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CHARTERED ACCOUNTANTS

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DIRECT TAX REVIEW
JANUARY 2020

Inside this edition

- Additions to be made where no evidence is furnished with regard to cash deposits and agriculture income
- Failure to file Form 15G/H cannot be a base for disallowance u/s 40(a)(ia)
- Assessee is entitled to club full loss from the business of F&O started by his wife with the gifts received from assessee, in his personal income
- CBDT notifies acceptable electronic mode of payment for businesses

& more...

HIGH COURT RULINGS

Depositing the cash directly in the bank account of the beneficiary cannot be covered by Rule 6DD(c)(v) of the Income Tax Act, 1961

Facts

Petitioner is engaged in the business of retail trading of readymade and other clothes in the name of the proprietary concern. For the AY 2008-09, the petitioner's firm filed income tax return which included income of Rs.34,912/- earned from the house property besides business income of Rs.1,70,304/-. The petitioner got his firm's accounts audited with net profit of Rs.1,61,012/- showing @2% and gross profit of Rs.8,67,837/- being 44.33% of the gross receipt. It has further been contended that the assessing authority while passing the assessment order for the AY 2008-09, did not raise any objection relating to the aggregate amount of Rs.3,40,000/- deposited on various dates in the bank account of M/s Jalan Synthetics. The assessment proceedings were completed in exercise of power under Section 143(3) of the Act, 1961 on the income of Rs.2,80,004/- by order and giving appeal effect it was revised at Rs.1,99,804/-. The petitioner received a notice issued u/s 148 of the Act, 1961, stating therein that the authorities had reason to believe that cash payment of Rs.3,40,000/- had been made by the petition ner to M/s Jalan Synthetics for the AY 2008-09, in violation to the provisions of Section 40A(3) of the Act, 1961, which is other than by making payment through crossed account payee cheque or crossed bank draft, as such the same is liable to be disallowed and added back to the income of the petitioner. The assessing authority not being satisfied by the reply submitted by the petitioner proceeded to make addition of Rs.3,40,000/- in the income of the petitioner and disallowed the benefit/exemption u/s 40A(3) of the Act, 1961.

Ruling

Held that the transaction of depositing cash directly in bank account of beneficiary is not routed through any clearing house nor is money sent through electronic mode and therefore such transaction cannot be covered by Rue 6DD(c)(v) of the Income Tax act, 1961. The benefit of provision cannot be given to the assessee as any evidence is not provided to show that he had deposited amount on instructions of M/s Jalan Synthetics or due to any business exigency. In absence of such evidence assessing authority rightly denied benefit of exemption to the assessee. Thus, assessee's petition is dismissed.

Source: High Court, Allahabad in Ajai Kumar Singh Khaldelial vs. PCIT & ANR.

App No. 318/2016 , dated January 18, 2020

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Additions correctly made by ITAT where no evidence is furnished with regard to cash deposits and agriculture Income

Facts

In this case return has been filed showing an income of Rs. 3,01,370/- accordingly the case was processed U/s 143(1). The case was selected under CASS for scrutiny. The source of income is income from remuneration, interest from firm and income from other sources. As the assessee has failed to make compliance of the notices and furnish details as required. Assessment was completed with an addition of Rs. 11,30,810/-. The assessee, thereafter, preferred a statutory appeal before the Commissioner of Income Tax (Appeals)-I, who passed an order on dismissing the appeal of the assessee on the same

grounds. Upon dismissal of the appeal, the assessee went up before the ld., ITAT, Agra Bench, which, upon considering the entire gamut of the case, proceeded to pass a judgment and dismissed the appeal of the assessee.

Ruling

Held that salary certificates submitted by assessee as additional evidence before ITAT were dated post passing of order of assessment. The Assessee has entirely failed to explain operating expenses and the break-up furnished before authorities was not supported by any evidence. Further, as no evidence was furnished with regard to cash deposit, agricultural income.. Addition is therefore justified where the assessee did not submit evidence or material at all before the lower Income Tax authorities in support of its claims. The order of ITAT stands and the assessee's appeal is dismissed accordingly.

