

(v)	Payment as life insurance premium to an insurer	Amount aggregating to more than Rs. 50,000 in a financial year
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**Question 6**

MTP April 22, MTP Sept'24

What are the consequences of failure to intimate Aadhar Number. Is there any fee for such default? 4 Marks

**Answer:**

If a person, who has been allotted PAN as on 1.7.2017 and is required to intimate his Aadhar number under section 139AA(2), has failed to intimate the same on or before 31.3.2022, the PAN of such person would become inoperative immediately after 31.3.2022 **and he would be liable to for payment of fee in accordance with 234H read with rule 114(5A) i.e. Rs 1000** for the purpose of furnishing, intimating or quoting under the Income-tax Act, 1961.

Where a person, whose PAN has become inoperative, is required to furnish, intimate or quote his PAN under the Act, it shall be deemed that he has not furnished, intimated or quoted the PAN, as the case may be, in accordance with the provisions of the Act and he would be liable for all the consequences under the Act for not furnishing, intimating or quoting the PAN.

~~Where a person, who is required to intimate his Aadhar Number under section 139AA(2), fails to do so on or before the notified date i.e., 31.3.2022, he shall be liable to pay such fee, as may be prescribed, at the time of making intimation under section 139AA(2) after 31.3.2022.~~

~~However, such fee shall not exceed ₹ 1,000.~~

**Question 7**

MTP April 22, RTP May '20

Mr. Rakesh has submitted his income-tax return containing certain losses/deductions in respect of the P.Y. 2023-24 on 22.10.2024. The due date for filing the return for Mr. Rajesh was 31st July, 2024 under section 139(1). You are required to examine with reference to the relevant provisions of Income-tax Act, 1961 whether the following losses/deductions can be carried forward/claimed in subsequent years by Mr. Rakesh.

- (ii) Loss from the business carried on by him as a proprietor: ₹ 10,80,000 (computed)
- (iii) Unabsorbed Depreciation: ₹ 2,00,000 (computed)
- (iv) Loss from House property: ₹ 2,50,000 (computed).

3 Marks**Answer:**

Mr. Rakesh has furnished his return of income for A.Y.2024-25 on 22.10.2024, i.e., after the due date specified under section 139(1) i.e., 31st July 2024. Hence, the return is a belated return under section 139(4). As per section 80 read with section 139(3), specified losses, which have not been determined in pursuance of a return of loss filed within the time specified in section 139(1), cannot be carried forward to the subsequent year for set-off against income of that year. The specified losses include, inter alia, business loss but does not include loss from house property and unabsorbed depreciation. Accordingly, business loss of ₹ 10,80,000 of Mr. Rakesh for A.Y. 2024-25, not determined in pursuance of a return of loss, filed within the time specified in section 139(1), cannot be carried forward to A.Y.2025-26.



However, the loss of ₹ 2,50,000 from house property and unabsorbed depreciation of ₹ 2,00,000 pertaining to A.Y.2024-25, can be carried forward to A.Y.2025-26 for set-off, even though Mr. Rakesh has filed the return of loss for A.Y.2024-25 belatedly.

**Question 8**

MTP Oct'22

State any three conditions when a person is required to furnish Income-tax return in the prescribed form & manner on or before the due date even if such person (other than a company or a firm) is not otherwise required to furnish a return u/s 139(1). **3 Marks**

**Answer:**

Conditions when a person is required to furnish return of income on or before the due date even if he is otherwise not required to furnish return under section 139(1)

Any person, other than a company or a firm, who is not required to furnish a return under section 139(1), is required to file income-tax return in the prescribed form and manner on or before the due date if, during the previous year, such person

- (i) has deposited an amount or aggregate of the amounts exceeding ₹ 1 crore in one or more current accounts maintained with a banking company or a co-operative bank; or
- (ii) has incurred expenditure of an amount or aggregate of the amounts exceeding ₹ 2 lakh for himself or any other person for travel to a foreign country; or
- (iii) has incurred expenditure of an amount or aggregate of the amounts exceeding ₹ 1 lakh towards consumption of electricity; or
- (iv) fulfils such other prescribed conditions.

Rule 12AA provides that a person, other than a company or a firm, who is not required to furnish a return under section 139(1), and who fulfils any of the following conditions during the previous year has to file their return of income on or before the due date in the prescribed form and manner -

- a) if his total sales, turnover or gross receipts, as the case may be, in the business > ₹ 60 lakhs during the previous year; or
- b) if his total gross receipts in profession > ₹ 10 lakhs during the previous year; or
- c) if the aggregate of TDS and TCS during the previous year, in the case of the person, is ₹ 25,000 or more; or

However, a resident individual who is of the age of 60 years or more, at any time during the relevant previous year would be required to file return of income only, if the aggregate of TDS and TCS during the previous year, in his case, is ₹ 50,000 or more.

