

TAX FLASH NEWS

14 July 2020

CBDT Circular - one-time relaxation for verification of tax-returns for AYs 2015-16 to 2019-20 which are pending due to non-filing of ITR-V Form

The Income-tax Return (ITR) which is filed electronically without a digital signature is required to be verified by using any one of the specified modes¹ within the time limit of 120 days from date of uploading the ITR.

In this regard, it was brought to the notice of Central Board of Direct Taxes (CBDT) that a large number of electronically filed ITRs are still remain pending with the Income tax department for want of receipt of a valid ITR-V Form at CPC, Bengaluru from the taxpayers concerned.

The consequences of non-filing the ITR-V within the time allowed is significant as such a return can be declared invalid in law and all the consequences for non-filing a tax return, as specified in the Income-tax Act, 1961 may follow.

The CBDT Circular

Recently, the CBDT has issued a Circular² giving a one-time relaxation whereby it permits verification of income tax returns for Assessment Year 2015-16 to 2019-20, which were uploaded electronically by the taxpayer within the time allowed under Section 139 and which have remained incomplete due to non-submission of ITR-V Form, either by sending a duly signed physical copy of ITR-V to CPC or through EVC/OTP modes. Such verification process must be completed by 30 September 2020. However, this relaxation will not apply in those cases, where during the intervening period, tax department has already taken recourse to any other measure as specified in the Act for ensuring filing of tax return by the taxpayer concerned after declaring the return as invalid.

CBDT also relaxed the time period for issuing the intimation as provided in the second proviso to Section 143(1) and directs that such returns shall be processed by 31 December 2020 and intimation of processing of such returns shall be sent to the taxpayer as per the specified procedure. In refund cases, while determining the interest, provision of Section 244A(2) would apply.

In case the taxpayer does not get his return regularised by furnishing a valid verification (either ITR-V or EVC/OTP) by 30 September 2020, necessary consequences as provided in law for non-filing the tax return may follow.

Our comments

In many cases, ITRs filed by taxpayers have not been validated due to non-completion of verification process. Consequently, tax refunds, if any, claimed in those ITRs also could not be processed or paid to the taxpayers.

By issuing this Circular, CBDT has not only relaxed the timeline allowing taxpayers to verify their past years' invalid ITRs by 30 September 2020 but also allows processing of such past ITRs by 31 December 2020. This Circular may benefit a large number of taxpayers, mostly being individual taxpayers, who could not verify their past ITRs inadvertently.

This provides an opportunity to regularise past ITRs. It will help to solve the issue of past non-compliance as well as pending refunds due to any earlier procedural lapse.

¹ Verification is required in one of these specified modes (i) Through Aadhaar OTP (ii) By logging into e-filing account through net banking (iii) EVC through Bank Account Number (iv) EVC through Demat Account Number (v) EVC through Bank ATM (vi) By sending a duly signed physical copy of ITR-V through post to the CPC

² CBDT Circular No. 13/2020, dated 13 July 2020

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