Source: High Court, Allahabad in Kamal Kumar Agrawal vs. PCIT App No. 135/2018 , dated January 14, 2020

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"Reason to believe" u/s 132(1) of the Income Tax Act, 1961 cannot be Interpreted and construed as "reason to suspect"

Facts

The Petitioner is in the business of trading in jewelry since 2010. He travelled from Delhi to Guwahati to attend a jewelry exhibition. He was stopped by Respondent No. 2 at Indira Gandhi International Airport, New Delhi and a search was conducted on him. The jewelry found in his possession was valued by the Revenue through a Registered Government Valuer and the same was seized and panchnama was drawn in this behalf. Subsequently, ACIT (INV)-2 issued summons to the Petitioner under Section 131(1A) of the Act, calling upon him to furnish details regarding the seized jewelry. Later on another summon was issued calling upon him to give certain information and documents. In response to the above summons, Petitioner filed a reply, submitting details as required by ADIT, Investigation (AIU). He also made a request for the release of the jewelry, asserting that the same was his stock- in- trade and the seizure has resulted in hampering his business. This was followed by a reminder submitted with the department. A similar request was made to the Pr.CIT-18 calling his attention to the fact that one month had expired since the seizure of stock-in-trade. Petitioner protested against the seizure, pleaded for immediate release of the seized stock-in-trade as he had been deprived of his source of livelihood.

Ruling

On a plain reading of sub section (1) of Section 132, it emerges that for taking action of search and seizure, the concerned authority must have 'reason to believe' that any of the circumstances provided under Clauses (a) to (c) of sub section (1) of Section 132 of the Act is fulfilled in consequence of information in his possession. In other words, it is an imperative and mandatory requirement of law that in order to authorize an action of search
and seizure, at least one of the conditions precedent, as set out in the said provision exist in fact, and such reasons have to be recorded in writing before authorization is issued to conduct search and seizure. The 'reason
to believe' as recorded should be on the basis of relevant materials which have a bearing on formation of believe as search warrants cannot be issued for making a fishing and roving enquiry. Only if such conditions are fulfilled, the action of authorization can be said to have been validly exercised.

The crux of the matter is that the reasons were, firstly, not recorded before undertaking the search and was, therefore, completely unauthorized and a high-handed action on the part of the Respondents. The Respondents do not state that jewelry was

concealed, or was kept by the Petitioner surreptitiously. Merely because the assessee was in possession of the same, it cannot be said that the same represents income or property which has not been disclosed or will not be disclosed. Section 132(1) as noted above is a serious invasion on the privacy of the citizens, and has to be resorted to when there are pre-existing and pre-recorded good reasons to believe that the action under section 132(1) is called for. While revenue can argue that element of surprise is critical and essential for a successful operation of search and seizure, nevertheless, it has been cognizant that to balance the Rights of the citizens, legislature has built in sufficient safeguards. This is to ensure that undue hardship and harassment should not be caused by the arbitrary and unfounded action of the raiding party. Moreover, as discussed above it is not imperative that every article found as a result of search has to be seized. For this purpose, the provision itself restrains and curbs the authority to make seizure of stock-in-trade.

Consequently, all the actions taken pursuant to such search and seizure are declared illegal.

Source: High Court, Delhi in Khem Chand Mukim vs. Principal Director of Income Tax (Inv.)

App No. 5343/2019 , dated January 09, 2020

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ITAT should proceed to decide the matter on merits and it cannot defeat the rights of the parties on its whims and fancies or by procedural wrangles and uncertainties.

Facts

The Petitioner company filed its return of income for the Assessment Year 2006-07 on 30.11.2006, declaring a total loss of Rs. 42,67,698/-. The said return of Petitioner Company was picked up for scrutiny and an assessment order was passed under Section 143(3) of the Income-Tax Act, 1961 by making an addition of Rs. 59,52,643/-. Aggrieved with the aforesaid order, Petitioner Company preferred an appeal before Commissioner of Income Tax (Appeals) granted partial relief by deleting addition of Rs.34,17,138/- and directed the AO to grant further relief of Rs.6,21,890/- after verification. However, the addition of Rs.19,00,000/- was confirmed. The Petitioner Company then challenged the said order before the ITAT by filing an appeal which was heard and later dismissed. In the said order, the ITAT, while noting that no one was present on behalf of the assessee at the time of hearing, proceeded to dispose of the appeal, observing that notice was sent to the assessee at the address mentioned in the memo of appeal and despite that, the assessee remained unrepresented. It was further noted that notice had come back unserved with a report that the property was locked for quite some time. The ITAT, thus held that the assessee was presumably not serious in pursuing the appeal and dismissed the same in limine. At the same time, the assessee was granted liberty to approach the ITAT for a recall of the order if it was able to show a reasonable cause for nonappearance. Thus, there was no adjudication on the merits of the appeal.