- d) the deposit in one or more savings bank account of the person, in aggregate, is ₹ 50 lakhs or more during the previous year.



**Question 9**

MTP April '23

Mr. X would like to furnish his updated return for the A.Y. 2024-25. In case he furnished his updated return of income, he would be liable to pay ₹ 2,50,000 towards tax and ₹ 35,000 towards interest after adjusting tax and interest paid at the time filing earlier return. You are required to examine whether Mr. X can furnish updated return

(i) as on 31.3.2026

(ii) as on 28.2.2027

(iii) as on 31.5.2027

If yes, compute the amount of additional income-tax payable by Mr. X at the time of filing his updated return.

3 Marks

**Answer:**

Mr. X may furnish an updated return of his income for A.Y. 2024-25 at any time within 24 months from the end of the relevant assessment year i.e., 31.3.2027.'

Accordingly, Mr. X can furnish updated return for A.Y. 2024-25 as on 31.3.2026 and on 28.2.2027. However, he cannot furnish such return as on 31.5.2027, since such date falls after 31.3.2027.

Mr. X would be liable to pay additional income-tax

- @25% of tax and interest payable, if updated return is furnished after the expiry of the time limit available under section 139(4) or 139(5) i.e., 31st December 2024 and before the expiry of 12 months from end of relevant assessment year i.e., 31.3.2025
- @50% of tax and interest payable, if updated return is furnished after the expiry of 12 months from end of relevant assessment year i.e., 31.3.2025 and before the expiry of 24 months from end of relevant assessment year i.e., 31.3.2027.

Accordingly, Mr. X is liable to pay additional income-tax in case he furnished his updated return as on

(i) 31.3.2026 - ₹ 71,250 [25% of 2,85,000, being tax of ₹ 2,50,000 plus interest of ₹ 35,000]

(ii) 28.2.2027 of ₹ 1,42,500 [50% of 2,85,000, being tax of ₹ 2,50,000 plus interest of ₹ 35,000]

**Question 10**

RTP May '18

Ms. Geetha submits her return of income on 29-09-2024 for A.Y 2024-25 consisting of income under the head "Salaries", "Income from house property" and bank interest. On 01-02-2025, she realized that she had not claimed deduction under section 80D in respect of medical insurance premium of ₹ 15,000 paid for her mother. She wants to revise her return of income. Can she do so? Examine. Would your answer be different if she discovered this omission on 02-04-2025?

**Answer:**

Since Ms. Geetha has income only under the heads "Salaries", "Income from house property" and "Income from other sources", she does not fall under the category of a person whose accounts are required to be audited under the Income-tax Act, 1961. Therefore, the due date of filing return for A.Y.2024-25 under section 139(1), in her case, is 31st July, 2024. Since Ms. Geetha had submitted her return only on 29.9.2024, the said return is a belated return under section 139(4).



As per section 139(5), a return furnished under section 139(1) or a belated return u/s 139(4) can be revised, if she discovers any omission or wrong statement therein. Thus, a belated return under section 139(4) can also be revised. Therefore, Ms. Geetha **cannot revise the return of income filed by her under section 139(4) in February 2025, to claim deduction under section 80D, since the time limit for filing a revised return is upto 31<sup>st</sup> December, 2024.** ~~can revise the return of income filed by her under section 139(4) in February 2019, to claim deduction under section 80D, since the time limit for filing a revised return is upto the end of the relevant assessment year, which is 31.03.2019.~~ However, she cannot revise return had she discovered this omission only on 02-04-2025, since it is beyond 31.12.2024.

**Question 11**

RTP Nov '18

Mr. Atharv filed his return of income 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. Can Mr. Atharv file a revised return?

Assume that the due date for furnishing return of income in his case, was 31st July, 2024 and the assessment was not completed till the month of October 2024.

**Answer:**

As per section 139(5), if any person, having furnished a return under section 139(1), within the due date or a belated return under section 139(4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time -

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

For assessment year 2024-25, the belated return has to be furnished before 31st Decemeber 2024 or before completion of assessment, whichever is earlier.

Since Mr. Atharv has filed his return after 31.7.2024, being the due date of filing return of income under section 139(1) in his case, but before **31.12.2024** (completion of assessment), the said return is a belated return. Thus, in the present case, Mr. Atharv 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 **31.12.2024**, being the end of A.Y.2024- 25 has not elapsed.

