

TAX FLASH NEWS

3 May 2022



CBDT notifies manner for filing updated return of income

Executive Summary

The Finance Act, 2022 had introduced a new provision in Section 139 of the Income-tax Act, 1961 (the Act) whereby an updated return of income can be filed by any person within 2 years from the end of the relevant assessment year even if no return of income was filed previously to declare income as per the correct particulars. An additional tax of 25 per cent (on aggregate of incremental tax and interest) to be paid if such return is filed within one year from end of assessment year. Additional tax is 50 per cent in other cases.

Recently, the Central Board of Direct Taxes (CBDT) has issued a Notification¹ introducing new Rule 12AC in the Income-tax Rules, 1962 (the Rules). The new rule has prescribed the manner for filing updated tax return. The updated tax return can be filed from the assessment year 2020-21 onwards. The tax return shall be filed in Form No. ITR-U alongwith applicable ITR Form from ITR-1 to ITR-7.

CBDT Notification

The updated return of income to be furnished by any person relating to the assessment year commencing with effect from 1 April 2020 (i.e., Assessment Year 2020-21 onwards) and subsequent assessment years. The tax return shall be filed in Form ITR-U and be verified in the manner indicated therein.

¹ CBDT Notification No. 48/2022, dated 29 April 2022

The return of income shall be furnished by the following persons in the manner specified below:

Person	Manner of furnishing return of income
Individual, or Hindu Undivided Family (HUF) or a firm or Limited Liability Partnership (LLP) or an Association of Persons (AOP) or a Body of Individuals (BOI), whether incorporated or not, or a local authority or an artificial juridical person in whose case accounts are required to be audited under Section 44AB of the Act or a Company or a political party required to furnish a return in Form ITR-7.	Electronically under digital signature.
Individual, or HUF, or firm, or LLP, or AOP or BOI, whether incorporated or not, or a local authority or an artificial juridical person, or a person required to file a return under sub-Section 139(4A) or 139(4B) or 139(4C) or 139(4D), other than a person mentioned above.	<ul style="list-style-type: none"> Electronically under digital signature Transmitting the data electronically in the return under electronic verification code (EVC).

The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return.

Form ITR-U (ITR for updated return) can be filed electronically under digital signature by persons to update income within 24 months from the end of the relevant assessment year. Following details are required to be filled up by the taxpayer:

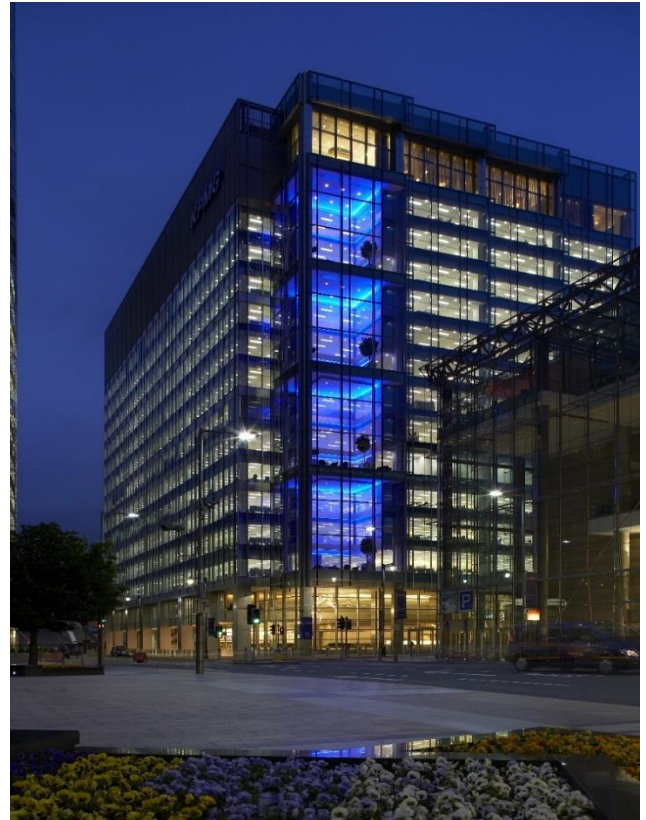
- Details where the updated tax return filed during the period upto 12 months from the end of the relevant assessment year
- Filing the updated tax return during the period between 12 to 24 months from the end of the relevant assessment year
- Details of payment of tax on updated return under Section 140B of the Act including BSR code, date of deposit, serial number, amount, etc.
- Details of payments of advance tax/self-assessment tax /Regular assessment tax, credit for which has not been claimed in the earlier return.

Our comments

Post introduction of a new provision in Section 139 of the Act for filing an updated return of income by any person, the manner of filing updated tax return (i.e., Rules) and its Form were not prescribed.

CBDT has introduced new Rules and Form to provide the guidance/manner of filing updated tax return. The updated tax return can be filed from the assessment year 2020-21 onwards. Tax return shall be filed in Form No. ITR-U along with applicable ITR.

Now the taxpayers will be able to file updated return based on the manner and the form prescribed by CBDT.



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