Ruling

Adjudication on the merits of the case by the ITAT is essential for this Court to hear an appeal and the ITAT could not have dismissed the same solely on account of non-appearance of a party. The ITAT has misread the provision of law and has erroneously dismissed the application for recall. It was necessary for the ITAT to exercise its jurisdiction and afford an opportunity of rehearing the appeal that had been dismissed in the absence of the appeal. Even otherwise, we are of the view that it was the duty and obligation of the ITAT to dispose of the appeal on merits after giving both the parties an opportunity of being heard. The ITAT should have been conscious of the fact that the appellant was not afforded the opportunity to argue

the case on merits and for this reason it had given the liberty to apply afresh, while dismissing the appeal for non-prosecution. There was thus no cogent reason for the tribunal not to entertain the application for recall. The ITAT has ignored the decision of the **Supreme Court in CIT v. S.Chenniappa Mudaliar** (supra) in the correct perspective.

For the foregoing reasons, the course adopted by the ITAT at the first instance, by dismissing the appeal for non-prosecution, and then compounding the same by refusing to entertain the application for recall of the order, cannot be sustained. Therefore, the impugned order was quashed.

Source: High Court, Delhi in Golden Times Services Pvt. Ltd. vs. DCIT Apl No. 524/2020 , dated January 13, 2020

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PAN of the applicant shall not be declared inoperative and applicant would not be in default in any proceedings only for reason that PAN is not linked with Aadhaar or Aadhaar number is not quoted

Facts

It was submitted that applicant has filed his return of income regularly and the only issue is that by virtue of the proviso to section 139AA of the Act, his PAN would become inoperative. It was submitted that if the applicant's PAN is suspended, he would not be able to operate his accounts. It was submitted that since the result of the reference would have a direct impact on the controversy involved in the main petition, the main petition cannot be decided till the Supreme Court decides the reference. It was, accordingly, urged that until the Larger Bench of the Supreme Court decides the issue of validity of Aadhaar Act, the special civil application be kept in abeyance and it be declared that the applicant would not be in default in any proceedings only for the reason that the permanent account number is not linked with Aadhaar or Aadhaar number is not quoted and that pending the petition, the applicant may not be subjected to the proviso to sub-section (2) of section 139AA of the Act.

Ruling

It is ordered that PAN of the applicant shall not be declared inoperative and the applicant would not be in default in any proceedings only for the reason that the PANis not linked with Aadhaar or Aadhaar number is not quoted and the applicant shall not be subjected to the proviso to sub-section (2) of section 139AA of the Act till the judgment of the Supreme Court in the **Rojer Mathew v. South Indian Bank Ltd. and others** in Civil Application No. 8588 of 2019 is delivered and available. Rule is made absolute accordingly to the aforesaid extent.

Source: High Court, Gujarat in Bandish Saurabh Soparkar vs. Union of India

App No. 17329/2017, dated January 01, 2020

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ITAT RULINGS

Failure to file Form 15G/H cannot be a base for disallowance u/s 40(a)(ia) of the Income Tax Act, 1961.

Facts

The Assessee is a rural regional bank engaged in the business of banking. In the course of assessment proceedings u/s 143(3) of the Income-tax Act, 1961 for AY 2009-10, the AO noticed that the assessee had claimed deduction on account of provision for bad and doubtful debts for a sum of Rs.247,43,85,350/- u/s 36(1)(viia) of the Income Tax Act, 1961. The AO held that deduction u/s 36(1)(viia) cannot be claimed if the sum claimed as deduction has not been debited by the assessee as provision for bad and doubtful debts

account in the P/L A/c and accordingly refused to allow the claim of deduction as made by the Assessee. On appeal by the assessee, the CIT(A) allowed the claim of the assessee as made in the revised return of income and in doing so followed the decision of the **ITAT, Bangalore Bench in the case of Syndicate Bank vs. DCIT, [2001] 72 TTJ (Bang) 744.** Aggrieved by the order of the CIT(A), the revenue appealed before the Tribunal.

