

Mandatory return filing for AY 2022-23 onwards on meeting certain conditions

Chapter XIV of the Income-tax Act, 1961 (IT Act) covers the provisions of 'procedure for assessment.' Section 139(1)(b) – seventh proviso, clause iv, makes a person (other than a company or a firm) liable to furnish return of income (ITR) who is otherwise not required to do so in terms of his basic exemption limit.

Thus, even a person who is below the income threshold still requires the filing of ITR if certain conditions mentioned in Section 139(1)(b) – seventh proviso, clause iv are met. These conditions are recently notified by the Central Board of Direct Taxes as under:

- i. if his total sales, turnover, or gross receipts, as the case may be, in the business exceeds INR 60 lakh during the previous year (PY); or
- ii. if his total gross receipts in profession exceeds INR 10 lakh during the PY; or
- iii. if the aggregate of TDS and TCS during the PY, in the case of the person, is INR 25,000 or more; or
- iv. the deposit in one or more savings bank account of the person, in aggregate, is INR 50 lakh or more during the previous year:

After this amendment, the mandatory filing of ITR is now applicable to persons (other than company and firm) as per the chart below

Income exceeds the basic exemption limit

OR

Deposited more than INR 1 crore in one or more Current Accounts

OR

Incurred expenditure of more than INR 2 lakh for himself or for any other person for travel to foreign country

OR

Incurred expenditure of more than INR 1 lakh towards consumption of electricity

Total Sales, Turnover or Gross Receipts in business is more than INR 60 lakh

OR

Total Gross Receipts from profession is more than INR 10 lakh

OR

Total TDS and TCS is INR 25,000/- or more (For senior citizen limit is INR 50,000/-)

OR

Deposited INR 50 lakh in one or more Saving Accounts

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Therefore

The additional return filing criteria are expected to widen the assessee base (who will be the potential taxpayers) in the future. Even though these persons were not liable to file the ITR till AY 2021-22, they will be present on the income-tax department's records. Henceforth w.e.f. AY 2022-23, the return filing procedure will be applicable.