

N D A Update – Updated Return of Income

Union budget 2022 has inserted a new sub-section permitting taxpayers to file an Updated Return on payment of additional tax. This updated return can be filed within 24 months from the end of the relevant assessment year. A new sub-section 8A has been inserted in Section 139 specifying that any person (whether he has furnished a return for any year or not) can furnish an updated return of his income or any other person in respect of which he is assessable.

Vide Notification no 48 dt 29-04-2022, Rule 12AC has been inserted relating to “Updated return of income”. The updated Return shall be in the Form ITR-U and be verified in the manner indicated in the Rule. The format of the Form ITR-U has also been notified.

The salient feature of Updated Return is tabulated below:

Name of the Form	ITR-U
Period for which Updated Return can be filed	A.Y. 2020-21 & subsequent year
Time limit for filing Updated ITR	Within 24 months of the end of relevant A.Y.
Who can file Updated Return	Any person
Can Updated Return be filed in case where ITR is already filed	Yes
Can Updated Return be filed in case where ITR for relevant A.Y. is not filed	Yes
Reasons for filing Updating ITR	<ul style="list-style-type: none">• ITR previously not filed• Income not reported correctly• Wrong head of income chosen• Reduction of carried forward loss• Reduction of unabsorbed depreciation• Reduction of MAT tax credit• Wrong rate of tax• Others
Updated Return cannot be filed	<ul style="list-style-type: none">• If it is a return of loss• If it has an effect of decreasing the total tax liability of earlier filed return• If it results in any refund or increase of such refund
Updated Return cannot be filed	<ul style="list-style-type: none">• if any proceeding for reassessment or revision of income is pending or has been completed for the relevant assessment year• a person is not eligible to furnish updated return for the assessment year and two assessment years preceding to such assessment year in which any search, survey, notice of any seizure etc is initiated.
Additional Tax payable	<p>(i) 25% of aggregate of tax and interest payable, if such return is furnished before completion of twelve months from the end of the relevant assessment year, Or</p> <p>(ii) 50% of the aggregate of tax and interest payable if such return is furnished after the expiry of twelve months from the end of the relevant assessment year.</p>