Ruling

Once the depositors give Form No.15G/H, the law empowers the Assessee to make payment of interest without deduction of tax at source. The requirement of filing the form so obtained before the prescribed authority within the prescribed period was only a procedural requirement and it was

mandatory and for failure to file the form before the prescribed authority no disallowance can be made u/s.40(a)(ia) of the Act, Respectfully following the decision of the Tribunal in Assessee's own case we hold that the AO was justified in deleting the disallowance of interest expenses u/s.40(a)(ia) of the Act, to the extent of the disallowance relates to interest paid to persons furnished Form 15 G and Form 15 H to the assessee as no disallowance can be made u/s 40a(ia) of the Act as held by the **Hon'ble Karnataka High Court in the case of Sri Marikamba Transport Co., (Supra).** The requirement of filing of Form 15G and 15H with the prescribed authority viz., CIT is only procedural and that cannot result in a disallowance u/s 40a(ia) of the Act.

Therefore, the appeal of the Revenue is partly allowed.

Source: ITAT, Banaglore in JCIT vs. karnataka Vikas Grameena Bank Apl No. 1391 & 1392/2016 & oths , dated January 23, 2020

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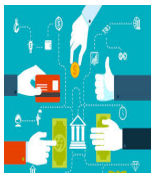
Where the assessee has submitted the prima-facie material to prove the creditworthiness and genuineness of transactions, impugned addition under section 68 could not be sustained merely on account of non-production of directors of company without bringing any other contrary material on record

Facts

The assessee company is a Non-Banking Finance Company (NBFC) and during the year under consideration was engaged in the business of share broking and sub-broking, finance etc. The assessee filed its return of income declaring income of Rs. 3,96,532/-. The case was selected for scrutiny through CASS and the assessment was completed u/s 143(3) of the Income Tax Act, 1961 (hereinafter called 'the Act') vide assessment order at an income of Rs. 1,60,96,530/- after making addition of Rs. 1,57,00,000/- (Rs. 1,00,00,000/- on account of share capital and premium and Rs. 57,00,000/- on account of unconfirmed unsecured loans). Aggrieved, the assessee approached the Ld. First Appellate Authority who deleted both the above mentioned additions. Now the department is before the Tribunal challenging the deletion of addition made by the Ld. CIT (A).



Ruling

The share capital including premium is received by the assessee through proper banking channel and the assessee has submitted the confirmation of accounts; copy of ITR; bank statements; financial statements and ROC particulars of these companies and all of them are assessed to tax. It is also seen that the identity and existence of share applicants cannot be doubted as the replies have been received in response to notice issued u/s 133(6) of the Act. By placing on record the bank account particulars, PAN, ITRs and financials etc. the assessee has also submitted the prima-facie material to prove the creditworthiness and genuineness of transactions. In such circumstances, non-production

of directors, without bringing any contrary material on record, cannot be adversely viewed against the assessee and such position of law has been upheld by the Hon'ble **Jurisdictional High Court in the case of Principal Commissioner of Income-tax-8 v. Softline Creations (P.) Ltd (supra)** and also by the decision of **Hon'ble Delhi High Court in the case of Principal Commissioner of Income Tax v. Himachal Fibers Ltd (supra)**

Therefore, there is no infirmity in the order of the Ld. CIT (A) vide which, after considering all the evidences, the impugned addition of Rs. 1,00,00,000/- made on account of share application money and premium has been deleted. It is also seen that to all the creditors, interest has been paid by the assessee after due deduction of tax at source and repayment has also been made through banking channels and there is no infirmity in the order of Ld. CIT(A) vide which, after considering all these evidences, the impugned addition of Rs. 57,00,000/- has been deleted. Therefore, total additions of Rs 1,57,00,000/- has been deleted and the appeal filed by the revenue is dismissed.

Source: ITAT, Delhi in Commitment Financial Services Pvt. Ltd. vs. Income Tax Officer

App No. 107/2017 , dated January 23, 2020

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ALV furnished by the assessee on the basis of valuation from Municipal authorities could not have been rejected without valid and cogent reasoning

Facts

The assessee is a resident individual. For the AY under consideration, the assessee filed his return of income declaring total income of Rs. 75,73,399/- and has offered income u/h "Income From House Property" along with his father and brother as a co-owner of a flat at New Friends Colony, New Delhi. It was submitted that a part of the flat was given on rent to a partnership firm, wherein, his father is a partner. He, therefore, submitted that the ALV determined by the Municipal Authority could be adopted for determining the income. The AO, however, did not find merit in the submissions of the assessee referring to the rent received from some other properties in the locality. The assessee challenged the aforesaid addition before the first appellate authority. On the basis of submissions made by the assessee, ld. CIT(Appeals) sought response of the AO. After considering the report of the AO and materials on record, ld. Commissioner (Appeals) rejected assessee's claim that the ALV determined by the Municipal Authorities should be adopted as the ALV and computed the ALV on estimation basis.

