

17. RETURN OF INCOME**ASSIGNMENT SOLUTIONS****PROBLEM NO. 1**

The contention of Mrs. Lal is incorrect.

As per section 139(1), every person who is a resident, other than not-ordinarily resident in India, having-

- a) any asset (including financial interest in any entity) located outside India or
- b) signing authority in any account located outside India

is required to file a return of income in the prescribed form compulsorily on or before the due date of filing the return of income.

Hence, the contention of Mrs. Lal is not correct, as she-

- i) holds financial interest in a company in London and
- ii) Owns a house property in London.

Therefore, she has to compulsorily file her return of income for A.Y 2019-20 on or before the due date of filing return of income.

PROBLEM NO. 2

YES, Mr. Ashok can file a revised return under section 139(5), to claim deduction under section 80D.

A return which has been filed on or before the due date of filing of return under section 139(1) or u/s 139(4) belated return can be revised under section 139(5). If he discovers any omission or any wrong statement in the return filed earlier.

In this case, the original return filed by Mr. Ashok on 16th August, 2019 was a belated return under section 139(4). A belated return filed under section 139(4) can be revised under section 139(5). Therefore, Mr. Ashok can file a revised return under section 139(5) to claim deduction under section 80D because the time limit for filing a revised return has not expired i.e., 31.3.2020

Note: Students are advised to replace "31.03.2021" being one year from end of the relevant A.Y" as "31.03.2020" end of the relevant A,Y".

PROBLEM NO. 3

An individual is required to furnish a return of income under section 139(1) if his total income, before giving effect to the provisions of chapter VI-A, exceeds the maximum amount not chargeable to tax i.e., Rs.2,50,000 (for A.Y 2019-20). In this case, since Mr. Rajveer's total income of Rs.34,600 before giving effect to deduction under section 80TTA, is less than the basic exemption limit of Rs.2.5 lakh, he is not required to file a return of income.

Computation of total income of Mr. Rajveer for A.Y. 2019-20

| Particulars | Rs. |
|--|---------------|
| Income from other sources | |
| Interest earned from Non-resident (External) account Rs.3,06,000 permitted by RBI to maintain the aforesaid account) | Nil |
| Interest on bank fixed deposit | 25,000 |
| Interest on savings bank account | 9,600 |
| Gross Total Income | 34,600 |
| Less: Deduction under section 80 TTA - Interest on saving bank account | (9,600) |
| Total income | 25,000 |

- (i). As per section 139(1), every person who is a resident, other than not-ordinarily resident in India, having-
- a) any asset (including financial interest in any entity) located outside India or
 - b) signing authority in any account located outside India

is required to file a return of income in the prescribed form compulsorily on or before the due date of filing the return of income.

- (ii). Since Mr. Rajveer owns a house in London, he has to compulsorily file his Return of income on or before 31/07/2019 for A.Y 19-20, irrespective of fact that his total income is less than the basic exemption limit of 2.5 lakh.

Note: In the above solution, interest of Rs. 3,06,000 earned from Non-resident (External) account has been taken as exempt on the assumption that Mr. Rajveer, a resident Indian, has been permitted by RBI to maintain the aforesaid account. However, in case he has not been so permitted, the said interest would be taxable. In such a case, his total income, before giving effect to the deductions under Chapter VIA, would be Rs. 3,40,600 (Rs. 25,000 + Rs. 3,06,000 + 9,600) which is higher than the basic exemption limit of Rs. 2,50,000. Consequently, he would be required to file return of income for A.Y.2019-20.

PROBLEM NO. 4

Any person who has furnished a return under section 139(1) or 139(4) can file a revised return at any time before 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,

- i) A belated return filed under section 139(4) can be revised.
- ii) 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. within end of the relevant assessment year or before the completion of assessment, whichever is earlier.
- iii) 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).

PROBLEM NO. 5

- a) 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 the end of the relevant assessment year; or
 - (ii) before the completion of the assessment,
- whichever is earlier.

The last date for filing return of income for A.Y.2018-19, therefore, is 31st March 2019.

Thereafter, Mr. Subramaniam cannot furnish a belated return after this date.

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

Carry forward and set-off of certain losses

Carry forward and set-off of 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, would not be allowed to be carried forward, 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: With effect from assessment year 2018-19, fee of Rs.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 Rs.10,000 would be the fee payable under section 234F where the return is furnished after 31st December of the assessment year.

However, such fee cannot exceed Rs.1,000, if the total income does not exceed Rs.5,00,000.

Section 144: Best Judgement Assessment

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PROBLEM NO. 6

Monetary limit for mandatory quoting of PAN:

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

PROBLEM NO. 7

a) Disagree

The return of income of LLP should be verified by a designated partner.

Any other partner can verify the Return of Income of LLP only in the following cases:

- i) where for any unavoidable reason such designated partner is not able to verify the return, or,
- ii) Where there is no designated partner.

b) Disagree

In case Mr. Aman opts to offer his income as per the presumptive taxation provisions of section 44AD, then, the due date under section 139(1) for filing of return of income for the year ended 31.03.2019, shall be 31st July, 2019.

It is only in case Mr. Aman does not opt for presumptive taxation provisions under section 44AD and offers income to be lower than 8% of total turnover and his total income exceeds the basic exemption limit, he has to keep books of account as per section 44AA and get his accounts audited under section 44AB, in which case the due date for filing return would be 30th September, 2019.

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THE END