



Tax Returns – Consequences and Precautions

Due Date for filing of Income tax returns (non-audit) for Individuals / HUF / partnership firm is 31st July, 2024.

In this educational series, we have highlighted brief consequences in case of failure to file ITR and precautions to be taken while filing ITR.

Consequences on failure to file ITR

- Late filing fees levied i.e. Up to Rs. 5,000 in case income is above Rs. 5 lakhs or Rs. 1,000 in case income is below Rs. 5 lakhs
- Taxpayer has to pay additional interest @1% for every month or part of the month for tax payable
- Will not be eligible to receive the benefit of carry forward of losses, if any
- Loss of interest under Section 244A i.e. on Refund
- TDS shall be deducted at 20% in case of non-filer of ITR (subject to few conditions)
- Non-filing of ITR can be seen as tax evasion by tax authorities and assessee may face imprisonment of 6 months to 7 years



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Precautions to be taken while filing ITR

- To ensure **selection of correct Income Tax Return (ITR) form** – selection of wrong form will make your return defective
- Familiarize yourself with the **old and new tax regime options** available – select whichever is more beneficial
- Ensure **reconciliation** of information is reported in ITR with information available in **Annual Information Statement (AIS)** – discrepancies can lead to case being selected for assessment
- Losses** of previous years are correctly **brought forward and set off**
- In case of **co-ownership, share of house property** is to be filled and gross rental received should be reported
- Business Balance sheet and Profit and loss** accounts needs to filled
- Disclosure in **Schedule FA** is provided, if you hold any foreign assets or are beneficiary to any foreign asset. The Non-disclosure may attract penalty of Rs. 10 Lakh



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Precautions to be taken while filing ITR

- In case taxpayer is partner in any firm / director in a Company – complete information about the partnership firm / Company needs to be submitted
- In case where total income exceeds Rs. 50 lakh - Details of personal assets and balance sheet needs to be reported in **Schedule AL**
- In case where the taxpayers hold unlisted equity shares – then complete details of the same are to be furnished
- Non-Residents will have to report NRO account for the purpose of claiming refunds
- Where the taxpayers earn **Agricultural income**, gross income and expenditure needs to be reported separately
- Where the **net agricultural income for the year exceeds Rs.5 lakh**, then detailed information regarding agricultural land and its measurement needs to be given

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