**Question 12**

RTP May '22

Mrs. Shivani is a US Citizen. She got married to Mr. Sriram, an Indian citizen and resident of India, in the year 2015. Since then, she has been staying in India. She has a Bank account in US. She sold a residential house in US and earned a long-term capital gain of ₹ 2 lakhs. She invested the whole sales consideration in Capital Gain bonds under section 54EC so that no long-term capital gain is taxable. She does not have any source of income in India during the P.Y. 2021-22. Is she required to furnish her return of income? If yes, can she furnish a belated return?

**Answer:**



An individual whose total income without giving effect to, inter alia, section 54EC exceeds the maximum amount not chargeable to tax i.e., ₹ 2,50,000, is required to file a return of income on or before the due date under section 139(1) i.e., 31st July, 2024.

Every person, being a resident other than not ordinarily resident in India, would be required to file a return of income or loss for the previous year, even if his total income does not exceed the basic exemption limit, if such person, at any time during the previous year, inter alia, holds any asset located outside India or has a signing authority in any account located outside India.

In this case, Mrs. Shivani is a resident and ordinarily resident in India for A.Y. 2024-25 since she has been staying in India since the year 2015. Total income of Mrs. Shivani without giving effect to, inter alia, section 54EC is ₹ 2 lakhs, which is below the basic exemption limit. However, since she has a bank account in US, she has to furnish her return of income for A.Y. 2024-25 on or before 31.07.2024.

Yes, she can furnish a belated return under section 139(4), if she has not furnished her return on or before 31.7.2024, at any time before the -

- (ii) three months prior to the end of the relevant assessment year i.e., 31.12.2024; or
- (iii) completion of the assessment whichever is earlier.

### Question 13

RTP Nov'22

Mr. Vikas, a resident in India aged 80 years, is having a house property in Mumbai. He has let out the house property to ABC Ltd. for a rent of ₹ 50,000 per month from 1.4.2023. He does not have any other source of income. Is Mr. Vikas required to file his return of income for A.Y. 2024-25. If yes, why?

**Answer:**

An individual whose total income exceeds the maximum amount not chargeable to tax i.e., ₹ 5,00,000 in this case since Mr. Vikas is of 80 years, is required to file a return of income on or before the due date under section 139(1) i.e., 31st July, 2024.

Clause (iv) of seventh proviso to section 139(1) provides that a person (other than a company or a firm) who is not required to furnish a return u/s 139(1) has to furnish return on or before the due date if the person fulfills such other conditions as may be prescribed.

Accordingly, vide Notification no. 3/2022 dated 21.4.2022, the CBDT inserted Rule 12AB which prescribes, inter alia, that in case of resident individual who is aged 60 years or more at any time during the relevant P.Y. is required to file his return of income if the aggregate of tax deducted at source and tax collected at source, in his case, during the P.Y. is ₹ 50,000 or more.

In this case, Mr. Vikas's total income would comprise of only income from house property from let out of house property in Mumbai. His total income would be ₹ 4,20,000 [₹ 6,00,000 - 30% under section 24(a)], which is below the basic exemption limit of ₹ 5,00,000.

ABC Ltd. is required to deduct tax at source u/s 194-I @10% of ₹ 6,00,000. Tax deductible would be ₹ 60,000. Since tax deducted at source in case of Mr. Vikas is more than ₹ 50,000, he has to furnish



his return of income for A.Y. 2024-25 on or before 31.07.2024, even though his total income is below the basic exemption limit of ₹ 5,00,000.

**Note** - It is assumed that Mr. Vikas has neither made an application to the Assessing Officer u/s 197 nor furnished declaration to ABC Ltd. u/s 197A for non-deduction of tax. In case, he has obtained the certificate u/s 197 or furnished declaration to ABC Ltd. u/s 197A, no tax would have been deducted by ABC Ltd. on rental income. Consequently, Mr. Vikas would not be required to file his return of income.

**Question 14**

PYQ Jan'21

Mr. Hari aged 57 years is a resident of India. He provides you the following details of his incomes pertaining to F.Y. 2023-24.

- Interest on Non-Resident (External) Account maintained with State Bank of India as per RBI stipulations - ₹ 3,55,000
- Interest on savings bank account maintained with State Bank of India - ₹ 8,000
- Interest on Fixed Deposits with Punjab National Bank - ₹ 40,000

He seeks your advice on his liability to file return of income as per Income-tax Act, 1961 for the Assessment Year 2024-25.

What will be your answer, if he has incurred ₹ 4 lakhs on travel expenses of his newly married son and daughter in law's honeymoon in Canada? **4 Marks**

**Answer:**

a. An individual is required to furnish a return of income under section 139(1) if his total income, before giving effect to the deductions under Chapter VI-A or exemption under section 54/54B/54D/54EC or 54F, exceeds the maximum amount not chargeable to tax i.e., ₹ 2,50,000.