Ruling

The fact that the assessee is a co- owner of a residential flat, a part of which is given out on rent, has not been disputed. Undisputedly, the valuation by the Municipal Authorities was furnished before the AO as well as ld. CIT(Appeals). It is apparent on record, neither the AO nor learned CIT(Appeals) has accepted the valuation made by the Municipal Authorities. On the contrary, the AO has referred to the ALV of some other properties rented out in the nearby locality. Objecting to this, the contention of the assessee is, the comparable cases of property rented out as considered by the AO are commercial properties rented out to Banks. Whereas, in assessee's case it is a residential house and a part of it is rented out. On a perusal of the material on record, it is foundd that neither the AO nor ld. CIT(Appeals) has made any enquiry with the Municipal Authorities or any other Government agencies to find out the market rent of assessee's property. Without making any such enquiry, the valuation of Municipal Authorities furnished by the assessee could not have been rejected, that too, without considering assessee's claim that the

comparable cases referred to by the AO are not at all comparable since they are commercial properties. Therefore, when the assessee had furnished a valuation from the Municipal Authorities, the same could not have been rejected without valid and cogent reasoning.
Accordingly, the impugned order of the ld. Commissioner (Appeals) is set aside and the AO is directed to determine the income from house property keeping in view the observations herein above.
Therefore, assessee's appeal is partly allowed.

Source: ITAT, Mumbai in Sanjay Brahmdev Kapoor vs. ACIT, Mumbai App No. 7453/2018 , dated January 15, 2020

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Performance bonus does not form part of Salary as computed for exemption u/s 10(13A). Therefore, HRA shall be allowed to the assessee to the extent of excess of rent paid over 10 percent of salary

Facts

The assessee has submitted Form 16 before AO where from AO noticed that assessee has claimed exemption u/s 10(13A) for HRA. The assessee has submitted written explanations before AO that for the purpose of calculations of exemption u/s 10(13A), salary will include only 'basic salary' and nothing else and hence, rent paid over 10% of the basic salary that is has to be allowed. However, Assessing Officer noted that as per income tax rule read section 10(13A) which clearly stipulates that any commission or bonus linked to the turnover or the performance has to be treated as salary and hence, 'performance bonus' definitely is covered under the term 'salary' as per the meaning assigned to the definition of 'salary' for the purpose of calculating exemption u/s 10(13A).
'Performance bonus' cannot be comprehended as an allowance or perquisite as defined in Rule 2(h) of the Fourth Schedule to be excluded from the purview of 'salary' and the the assessee is not entitled to any benefit u/s 10(13A) of the Act. Thus, Assessing Officer denied the benefit u/s 10(13A) of the Act. Aggrieved by the order of the Assessing Officer, the assessee carried the matter in appeal before the ld. CIT(A) who has confirmed the order passed by the Assessing Officer.

Ruling

The ld. Counsel submits that the findings of the AO are contrary to the extant provisions contained in Rule 2A of the Income Tax Rules, 1962. Clause (h) of Rule 2A specifically provides that 'salary' includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites. Accordingly, the performance bonus received by the appellant did not form part of 'salary' for the purposes of computing exemption u/s 10(13A) of the Act. Tthe decision of **the Hon'ble Kerala High Court in the case of CIT v. B.Ghosal** (125 ITR 444) is on identical facts wherein on exact same set of facts the Court had held that 'performance bonus' does not form part of 'salary' as defined in clause (h) of Rule 2A for the purposes of Section 10(13A) of the Income tax Act, 1961. Therefore, assessee is entitled for HRA u/s 10(13A) of the Act. The AO is directed to allow the exemption of HRA and therefore, the appeal of the assessee is allowed.

Source: ITAT, Kolkata in Sudip Rungta vs. DCIT App No. 2370/2017 , dated January 10, 2020

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The Assessee is entitled to club full loss from the business of F&O started by his wife with the gifts received from assessee, in his personal income

Facts

The assessee submitted that during the year under consideration he gifted a sum of Rs.94.50 lakh to his wife, who started business of Futures and Options (F&O) on 18-09-2013. The assessee claimed that she incurred loss of Rs. 31,56,429/- in such business, which was clubbed in his hands. The AO accepted the primary claim of the assessee of his wife having incurred loss of Rs.31.56 lakhs in the business of F&O, which was set up on 18-09-2013 and further that loss from such business was eligible for set off against the income of the assessee in terms of section 64(1)(iv) read with Explanation 3 thereto. He, however, did not accept the assessee's contention that the entire loss of Rs.31.56 lakh be set off against the assessee's income. Considering the mandate of Explanation 3 to section 64(1), the AO held that only that part of the business loss incurred by the assessee's wife could be set off against the assessee's income which bears the proportion of amount of investment out of gift on the first day of previous year to the total investment in the business as on the first day of previous year.

