question 25****CS Exec.**

The person responsible for paying any income by way of winnings from lottery an amount exceeding ₹ 10,000, shall deduct -

- (A) TDS @ 30.9%
- (B) No TDS
- (C) TDS @ 31.2%
- (D) TDS @ 30%

  
  
  

**Question 26****CS Exec.**

Pradip acquired an urban land from Chitra for ₹ 70 lakh on 10<sup>th</sup> October, 2021. At what rate, tax is deductible at source in respect of such transaction?

- (A) 2%
- (B) 5%
- (C) 1%
- (D) 3%

  
  
  

**Question 27****CS Exec.**

Where the advance tax paid on or before March, 2022 is less than 100% of the tax due on the total income declared in the return of income, as reduced by tax deducted at source, the assessee shall be making payment of interest on the amount of shortfall on the returned income so declared at the rate of \_\_\_\_\_ per month for the period of delay.

VG Sir



- (A) 2%  
 (B) 1%  
 (C) Nil  
 (D) 1.5%

  
  
  

**Question 28****CMA Inter**

Mr. Ramesh has filed his income-tax return for AY 2020-21 after due date on August 10, 2020. His total income tax liability is Rs. 50,000. However, he has paid Rs. 5,000 as self-assessment tax and amount of tax deducted on such income is Rs. 5,000. Calculate interest u/s 234A.

- a) Rs. 500  
 b) Rs. 400  
 c) Rs. 1,000  
 d) Rs. 800

  
  
  

**Question 29****CMA Inter**

Where self-assessment tax paid by assessee falls short of aggregate amount of tax, interest and late filing fee, then the amount of tax paid shall be adjusted

- a) First against tax and thereafter towards interest  
 b) First against interest and thereafter towards tax and balance if any, shall be adjusted towards late filing fee  
 c) First against late filing fee and thereafter towards interest and balance, in any, shall be adjusted towards tax  
 d) None of the above

  
  
  

**Answers**

1	2	3	4	5	6	7	8	9	10
a	c	b	b	b	c	b	c	c	c
11	12	13	14	15	16	17	18	19	20
d	b	b	a	a	b	b	d	d	a
21	22	23	24	25	26	27	28	29	
b	b	d	c	d	c	b	b	b	



## Chapter 8: Provisions for Filing Return of Income and Self-Assessment

### Descriptive Questions

Easy

#### Question 1

MTP March'18, PYQ May '22

Explain with brief reasons whether the return of income can be revised under section 139(5) of the Income-tax Act, 1961 in the following cases:

1. Belated return filed under section 139(4).
2. Return already revised once under section 139(5).
3. Return of loss filed under section 139(3).

3 Marks

Answer:

Any person who has furnished a return under section 139(1) or 139(4) can file a revised return at any time before three months prior to the end of the relevant assessment year or before the completion of assessment, whichever is earlier, if he discovers any omission or any wrong statement in the return filed earlier. Accordingly,

1. A belated return filed under section 139(4) can be revised.
2. A return revised earlier can be revised again as the first revised return replaces the original return. Therefore, if the assessee discovers any omission or wrong statement in such a revised return, he can furnish a second revised return within the prescribed time i.e. at any time before three months prior to the end of the relevant assessment year or before the completion of assessment, whichever is earlier. It implies that a return of income can be revised more than once within the prescribed time.
3. A return of loss filed under section 139(3) is deemed to be return filed under section 139(1), and therefore, can be revised under section 139(5).

#### Question 2

MTP April'21, PYQ May '19, MTP Sept'24

1. What is the fee for default in furnishing return of income u/s 234F?
2. To whom the provisions of section 139AA relating to quoting of Aadhar Number do not apply?

4 Marks

Answer:

1. Fee for default in furnishing return of income u/s 234F

(As per amendment If return is filed after due date and the total income is under Rs 5,00,000 then late filing fee will be Rs. 1000 and if total income exceeds Rs. 5,00,000 the late filing fee will be Rs. 5,000.)

2. Persons to whom provisions of section 139AA relating to quoting of Aadhar Number does not apply



The provisions of section 139AA relating to quoting of Aadhar Number would not apply to an individual who does not possess the Aadhar number or Enrolment ID and is:

- residing in the States of Assam, Jammu & Kashmir and Meghalaya;
- a non-resident as per Income-tax Act, 1961;
- of the age of 80 years or more at any time during the previous year;
- not a citizen of India.