**b. Computation of total income of Mr. Hari for A.Y. 2024-25**

Particulars	₹
Income from other sources	
Interest earned from Non-resident (External) Account ₹ 3,55,000 [Exempt u/s 10(4)(ii), since he is maintaining the said account as per RBI stipulations]	NIL
Interest on savings bank account	8,000
Interest on fixed deposit with Punjab National Bank	40,000
Gross Total Income	48000
Less: Deduction u/s 80TTA (Interest on saving bank account)	8,000
Total Income	40,000

Since the total income of Mr. Hari for A.Y.2024-25, before giving effect, inter alia, to the deductions under Chapter VI-A, is less than the basic exemption limit of ₹ 2,50,000, he is not required to file return of income for A.Y.2024-25.



However, if he has incurred expenditure exceeding ₹ 2 lakhs for himself or any other person for travel to a foreign country, he would be required to file a return of income, even if his total income does not exceed the basic exemption limit. Since he has incurred expenditure of ₹ 4 lakhs on foreign travel of his newly married son and daughter in law in the F.Y. 2023-24, he has to mandatorily file his return of income for A.Y. 2024 -25 on or before the due date under section 139(1).

**Question 15**

PYQ Nov'18

Every person is required to file a return of income on or before due date in the prescribed form and manner as per section 139(1). What is the meaning of due date of filing Income-tax Returns for different categories of assesses as per section 139(1) of the Income-tax Act 1961? **4 Marks**

Answer:

**Due date' for filing of return of income as per section 139(1):**

- (i) 30th September (**As per amendment 31<sup>st</sup> October**) of the assessment year, where the assessee, other than an assessed referred to in (ii) below, is -
- a company,
  - a person (other than a company) whose accounts are required to be audited under the Income- tax Act, 1961 or any other law in force; or
  - a working partner of a firm whose accounts are required to be audited under the Income-tax Act, 1961 or any other law for the time being in force.
- (ii) 30<sup>th</sup> November of the assessment year in case of an assessee including partners of a firm being such assessee who is required to furnish report referred to in section 92E. (As per amendment)
- (iii) 31st July of the assessment year, in the case of any other assessee.

~~Note: In the case of an assessed who is required to furnish a report referred to in section 92E, the due date for filing return of income is 30th November of the assessment year.~~

**Question 16**

PYQ May'23

What is the time limit within which an updated return can be filed? Also enumerate the circumstances in which updated return cannot be furnished. **4 Marks**

Answer:

Any person may furnish an updated return of his income or the income of any other person in respect of which he is assessable, for the previous year relevant to the assessment year at any time within 24 months from the end of the relevant assessment year.

**Circumstances in which updated return cannot be furnished**

No updated return can be furnished by any person for the relevant assessment year, where

- an updated return has been furnished by him for the relevant assessment year
- any proceeding for assessment or reassessment or recomputation or revision of income is pending or has been completed for the relevant assessment year in his case;
- he is such person or belongs to such class of persons, as may be notified by the CBDT.
- an updated return is a loss return



**Question 17**

State whether quoting of PAN in the following transactions is mandatory or not, as per provisions of Income-tax Act, 1961 for Assessment Year 2024-25 :

- (1) A makes payment to Hotel Radisson Ahmedabad of ₹ 50,000 against the bill raised by the Hotel.
- (2) Abhishek, in a single transaction makes contract of ₹ 1,20,000 for sale/purchase of securities (other than shares) as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- (3) Payment to Mutual Funds of ₹ 70,000 for purchase of its units.

Your answers must be supported with reasons. **3 Marks**

**Answer:**

1. **PAN is not required to be quoted:** Mr. A is not required to quote his PAN while making payment of ₹ 50,000 to Hotel Radisson, Ahmedabad since such payment does not exceed ₹ 50,000.
2. **PAN is mandatorily required to be quoted:** Mr. Abhishek is required to quote his PAN while making contract of ₹ 1,20,000 for sale/purchase of securities (other than shares) as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956, since the amount of the transaction exceeds ₹ 1,00,000.
3. **PAN is required to be quoted:** PAN is mandatorily required to be quoted while making payment of ₹70,000 to Mutual Funds for purchase of its units, since payment exceeds ₹ 50,000.

**Question 18**

Briefly mention the concept of Self-Assessment Tax u/s 140A of the Income-tax Act, 1961 and its components. **3 Marks**

**Answer:**

Self-Assessment Tax u/s 140A of the Income-tax Act, 1961: Where any tax is payable on the basis of any return required to be furnished under section 139 of the Income-tax Act, 1961, after taking into account:

1. The amount of tax, if any, already paid under any provision of this Act;
2. Any tax deducted or collected at source;
3. Any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India;
4. Any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and
5. Any tax credit claimed to be set off in accordance with the provisions of section 115JAA or section 115JD,

The assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, before furnishing the return and the return shall be accompanied by proof of payment of such tax interest and fee.