Ruling

Where the assets received by wife as gift from husband are invested by her in a business, in which she has her own separate investment as well, thereby attracting clubbing of income to the extent it is relatable to the investment of gifts received from husband in the common business. Loss (negative income) of Rs. 31,56,429/- from F&O business is an illustration of such income, which was rightly clubbed by the assessee but wrongly denied partly.

In the hue of the above discussion and going by the Explanation 3 read in conjunction with section 64(1)(iv) of the Act, the entire amount of loss resulting from the business of F&O started by his wife with the gifts received from the assessee is liable to be clubbed in the hands of the assessee. I, therefore, hold that the assessee is entitled to club full loss of Rs.31.53 lakh arising during the year from the business of F&O carried on by his wife, in his personal income.

Source: ITAT Pune in Uday Kumar Bhaskarwar vs.ACIT, Pune
ITA No. 502 , dated January 20, 2020

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CIRCULARS & NOTIFICATIONS

CBDT notifies acceptable electronic mode of payment for businesses

With intent to encourage electronic modes of payments, CBDT has issued notification for inserting Rule 6ABBA further to amend the Income Tax Rules, 1962 with effect from 1st September, 2019.

As per the Rule 6ABBA, payments made by the following modes are now being prescribed for the purposes of clause (d) of first proviso to
section 13A, clause (f) of sub-section (8) of section 35AD, sub-section (3), sub-section (3A), proviso to subsection (3A) and sub-section (4) of section 40A, second proviso to clause (1) of Section 43, sub-section (4) of section 43CA, proviso to sub-section (1) of section 44AD, second proviso to sub-section (1) of section 50C, second proviso to sub-clause (b) of clause (x) of sub-section (2) of section 56, clause (b) of first proviso of clause (i) of Explanation to section 80JJAA, section 269SS, section 269ST and section 269T namely:

(a) Credit Card;
(b) Debit Card;
(c) Net Banking;
(d) IMPS (Immediate Payment Service);
(e) UPI (Unified Payment Interface);
(f) RTGS (Real Time Gross Settlement);
(g) NEFT (National Electronic Funds Transfer), and
(h) BHIM (Bharat Interface for Money) Aadhar Pay";

In rule 6DD:

(a) for the marginal heading, the following marginal heading shall be substituted, namely:–
"Cases and circumstances in which a payment or aggregate of payments exceeding ten thousand rupees may be made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as prescribed in rule 6ABBA.";
(b) In the opening paragraph, for the words "account payee bank draft, exceeds twenty thousand rupees", the words, figures and letters "account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA, exceeds ten thousand rupees" shall be substituted;
(c) in clause (c), sub-clauses (v), (vi) and (vii) shall be omitted;
(d) clause (j) shall be omitted.
Source: Notification No. 8/2020, dated January 29, 2020

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CBDT grants relaxation in eligibility conditions for filing ITR-1 (Sahaj) and ITR-4 (sugam) for AY 2020-21

The said forms were earlier notified vide Notification dated January 3, 2020, where the concerns have been raised that the changes were likely to cause hardship in the case of individual taxpayers. The taxpayers with jointly owned property have expressed concern that they will now need to file a detailed ITR Form instead of a simple ITR-1 and ITR-4. Similarly, persons who are required to file return as per the seventh proviso to section 139(1) of

the Act, and are otherwise eligible to file ITR-1, have also expressed concern that they will not be able to opt for a simpler ITR-1 Form.

Therefore, with the intent to keep the forms short and simple with bare minimum number of Schedules, the eligibility conditions for filing of ITR-1 and ITR-4 has been modified to allow a person, who jointly owns a single house property, to file his/her return of income in ITR-1 or ITR-4 Form, as may be applicable, if he/she meets the other conditions. It has also been decided to allow a person, who is required to file return due to fulfilment of one or more conditions specified in the seventh proviso to section 139(1) of the Act, to file his/her return in ITR-1 Form.

Source: Press Release dated January 09, 2020

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