UPDATED RETURN

Section 139(8A)

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CHARTERED ACCOUNTANTS

INTRODUCTION

- Government has introduced a new sub section 8A under section 139 via notification 48/2022 about the updated return.
- An **Assessee**, whether or not he has **filed the original return**, may now furnish an updated return of income, **within two years**, from the end of relevant assessment year, after payment of the prescribed additional taxes.
- Example: An assessee can file an updated return for AY 2021-22 and AY 2020-21 by end of AY 2023-24 i.e. by 31-03-2023.
- Taxpayers need to provide the exact reason for filing the updated return.
- Taxpayers need to pay the tax along with the amount of additional income tax before filing the Updated Return.
- The provision of an updated return is applicable w.e.f 1st April, 2022.
- An updated return can be filed only once for a financial year and hence cannot be revised.

ASSESSEE WHO CANNOT FILE AN UPDATED RETURN

- If updated return is a return of loss.
- If there is decrease in tax liability from the originally furnished return.
- If updated return results in refund or increase in refund amount from the originally furnished return.
- A search and seizure has been conducted against him.
- Books of accounts, other documents, or any other asset is requisitioned.
- An asset of any other person, seized or requisitioned, belongs to him and a notice has been issued to that effect.
- Books of accounts or any other documents of any other person, requisitioned, belongs to him and a notice has been issued to that effect.
- If the tax officer has information under certain laws such as prevention of money laundering, black money, etc.
- Any proceeding for assessment/reassessment/re-computation/revision of income is pending or has been completed
- Any prosecution proceedings under Chapter XXII have been initiated prior to the date of furnishing of return.

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DIFFERENCE BETWEEN UPDATED RETURN AND REVISED RETURN

UPDATED RETURN

- It can be filed even if original return is not filed.
- It is filed only if there is an additional tax impact.
- 25%-50% additional tax liability is to be paid to file the updated return.
- Form ITR U is to be filed for updated return.

REVISED RETURN

- It can be filed only if the original return has been filed by the assessee.
- There are no such restrictions to file a revised return.
- No such additional tax is required to be paid for filing the revised return.
- Regular ITR form as applicable to the assessee.

ADDITIONAL INCOME TAX FOR FILING AN UPDATED RETURN

- 25% of the additional tax liability (aggregate of tax and interest payable) if updated return is filed within 12 months from the end of relevant assessment year.
- 50% of the additional tax liability (aggregate of tax and interest payable) if updated return is filed between 12 to 24 months from the end of relevant assessment year.

(Levy of additional tax liability is over and above the regular income tax and Interest)

For example, if your additional tax liability comes out to be Rs. 20,000 then you have to pay a additional tax of 25% on Rs. 20,000 i.e. Rs. 5,000 if you file updated return within first 12 months and 50% of Rs. 20,000 ie. Rs.10,000 if you file the updated return within 12 to 24 months of the end of relevant assessment year.

FORM "U" NOTIFIED FOR UPDATED RETURN

The income tax department has notified ITR-U for filing the 'Updated' income tax return.

ITR-U can be verified only through a Digital Signature Certificate (DSC) in case of a Company and Tax audit cases, whereas an alternate option, Electronic Verification Code (EVC), is given for the non-tax audit cases.

Details to be mentioned in ITR-U

- The amount of additional income under each head on which tax is to be paid
- Reason for filing the updated return as per the dropdown
- Period of filing the updated return
- Whether original return is filed or not
- Section under which original return was filed
- Additional amount under each head of income

CONCLUSION

The action of government to introduce the updated return has provided the assessee, additional time to file the correct return of income if he fails to file the original return or revised return before its due date.

If any income is left un-reported by the assessee in the original or revised return, he may rectify such mistakes by filing an updated return after paying the prescribed additional taxes.

Filing updated return may reduce burden of penalties of 50%-200%.

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Thank You
For Your Attention

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