**Question 3**

MTP April'19

Who are the persons authorized to verify return of income in the case of following persons:

- Local authority
- Firm, having no managing partner.

2 Marks

Answer:

Return of income to be verified by whom

	Person	Return of income to be verified by
(i)	Local authority	The principal officer
(ii)	Firm, having no managing partner	Any partner of the firm, not being a minor

**Question 4**

MTP March'19, Oct'21

Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income-tax Act, 1961:

- The Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.
- Where the Karta of a HUF is absent from India, the return of income can be verified by any male member of the family.

3 Marks

Answer:

- True:** Section 139A (2) provides that the Assessing Officer may, having regard to the nature of transactions as may be prescribed, 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.
- False:** Section 140(b) provides that where the Karta of a HUF is absent from India, the return of income can be verified by any other adult member of the family; such member can be a male or female member.

**Question 5**

MTP Oct'18

Specify the persons who are authorized to verify under section 140, the return of income filed under section 139 of the Income-tax Act, 1961 in the case of:

- Political party;
- Local authority;
- Association of persons, and
- Limited Liability Partnership (LLP).

4 Marks

Answer:



The following persons (mentioned in Column III below) are authorised as per section 140, to verify the return of income filed under section 139:

I	II	III
(I)	Political party	Chief Executive Officer of such party (whether known as secretary or by any other designation).
(ii)	Local authority	Principal Officer thereof.
(iii)	Association of Persons	Any member of the association or the principal officer thereof.
(iv)	LLP	Designated partner, or Any partner,
		- where the designated partner is not able to verify the return for any unavoidable reason;
		- where there is no designated partner <b>or any other person prescribed for this purpose can verify the return. (as per amendment)</b>

**Question 6**

MTP March 22, RTP May '19

Mr. Prince, a senior citizen, has reported a Total Income ₹ 1,90,000. He has claimed exemption of ₹ 50,000 under section 54EC in respect of long-term capital gain on sale of house property and deductions under Chapter VI-A amounting to ₹ 1,50,000 for the previous year 2023-24. Is he liable to file his return of income under section 139(1) for the Assessment year 2024-25? If so, why?

**3 Marks****Answer:**

As per sixth proviso to section 139(1), every person, being an individual whose total income without giving effect to the provisions of, inter alia, section 54EC and Chapter VI-A exceeds the basic exemption limit, is compulsorily required to furnish return of income on or before the due date.

Therefore, in the present case, Mr. Prince, a senior citizen is required to file return of income, since his total income of ₹ 3,90,000 before giving effect to the exemption under section 54EC and deduction of ₹ 1,50,000 under Chapter VI-A, exceeds the basic exemption limit of ₹ 3,00,000 applicable in his case.

**Question 7**

MTP Nov'21

Mr. Naksh has undertaken certain transactions during the F.Y.2023-24, which are listed below. You are required to identify the transactions in respect of which quoting of PAN is mandatory in the related documents -

**4 Marks**

S.No.	Transaction
1.	Payment of life insurance premium of Rs. 40,000 in the F.Y.2020-21 by account payee cheque to LIC for insuring life of self and spouse
2.	Payment of Rs. 1,10,000 to RBI for acquiring its bonds
3.	Applied for issue of credit card to SBI
4.	Payment of Rs. 1,00,000 by account payee cheque to travel agent for travel to Singapore for 3 days to visit



Answer:

	Transaction	Is quoting of PAN mandatory in related documents?
1.	Payment of life insurance premium of Rs. 40,000 in the F.Y.2023-24 by account payee cheque to LIC for insuring life of self and spouse.	No, since the amount paid does not exceed Rs. 50,000 in the F.Y.2023-24.
2.	Payment of Rs. 1,10,000 to RBI for acquiring its bonds	Yes, since the amount paid exceeds Rs. 50,000
3.	Applied to SBI for issue of credit card.	Yes, quoting of PAN is mandatory on making an application to a banking company for issue of credit card.
4.	Payment of Rs. 1,00,000 by account payee cheque to travel agent for travel to Dubai for 3 days to visit	No, since the amount was paid by account payee cheque, quoting of PAN is not mandatory even though the payment exceeds Rs. 50,000

