

## Chapter 12 - Filing of Return of Income

### I. Section 139(1) - Filing Of Return Of Income:

#### Background:

Any person other than a company or a firm, who is otherwise not required to furnish return u/s 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:

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

#### Amendments Effective 1<sup>st</sup> April 2022:

In exercise of the powers conferred under the last point, the following four additional situations have been notified for mandatory filing of income tax return:

- The gross turnover of such person from business exceeds Rs 60L during the relevant previous year;
- The gross receipts of such person from profession exceeds Rs 10L during the relevant previous year;
- The aggregate of TDS and TCS in case of such person during the relevant previous year is Rs 25,000 or more (in case of a senior citizen, the limit of Rs 50,000 shall be applicable instead of Rs 25,000); or
- Such person has deposited an amount or aggregate of the amounts exceeding Rs 50L in one or more savings bank accounts.

### II. Section 139AA - Mandatory Quoting Of Aadhar Number (+) Section 234H - Fee For Default Relating To Intimation Of Aadhar Number:

#### Background:

- Section 139AA makes it mandatory for every person who has been allotted a PAN as on 1<sup>st</sup> July 2017 to intimate his Aadhaar Number so that the Aadhaar Number and PAN can be linked. This is required to be done on or before a notified date, failing which the PAN would become inoperative. Further, Section 234H provides that where a person who is required to intimate his Aadhaar Number u/s 139AA fails to do so on or before a notified date, he would be liable to pay a fee not exceeding Rs 1,000, as may be prescribed.
- The last date for intimating Aadhaar Number for the purposes of linking Aadhaar Number with PAN had earlier been extended till 31<sup>st</sup> March 2022. Accordingly, in case of failure to intimate the Aadhaar Number by 31<sup>st</sup> March 2022, the PAN allotted to the person would be made inoperative.
- Rule 114AAA provides that if PAN of a person has become inoperative, he will not be able to furnish, intimate or quote his PAN and would be liable to all the consequences under the Income Tax Act for such failure. This will have a number of implications such as:
  - The person would not be able to file return using the inoperative PAN;
  - Pending returns will not be processed;
  - Pending refunds cannot be issued to inoperative PANs;
  - Pending proceedings cannot be completed once the PAN is inoperative;
  - Tax will be required to be deducted at a higher rate as PAN becomes inoperative, etc.

Additionally, the taxpayer might face difficulty at various other forum like banks and other financial portals, as PAN is one of the important KYC criterion for all kinds of financial transactions.

**Latest Developments In This Context:**

- In order to have smooth application of Section 234H and Rule 114AAA, it has been clarified that the impact of Rule 114AAA would come into effect from 1<sup>st</sup> April 2023 and therefore Rule 114AAA would not have any negative consequences between 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.
- However, Section 234H has become effective from 1<sup>st</sup> April 2022. This implies that where a person who is required to intimate his Aadhar Number u/s 139AA fails to do so on or before 31<sup>st</sup> March 2022, he shall be liable to pay the following late fees:
  - Rs 500, where such intimation is made within 3 months from 1<sup>st</sup> April 2022 (ie, by 30<sup>th</sup> June 2022); and
  - Rs 1,000, in other cases.