

TAX FLASH NEWS

22 April 2022

Prescribed conditions for mandatory filing of return of income

The Finance Act, 2019 had inserted a new proviso¹ to Section 139(1) of the Act detailing conditions for mandatory filing of income tax return (ITR) for individuals if:

- Cash deposited annually in current account(s) exceeds INR 10,000,000; or
- Annual expenditure on foreign travel exceeds INR 200,000; or
- Annual Expenditure on consumption towards electricity exceeds INR 100,000; or
- Conditions as may be prescribed.

The CBDT vide notification² dated 21 April 2022 has inserted new Rule³ detailing the conditions prescribed for furnishing return of income⁴ by individuals.

Details of the notification

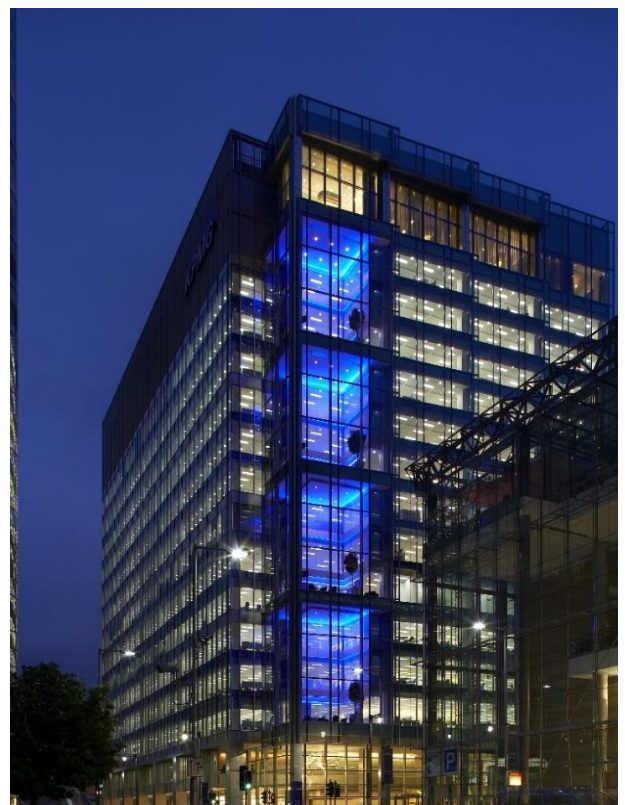
As per the notification, an individual would be required to mandatorily file the ITR for a relevant tax year (TY) where the following conditions are fulfilled.

- if the individual's total sales, turnover or gross receipts, in the business exceeds sixty lakh rupees during the relevant TY; or
- if his total gross receipts in profession exceeds ten lakh rupees during the relevant TY; or

- if the aggregate of tax deducted at source (TDS) and tax collected at source (TCS) during the relevant TY, is twenty-five thousand rupees or more; however, for individual residents more than sixty years of age, the return filing requirement would be triggered if such TDS and TCS exceeds fifty thousand rupees; or
- if the individual's deposit in one or more savings bank account (in aggregate) exceeds fifty lakh rupees or more during the relevant TY.

Our comments

The CBDT vide this notification had introduced prescribed conditions wherein an individual would be required to file his/ her ITR even if the total taxable income is less than basic exemption limit.



¹ 7th proviso to Section 139(1) of the Income-tax Act, 1961 (the Act)

² Notification No. 37/2022/F.No. 370142/01/2020-TPL(Part1)

³ Rule 12BB of the Income-tax Rules, 1962

⁴ clause (b) of sub-section (1) of section 139 of the Act.

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