**Question 8**

MTP Sep'22, PYQ Jul'21

Enumerate the cases where a return of loss has to be filed on or before the due date specified u/s 139(1) for carry forward of the losses. Also enumerate the cases where losses can be carried forward even though the return of loss has not been filed on or before the due date. **4 Marks**

Answer:

As per section 139(3), an assessee is required to file a return of loss within the due date specified u/s 139(1). As per section 80, certain losses which have not been determined in pursuance of a return filed under section 139(3) on or before the due date specified under section 139(1) cannot be carried forward and set-off. Thus, the assessee has to file a return of loss under section 139(3) within the time allowed u/s 139(1) in order to carry forward and set off of following losses:

- loss under the head "Capital Gains",
- loss from activity of owning and maintaining race horses.
- business loss,
- speculation business loss and
- loss from specified business.

However, following can be carried forward for set-off even if the return of loss has not been filed before the due date:

- Loss under the head "Income from house property" and
- Unabsorbed depreciation.

**Question 9**

MTP March '23

Mr. Ram furnished his return of income for the A.Y. 2024 -25 on 20.07.2024. Due to missing information for payment of taxes in the return of income, the Assessing Officer considers it defective under section 139(9) of the Income-tax Act, 1961.

- i. What are the consequences if defect is not rectified within the time allowed?
- ii. Specify the remedies available if not rectified within time allowed by the



**Assessing Officer?**

**Answer:**

- i. If the defect is not rectified within the period of 15 days or such further extended period, then, the return would be treated as an invalid return. The consequential effect would be the same as if the assessee had failed to furnish the return.
- ii. The Assessing Officer has the power to condone the delay and treat the return as a valid return, if the assessee has rectified the return after the expiry of 15 days or the further extended period, but before the assessment is made.

**Question 10**

RTP May '23

Mr. Aakash has undertaken certain transactions during the F.Y. 2023 -24, which are listed below. You are required to identify the transactions in respect of which quoting of PAN is mandatory in the related documents -

S.No.	Transaction
1.	Opening a current account with HDFC Bank
2.	Sale of shares of ABC (P) Ltd. for ₹ 1,50,000
3.	Purchase of two wheeler motor vehicle of ₹ 1 lakh
4.	Purchase of a professional laptop of ₹ 3 lakhs

**Answer:**

	Transaction	Is quoting of PAN mandatory in related documents?
1.	Opening a current account with HDFC Bank	Yes, quoting of PAN is mandatory on opening of a current account by a person with bank.
2.	Sale of shares of ABC (P) Ltd. for ₹ 1,50,000	Yes, since the amount for sale of unlisted shares exceeds ₹ 1,00,000
3.	Purchase of two-wheeler motor vehicle of ₹ 1 lakh	Since the purchase is of two-wheeler motor vehicle, quoting of PAN is not mandatory
4.	Purchase of a professional laptop of ₹ 3 lakhs	Yes, since the amount paid exceeds ₹ 2,00,000

**Question 11**

RTP Nov '23

Who is authorized to verify the return of income of the following assesseees?

- (a) HUF whose Karta is absent from India
- (b) Company where the company is being wound up
- (c) Local authority
- (d) Individual who is mentally incapacitated from attending to his affairs.

**Answer:**



## Person authorized to verify return of income

S.No.	Assessee	Authorised Persons
(a)	HUF whose karta is absent from India	Any other adult member of the HUF
(b)	Company where the company is being wound up	Liquidator
(c)	Local authority	The principal officer
(d)	Individual who is mentally incapacitated from attending to his affairs	His guardian or any other person competent to act on his behalf

**Question 12**

PYQ Nov'19

Elaborate the conditions, non-fulfilment of which would render a return of income filed by an assessed not maintaining regular books of accounts, defective. **4 Marks**

**Answer:**

Where regular books of account are not maintained by the assessee, the return should be accompanied by

- (i) a statement indicating -
  - (1) the amount of turnover or gross receipts,
  - (2) gross profit,
  - (3) expenses; and
  - (4) net profit of the business or profession;
- (ii) the basis on which such amounts mentioned in (I) above have been computed,
- (iii) the amounts of total sundry debtors, sundry creditors, stock-in-trade and cash balance as at the end of the previous year.