Where the amount paid by the assessee under this sub-section falls short of the aggregate of the tax interest and fee as aforesaid, the amount so paid shall first be adjusted towards the fee payable and thereafter towards the interest payable as aforesaid and the balance, if any, shall be adjusted towards the tax payable.

**Question 19**

CS Execu. June'19

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 Assessment Year 2024-25. **3 Marks**

**Answer:**

Late fee under section 234F is attracted where a person, who is required to furnish a return of income under section 139 of the Income-tax Act, 1961, fails to do so within the time limit prescribed under section 139(1).

1. A fee of ₹ 5,000 shall be payable, if the return is furnished after due date.
2. However, in a case where total income does not exceed ₹ 5 lakhs, the fee amount shall not exceed ₹ 1,000.

**Difficulty****Question 1**

MTP April'19

Mr. Salish, a resident individual aged 54, furnishes his income & other details for the P.Y. 2023-24:

- (ii) Income of Rs.8,10,000 from wholesale cloth business, whose accounts are audited u/s 44AB.
- (iii) Income from other sources Rs.2,70,000.
- (iv) Tax deducted at source Rs. 25,000.
- (v) Advance tax paid Rs.1,03,000 during the P.Y. 2023-24.

Return of income filed on 11-12-2024. Calculate the interest payable under section 234B of the Income-tax Act, 1961. Assume that the return of income would be processed on the same day of filing of return. What are the consequences for delay in furnishing return of income under the Income-tax Act, 1961? Examine, making the required computations in this case. Assume that 115BAC is not opted. **5 Marks**

**Answer:**

Computation of interest payable under section 234B by Mr. Salish

Particulars	Rs.
Tax on total income of Rs.10,80,000 [Business income of Rs.8,10,000 +	1,36,500
Income from other sources of Rs.2,70,000]	
Add: Health and education cess@4%	5,460
<b>Tax on total income</b>	<b>1,41,960</b>
Less: Tax deducted at source	25,000



Assessed Tax	1,16,960
90% of assessed tax	1,05,264
Advance tax paid	1,03,000
Interest under section 234B is loveable since advance tax of Rs.1,03,000 paid is less than Rs.1,05,264, being 90% of assessed tax	
Number of months from 1st April, 2024 to 11th December, 2024, being the date of processing of return	9
Interest under section 234B@1% per month or part of a month for 9 months on Rs.13,900 [i.e., difference between assessed tax of Rs.1,16,960 and advance tax of Rs.1,03,000 paid, being Rs.13,960 which is rounded off to Rs.13,900 under Rule 119A of Income-tax Rules, 1962]	1,251

### Consequences for delay in filing return of income on or before the due date

Interest under section 234A and fee under section 234F would be attracted for filing return of income beyond the due date specified under section 139(1).

### Interest under section 234A

Since Mr. Salish's accounts are audited under section 44AB, the due date for filing of return for A.Y. 2024-25, in his case, is 30.09.2024 **31.10.2024**. Mr. Salish has filed his return on 11.12.2024 i.e., interest under section 234A will be payable for 32 months (from 1.11.2024 to 11.12.2024) @ 1% per month or part of month on the amount of tax payable on the total income, as reduced by TDS and advance tax paid i.e., Rs. 13,960 rounded off to Rs. 13,900 under Rule 119A of Income-tax Rules, 1962  
Interest u/s 234A = Rs. 13,900 x 1% x 2 = Rs.417 **Rs 278**

### Fee for late filing of return under section 234F

~~Since Mr. Sailesh has furnished his return of income after the due date but before 31.12.2019 and his total income exceeds Rs.5 lakhs, a fee of Rs. 5,000 will be payable by him.~~

**(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.) Since Mr. Sailesh has furnished his return of income after the due and his total income exceeds Rs.5 lakhs, a fee of Rs. 5,000 will be payable by him.**

### Question 2

PYQ July'21

In the following cases relating to P.Y.2023-24, the total income of the assessee or the total income of any other person in respect of which he/she is assessable under Income-tax Act does not exceed the basic exemption limit. You are required to state with reasons, whether the assessee is still required to file the return of income or loss for A.Y.2024-25 in each of the following independent situations:

4 Marks



- (i) Manish & Sons (HUF) sold a residential house on which there arose a long term capital gain of ₹ 12 lakhs which was invested in Capital Gain Bonds u/s 54EC so that no long term capital gain was taxable.
- (ii) Mrs. Archana was born in Germany and married in India. Her residential status under section 6(6) of the Income-tax Act, 1961 is 'resident and ordinarily resident'. She owns a car in Germany which she uses for her personal purposes during her visit to her parents' place in that country.
- (iii) Sudhakar has incurred an expenditure of ₹ 1,20,000 towards consumption of electricity, the entire payment of which was made through banking channels.