**Note:** The above answer is based on the provisions of section 139(9) of the Income-tax Act, 1961. However, since returns are now required to be e-filed, many of the details need to be incorporated as part of the relevant return form itself.

**Question 13**

PYQ May'19

Discuss the provisions of section 139A (1) which provides the persons who are compulsorily required to apply for allotment of Permanent Account Number (PAN) with the Assessing Officer. **4 Marks**

**Answer:**

Persons who are mandatorily required to apply for PAN as per section 139A (1)	
(i)	Every person whose total income or the total income of any other person in respect of which he is assessable under the Income-tax Act, 1961 during any previous year exceeds the basic exemption limit
(ii)	Every person carrying on business or profession whose total sales, turnover or gross receipts are or is likely to exceed ₹ 5 lakh in any previous year



(iii)	Every person, being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to ₹ 2,50,000 or more in a financial year
(iv)	Every person who is the managing director, director, partner, trustee, author, founder, karat, chief executive officer, principal officer or office bearer of the person referred to in (iii) above or any person competent to act on behalf of the person referred to in (iii) above.

**Question 14**

PYQ Nov'18

Explain the quantum of late fees under section 234F for delay in furnishing return of income within the prescribed time limit under section 139(1) for A.Y. 2024-25. **3 Marks**

**Answer:**

Quantum of late fee for delay in furnishing return of Income Late fee under section 234F is attracted where a person, who is required to furnish a return of income under section 139, fails to do so within the time limit prescribed under section 139(1).

Quantum of Late Fee	Circumstances
₹ 5,000	If the return is furnished on or before the 31st December of the assessment year;
₹ 10,000	In any other case

However, if the total income of the person does not exceed ₹ 5 lakhs, the fee payable shall not exceed ₹ 1,000

*(As per amendment If return is filed after due date and the total income is under Rs 5,00,000 then late filing fee will be Rs. 1000 and if total income exceeds Rs. 5,00,000 the late filing fee will be Rs. 5,000.)*

**Question 15**

Mr. Sitaram is engaged in the business of trading of cement having turnover of ₹ 10 crores during the financial year 2023-24. As a tax consultant advise him what are the particulars to be furnished under section 139(6A) along with Return of Income? **4 Marks**

**Answer 35**

Since Mr. Sitaram's turnover from business of trading of cement is ₹ 10 crores which exceeds ₹ 1 crore, being the threshold limit for tax audit under section 44AB, he is subjected to tax audit. Accordingly, Mr. Sitaram, is required to furnish the following particulars along with his return of income -

- the report of 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.



**Question 16**

PYQ May'22

Due to some inconsistent information provided in the return of income furnished under Section 139(1), the Assessing Officer considers it defective under Section 139(9) of the Income-tax Act, 1961.

- (i) How, the Assessing Officer would deal with the issue?
  - (ii) What are the consequences if defect is not rectified within the time allowed?
- Specify the remedies available if not rectified within time allowed by the Assessing Officer?

4 Marks

**Answer:**

- (i) Where the Assessing Officer considers that the return of income furnished by the assessee is defective,
  - he may intimate the defect to the assessee and
  - give him an opportunity to rectify the defect within a period of 15 days from the date of such intimation.

The Assessing Officer has the discretion to extend the time period beyond 15 days, on an application made by the assessee.

- (ii) If the defect is not rectified within the period of 15 days or such further extended period, then, the return would be treated as an invalid return. The consequential effect would be the same as if the assessee had failed to furnish the return.

- (iii) The Assessing Officer has the power to condone the delay and treat the return as a valid return, if the assessee has rectified the return after the expiry of 15 days or the further extended period, but before the assessment is made.

**Question 17**

PYQ Nov '22

Mr. A employed with B Pvt. Ltd. residing in Chennai, filed his return of Income on 30 th July. He has no other income other than salary. He however has failed to link his Aadhar with PAN as on return filing date.

- (i) What is the last date for linking Aadhar with PAN?
- (ii) What is the consequence for him if he has linked the Aadhar with PAN on 31 st August 2022?
- (iii) Are there any exceptions provided under section 139AA from quoting of Aadhar number?

4 Marks

**Answer:**

Every person who has been allotted PAN as on 1st July, 2017, and who is eligible to obtain Aadhar Number, has to intimate his Aadhar Number to prescribed authority on or before 31st March, 2022. Since, Mr. A fail to link his Aadhar number with PAN on or before 31.3.2022, consequently, at the time of linking his Aadhaar number with PAN on 31.8.2022, he would be liable to pay fee of ₹ 1,000 as per section 234H.

Yes, the following are the exceptions -

An individual who does not possess the Aadhar number or Enrolment ID and is:

- (i) residing in 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

**Question 18**

CS Execu. Dec. '10

Write short note on consequences of failure to file return of loss.

3 Marks

**Answer:**

Under section 139(3) if return of loss is not filed by an assessee, the following losses cannot be carried forward:

- (a) Business loss (Ordinary and Speculative both)
- (b) Capital Loss
- (c) Loss from activity of owning and maintaining race horses.

**Question 19**

CS Execu. Dec. '12

Mentioned the due dates for filing of return of income for different categories of assessees.

**Answer:**

Under section 139(1) following are due dates for filing return of income for different categories of assessees:

When the assessee is required to furnish a report under section 92E pertaining to international or specified domestic transactions.	30 <sup>th</sup> November
A company and a non-corporate assessee, not having international or specified domestic transactions.	31 <sup>st</sup> October
When accounts of the assessee are required to be audited or where assessee is a partner in a firm whose accounts are required to be audited.	31 <sup>st</sup> October
In all other cases.	31 <sup>st</sup> July

**Moderate****Question 1**

MTP March'21, RTP Nov '21 &amp; Nov '19

Mr. Praveen, due to inadvertent reasons, failed to file his income-tax return for the assessment year 2024-25 on or before the due date of filing such return of income.

Can he file the above return after due date of filing return of income? If yes, which is the last date for filing the above return?

What are the consequences of non-filing the return within the due date under section 139(1)?

4 Marks

**Answer:**

If any person fails to furnish a return within the time allowed to him under section 139(1), he may furnish the belated return for any previous year at any time -

- (i) before **three months prior** to the end of the relevant assessment year; or



(ii) before the completion of the assessment, whichever is earlier. *(As per amendment before 31<sup>st</sup> December of the relevant Assessment Year)*

The last date for filing return of income for A.Y.2024-25, therefore, is ~~31<sup>st</sup> March 2025~~ **31<sup>st</sup> December, 2024**. Thereafter, Mr. Praveen cannot furnish a belated return after this date.

#### Consequences for non-filing return of Income within the due date under section 139(1)

**Carry forward and set-off of certain losses:** Business loss, speculation business loss, loss from specified business under section 35AD, loss under the head "Capital Gains"; and loss from the activity of owning and maintaining race horses, would not be allowed to be carried forward for set-off against income of subsequent years, where a return of income is not furnished within the time allowed under section 139(1).

**Interest under section 234A:** Interest under section 234A@1% per month or part of the month for the period commencing from the date immediately following the due date under section 139(1) till the date of furnishing of return of income is payable, where the return of income is furnished after the due date.

**Fee under section 234F:** ~~Fee of Rs. 5,000 would be payable under section 234F, if the return of income is not filed on or before the due date specified in section 139(1) but filed on or before 31<sup>st</sup> December of the assessment year and Rs. 10,000 would be the fee payable under section 234F where the return is furnished after 31<sup>st</sup> December of the assessment year. However, such fee cannot exceed Rs. 1,000, if the total income does not exceed Rs. 5,00,000.~~

*(As per amendment If return is filed after due date and the total income is under Rs 5,00,000 then late filing fee will be Rs. 1000 and if total income exceeds Rs. 5,00,000 the late filing fee will be Rs. 5,000.)*

#### Question 2

MTP Oct'20

Mr. Varun filed return on 30th September, 2024 related to Assessment Year 2024-25. In the month of October 2024, his tax consultant found that the interest on fixed deposit was omitted in the tax return.

(i) What is the time limit for filing a belated return?

(ii) Can Mr. Varun file a revised return?

Justify the above with the relevant provisions under section 139.

Assume that the due date for furnishing return of income was 31<sup>st</sup> July, 2024 and the assessment was not completed till the month of October 2024. **4 Marks**

Answer:

(i) As per section 139(4), a belated return for any previous year may be furnished at any time -

(a) Before **three months prior to** the end of the relevant assessment year; or

(b) before the completion of the assessment, whichever is earlier.