**Answer:**

- (ii) A HUF whose total income without giving effect to, inter alia, section 54EC, exceeds the basic exemption limit of ₹ 2,50,000, is required to file a return of its income on or before the due date under section 139(1). In this case, since the total income without giving effect to exemption under section 54EC is ₹ 12 lakhs, exceeds the basic exemption limit, the HUF is required to file its return of income for A.Y. 2024-25 on or before the due date under section 139(1).
- (iii) Every person, being a resident other than not ordinarily resident in India would be required to file a return of income or loss for the previous year on or before the due date, even if his or her total income does not exceed the basic exemption limit, if such person, at any time during the previous year, inter alia, holds any asset located outside India. In this case, though Mrs. Archana owns a car in Germany, the same does not fall within the ambit of "capital asset" as it is a personal effect. Hence, Mrs. Archana is not required to file her return of income for A.Y. 2024-25 on account of owning a car for personal purposes in Germany.

**Note** - "Asset" for the purpose of the fourth proviso to section 139(1) has not been specifically defined in the said section or elsewhere in the Act. Schedule FA of the income-tax return forms, however, requires details of foreign assets for the purpose of filing of return of income under this provision. The foreign assets listed in the said Schedule does not include car. It, however, includes "any other capital assets outside India". Car used for personal purposes is not a capital asset as it is a "personal effect". Hence, it is not included in the meaning of "asset" for the purpose of the fourth proviso to section 139(1). The above answer is based on the view taken regarding the ambit of the term "asset", based on the list of assets detailed in the relevant schedule of the income-tax return forms.

**Alternative view** - On the plain reading of the fourth proviso to section 139(1) and the general meaning attributable to the word "asset", it is possible to take a view that Mrs. Archana is required to file her return of income as she owns an asset, i.e., a car in Germany. Accordingly, due credit may also be given to the candidates who have answered on this basis.



- (iv) If an individual has incurred expenditure exceeding ₹ 1 lakh towards consumption of electricity during the previous year, he would be required to file a return of income, even if his total income does not exceed the basic exemption limit. Since Mr. Sudhakar has incurred expenditure of ₹ 1,20,000 in the P.Y.2023-24 towards consumption of electricity, he has to file his return of income for A.Y. 2024-25 on or before the due date under section 139(1).

**Question 3**

PYQ May'18

Indicate the three situations where the return of income has to be compulsorily filed u/s 139(1) of the Income-tax Act, 1961.

6 Marks

**Answer:**

Situations where Return of Income has to be compulsorily filed under section 139(1)

- (ii) Companies and firms (whether having profit or loss or nil income);
- (iii) a person, being a resident other than not ordinarily resident, who holds, as beneficial owner or otherwise, any asset (including any financial interest in any entity) located outside India or has signing authority in any account located outside India, or is a beneficiary of any asset (including any financial interest in any entity) whether or not having income chargeable to tax;
- (iv) Individuals, HUFs, AOPs or BOIs and artificial juridical persons whose total income before giving effect to the provisions of section 10(38) and Chapter VI-A deductions and sections 54, 54B, 54D, 54EC or 54F (inserted as per amendment) exceeds the basic exemption limit.

**Question 4**

PYQ Dec '21, MTP Oct '23

Mr. Kailash, a resident and ordinarily resident in India, could not file his return of Income for the assessment year 2024-25 before due date prescribed under section 139(1). Advise Mr. Kailash as a tax consultant.

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

4 Marks

**Answer:**

Consequences for non-filing return of income within the due date under section 139(1) Interest under section 234A

interest u/s 234A shall be charged on self-assessment tax paid by the assessee on or before the due date of filing of return.

Fee under section 234F

**Late fee of**

- ₹ 5,000 would be payable under section 234F, if the return of income is not filed before the due date specified in section 139(1) and
- ₹ 10,000 would be the fee payable under section 234F where the return is furnished after 31st December, 2024.

However, such fee cannot exceed ₹ 1,000, if the total income does not exceed ₹ 5,00,000. Carry forward and set-off of certain losses not permissible

Following losses would not be allowed to be carried forward, where a return of income is not furnished within the time allowed under section 139(1):

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



## Multiple Choice Questions

**Question 1**

MTP Oct'21

Mr. Kumar, aged 62 years' resident and ordinarily resident, is a retired employee with a monthly pension of ₹ 15,000. He has no other source of income. He has a house property in Bhatinda and his only son is living in London and has a house over there. He met with an accident and died and thereby leaving the house at London in the name of his father, Mr. Kumar. Mr. Kumar seeks your advice, as to whether he is required to file his income-tax return u/s 139?