For assessment year 2024-25, the belated return has to be furnished before ~~31<sup>st</sup> March 2025~~ **31<sup>st</sup> December 2024** or before completion of assessment, whichever is earlier.

*(As per amendment from AY 2021-22 onwards a belated/revised return can be filed by 31<sup>st</sup> December of the relevant assessment year).*



(ii) As per section 139(5), if any person, having furnished a return within the due date or a belated return, discovers any omission or any wrong statement therein, he may furnish a revised return at any time -

- Before **three months prior** to the end of the relevant assessment year or
- before the completion of assessment, whichever is earlier.

Since Mr. Varun has filed his return after 31.7.2024, being the due date under section 139(1) in his case, but before ~~31.3.2025~~ **31.12.2024**/completion of assessment, the said return is a belated return under section 139(4).

Thus, in the present case, Mr. Varun can file a revised return, since he has found an omission in the belated return filed by him for A.Y.2024-25 and assessment is yet to be completed and assessment year has not elapsed as of October, 2024.

**Question 3** ..... **PYQ May'18, MTP May'20, Oct'19 & Aug '18, MTP Sep '23**

Briefly mention the provisions of Income-tax Act, 1961 with regard to quoting Aadhar Number under section 139AA of the Act. **4/5 Marks**

Answer:

**Provisions of Income-tax Act, 1961 relating to quoting of Aadhar Number under section 139AA**

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

- in the application form for allotment of Permanent Account Number (PAN)
- in the return of income

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:

- residing in the States of Assam, Jammu & Kashmir and Meghalaya;
- a non-resident as per Income-tax Act, 1961;
- of the age of 80 years or more at any time during the previous year;
- not a citizen of India.

If a person does not have Aadhar Number, he is required to quote Enrolment ID of Aadhar application form issued to him at the time of enrolment in the application form for allotment of PAN or in the return of income furnished by him. Every person who has been allotted 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 date as may be notified by the Central Government.

**(As per amendment if a person fails to intimate the Aadhar Number, PAN allotted to such person should be made inoperative after the notified date.)**

**Question 4** ..... **MTP Oct'18**

Explain the term "return of loss" under the Income-tax Act, 1961. Can any loss be carried forward even if return of loss has not been filed as required? **4 Marks**

Answer:



A return of loss is a return which shows certain losses. Section 80 provides that the losses specified therein cannot be carried forward, unless such losses are determined in pursuance of return filed under the provisions of section 139(3).

Section 139(3) states that to carry forward the losses specified therein; the return should be filed within the time specified in section 139(1).

Following losses are covered by section 139(3):

- business loss to be carried forward under section 72(1),
- speculation business loss to be carried forward under section 73(2),
- loss from specified business to be carried forward under section 73A (2).
- loss under the head "Capital Gains" to be carried forward under section 74(1); and
- loss incurred in the activity of owning and maintaining race horses to be carried forward under section 74A (3)

However, loss from house property to be carried forward under section 71B and unabsorbed depreciation can be carried forward even if return of loss has not been filed as required under section 139(3).

A return of loss has to be filed by the Assessee in his own interest and the non-receipt of a notice from the AO requiring him to file the return cannot be a valid excuse under any circumstances for the non-filing of such return.

### Question 5

MTP Aug'18

Pertaining to the following transactions, what is the minimum amount above which quoting Permanent Account Number is mandatory?

- Opening a demat account with a depository
- Purchase of bank draft from a banking company
- Payment for purchase of any foreign currency at any one time.
- Payment to a company for acquiring debentures issued by it.
- Payment as life insurance premium to an insurer.

5 Marks

Answer:

Monetary limit for mandatory quoting of PAN

	Transaction	Amount above which quoting of PAN is mandatory
(I)	Opening a demat account with a depository.	All such transactions (There is no minimum amount)
(ii)	Purchase of bank draft from a banking company	Payment in cash of an amount exceeding Rs. 50,000 during any one day
(iii)	Payment for purchase of any foreign currency at any one time	Payment in cash of an amount exceeding Rs. 50,000
(iv)	Payment to a company for acquiring debentures issued by it	Amount exceeding Rs. 50,000.