- (a) Yes, he is mandatorily required to file his income-tax return as he is a resident and ordinarily resident in India and has asset located outside India
- (b) No, he is not required to file return of income as his income is below basic exemption limit
- (c) Yes, he is required to file his return of income as his income exceeds basic exemption limit
- (d) No, he is not required to file his return of income as he is a senior citizen and retired employee

**Question 2**

MTP Oct'20

Ms. Dilar who is not required to furnish return u/s 139(1) as his gross total income itself is less than basic exemption limit, has incurred expenditure of ₹ 2,00,000 for her daughter for travel to U.S.A. during P.Y. 2023-24. Is she required to file return for A.Y. 2020-21? If yes, what is the due date?

- (a) Yes; 31st July, 2024
- (b) Yes; 30th September, 2024
- (c) Yes; 31st August, 2024
- (d) No, she is not required to file return of income for A.Y. 2024-25

**Question 3**

MTP March'19

Which of the following is not a consequence of late filing of return?

- a) Levy of interest under section 234A
- b) Loss (other than loss under the head "Income from house property") cannot be carried forward
- c) No deduction under Chapter VI-A under the heading „B“ - Deduction in respect of certain payments
- d) All of the above



**Question 4**

MTP Sep'22

Mr. Laxman, born on 1.4.1962, has a gross total income of ₹ 2,85,000 for A.Y.2024-25 comprising of his salary income. He does not claim any deduction under Chapter VI-A. He pays electricity bills of ₹ 10,000 per month. He made a visit to Canada along with his wife for a month in January, 2024 for which he incurred to and fro flight charges of ₹ 1.20 lakhs. The remaining expenditure for his visa, stay and sightseeing amounting to ₹ 70,000 was met by his son residing in Canada. Is Mr. Laxman required to file return of income for A.Y.2024-25, and if so, why?

- No, Laxman is not required to file his return of income Yes, Laxman is required to file his return of income, since his gross total income/total income
- exceeds the basic exemption limit
- Yes, Laxman is required to file his return of income since he pays electricity bills of ₹ 10,000 per month, which exceeds the prescribed annual threshold
- Yes, Laxman is required to file his return of income since he has incurred foreign travel expenditure exceeding ₹ 1 lakh

  
  
  

**Question 5**

RTP Nov '20

Mr. Dinesh, a resident in India, has gross total income of ₹ 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2023-24. He incurred expenditure of ₹ 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2024-25? If yes, what is the due date?

- Yes, 31st July of A.Y
- Yes, 30th September of A.Y
- Yes, 31st October of A.Y
- No, he is not required to file return of income

  
  
  

**Question 6**

RTP Nov '19

Arun's gross total income of P.Y. 2023-24 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2023-24. Which of the statements is correct?

- Arun is not required to file his return of income u/s 139(1) for P.Y. 2023-24, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.
- Arun is not required to file his return of income u/s 139(1) for P.Y. 2023-24, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2023-24.
- Arun is not required to file his return of income u/s 139(1) for P.Y. 2023-24, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2023-24.
- Arun is required to file his return of income u/s 139(1) for P.Y. 2023-24, since his electricity bills exceed ₹1 lakh for the P.Y.2023-24.

  
  
  



**Question 7**

RTP May 20

Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2023-24, his total income is ₹ 4.5 lacs. Mr. Pawan filed its return of income for A.Y. 2024-25 on 3rd March, 2025. Compute fee payable for default in furnishing in return of income for PQ & Associates for A.Y. 2024-25:

- (a) ₹ 5,000  
 (b) Not exceeding ₹ 1,000  
 (c) ₹ 10,000  
 (d) No fees payable as total income is below ₹ 5,00,000

**Question 8**

RTP Nov '23

Mr. Sunil has filed his return of loss for A.Y. 2024-25 on 31.7.2024 and received a total refund of ₹ 44,500. On 15.9.2024, he would like to furnish his updated return of income for additional income. In case he furnished his updated return of income for additional income, he would be liable to pay ₹ 57,000 towards tax and ₹ 6,700 towards interest for additional income to be reported in updated return. Compute the additional income-tax payable by Mr. Sunil at the time of filing his updated return.

- (a) ₹ 27,050  
 (b) ₹ 15,925  
 (c) ₹ 14,250  
 (d) ₹ 31,850

**Question 9**

CS Execu.

The due date specified u/s 139(1) for filing the return of income in case of companies engaged in international transactions and who have to furnish a report u/s 92E is :

- (A) 31st July  
 (B) 31st August  
 (C) 30th September  
 (D) 30th November

**Question 10**

CS Execu.

Anil made following transaction for the year ended 31st March, 2023:

- (a) acquired immovable property for ₹ 6 lakh;  
 (b) made a term deposit (TDR) of ₹ 30,000 in a bank;  
 (c) paid ₹ 75,000 to a hotel for his birthday party and  
 (d) deposited ₹ 45,000 cash in his Savings Bank (SB) account.

Quoting of PAN is mandatory in which of these transactions:

- (A) Purchase of immovable property  
 (B) TDR with bank and deposit of cash in bank  
 (C) Payment to hotel for birthday party  
 (D) All the three above in A, B & C



<p><b>Question 11</b> <span style="float: right;"><u>CS Execu.</u></span></p> <p>Any person who has not filed the return within the time allowed under section 139(1) may file a belated return:</p> <p>(A) At any time before the end of the relevant previous year                  (B) At any time before the end of the relevant assessment year                  (C) Before the completion of assessment                  (D) At any time before the end of the relevant assessment year or before the completion of the assessment whichever is earlier</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Question 12</b> <span style="float: right;"><u>CS Execu.</u></span></p> <p>Mandatory filing of return of income by individuals will apply when the total income before deduction under the following section exceeds the basic limit chargeable to tax.</p> <p>(A) Deduction under Chapter VI-A                  (B) Deduction under section 35                  (C) Deduction under section 86                  (D) Deduction under section 37</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Question 13</b> <span style="float: right;"><u>CS Execu.</u></span></p> <p>An apparent error in the assessment order passed u/s 143(3) dated 15.11.2022 was noticed by the assessee in February, 2023.                  The time limit for seeking rectification of mistake is available up to:</p> <p>(A) 31.3.2027                  (B) 31.3.2026                  (C) 31.3.2023                  (D) 31.3.2024</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Question 14</b> <span style="float: right;"><u>CS Execu.</u></span></p> <p>If there is an apparent error in the intimation dated 11th June, 2021 issued u/s 143(1), the time-limit for filing application for rectification u/s 154 is available up to -</p> <p>(A) 31st March, 2025                  (B) 31st March, 2026                  (C) 31st March, 2022                  (D) 31st October, 2021</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Question 15</b> <span style="float: right;"><u>CS Execu.</u></span></p> <p>Zeet &amp; Co. is a partnership firm whose turnover for the previous year 2022-23 was ₹ 220 lakhs. The 'due date' for filing the return of income of the firm is:</p> <p>(A) 31st July, 2023                  (B) 30th September, 2023                  (C) 30th November, 2023                  (D) 31st March, 2023</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

**Answers**

1	2	3	4	5	6	7	8	9	10
a	d	c	c	d	d	b	a	d	c
11	12	13	14	15					
d	a	a	b	b					



## Chapter 9: Computation of Total Income & Tax Payable

### Descriptive Questions

#### Question 1

MTP Oct'21, PYP Nov'20

Mr. Rakesh, aged 45 years, a resident Indian has provided you the following information for the previous year ended 31.03.2024

- (i) He received royalty of ₹ 2,88,000 from abroad for a book authored by him in the nature of artistic. The rate of royalty as 18% of value of books and expenditure made for earning this royalty was ₹ 40,000. The amount remitted to India till 30th September, 2023 is ₹ 2,30,000.
- (ii) He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2023-24. Total turnover of the undertaking was ₹ 200 lakhs, which includes ₹140 lakhs from export turnover. This industrial undertaking fulfills all the conditions of section 10AA of the Income-tax Act, 1961. Profit from this industry is ₹ 25 lakhs.
- (iii) He also sold his vacant land on 10.11.2023 for ₹13 lakhs. The stamp duty value of land at the time of transfer was ₹ 19.35 lakhs. The FMV of the land as on 1st April, 2001 was ₹ 5 lakhs. This land was acquired by him on 05.08.1995 for ₹ 1.75 lakhs. He had incurred registration expenses of ₹ 20,000 at that time. The cost of inflation index for the year 2023-24 and 2001-02 are 348 and 100 respectively.
- (iv) Received ₹ 40,000 as interest on saving bank deposits.
- (v) He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of ₹ 2,28,000. He has paid municipal taxes of ₹ 60,000 for the current financial year. Both floors are of equal size.
- (vi) He paid insurance premium of ₹ 39,000 on life insurance policy of son, who is not dependent on him and ₹ 48,000 on life insurance policy of his dependent father.
- (vii) He paid tuition fees of ₹ 42,000 for his three children to a school. The fees being ₹ 14,000 p.a. per child. You are required to compute the total income and tax liability of Mr. Rakesh under normal provisions as well as under section 115BAC for the A.Y. 2024-25. Ignore AMT provisions.

*(The stamp duty value of land has been changed from Rs 17 lakhs to Rs. 19.35 Lakhs to keep the essence of the question)*

14 Marks

Answer:

