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Updated Return of Income

An updated return is a return of income that can be filed by a taxpayer within 48 months from the end of the relevant assessment year, even if he has not previously filed a return for that year. An amount equal to 25% or 50% as additional tax is required to be paid with such updated return. [Section 139(8A), Section 140B, Rule 12AC]

Note: The Finance Act 2025 has increased the timelines to file updated returns from 24 months to 48 months effective from Assessment Year 2026-27.

What is an updated return?

An updated return is a type of tax return that allows taxpayers to file their returns with more time. It is intended to encourage voluntary tax compliance.

An updated return can be filed by any person, except in certain circumstances, regardless of whether they have previously filed an original, belated, or revised return for the relevant assessment year.

The filing of an updated return is optional for the taxpayer.

When can an updated return be filed?

An updated return may be filed by any person in any case, except under certain circumstances.

A person may file an updated return of his income or the income of any other person in respect of which he is assessable under the Income-tax Act, such as in a representative capacity or in case of clubbing of income.

A person can file an updated return even if he has furnished a return of loss under section 139(3) earlier for the relevant assessment year, but the updated return should not be a return of loss.

The time limit for filing of updated return

The time limit provided for filing an updated return is 48 months from the end of the relevant assessment year.

In the financial year 2025-26, a person can file an updated return for AY 2024-25, 2023-24, 2022-23, 2021-22.

Form for filing an updated return

An updated return shall be filed in the relevant ITR Form as applicable to the taxpayer. The taxpayer will be required to fill the Schedule 'Part A Gen_139(8A)' and Schedule 'Part B ATI' of the relevant form to file an updated return.

Manner of furnishing of an updated return

An updated return shall be filed electronically under Digital Signature Certificate (DSC) in case of the following taxpayers: (a) Company (b) Political Party (c) Any person whose accounts are required to be audited under Section 44AB of the Income-tax Act except person filing return in ITR-7.

For other taxpayers, the updated return shall be filed electronically either under Digital Signature Certificate or under Electronic Verification Code (EVC).

Reporting in ITR while filing an updated return

When a person is filing an updated return, he is required to provide certain details in the relevant ITR forms. These forms include Schedule 'Part A Gen_139(8A)' and 'Part B ATI'. The details that need to be provided include:

- Basic details i.e. PAN, Name, and Aadhaar Number
- Details of earlier return, if filed i.e. section, ITR form, acknowledgment number, and date of filing of the previous return
- Eligibility of filing an updated return
- Relevant ITR form selected for updated return
- Reasons for filing the updated return
- Time of filing of updated return - The person needs to specify whether the updated return is being filed within 12 months, between 12 to 24 months, 24 to 36 months or 36 to 48 months from the end of the assessment year.
- Whether filing of updated return result in the reduction of carried forward loss, unabsorbed depreciation, or tax credit? If yes, then the person needs to select the affected assessment years and whether the revised or updated return is filed for such years.
- Head-wise reporting of additional income as shown in the updated return and computation of tax payable on the updated return
- Details of payments of tax on updated return
- Details of advance tax, self-assessment tax, and regular assessment tax paid, the credit of which has not been claimed in the earlier return
- Relief under section 89 which was not claimed in the earlier return

When an updated return cannot be filed?

If an updated return is a return of loss

An updated return cannot be filed if it reflects total income as a loss. However, there is no prohibition on filing an updated return if there is a loss under any head of income but the total income is positive.

For example, Mr. A filed his return of income for the Assessment Year 2022-23 declaring a total income of Rs. 10 lakhs. Subsequently, he noticed that he had failed to disclose in his return of income a short-term capital gain of Rs. 2 lakhs arising from the transfer of listed equity shares under section 111A. In the same year, he also suffered a long-term capital loss of Rs. 10 lakhs from the transfer of immovable property.

In this case, Mr. A would be required to carry forward the long-term capital loss from the transfer of immovable property because it cannot be adjusted from the other incomes that Mr. A has. But due to this fact, he won't be restricted from filing an updated return because

ultimately his total income (after including short-term capital gain from the transfer of listed equity shares) would be positive, i.e., Rs. 12 lakh.

If an updated return results in lower tax liability

An updated return cannot be filed if it decreases the total tax liability determined based on an earlier return.

If an updated return results in or increase in the refund

An updated return cannot be filed if it results in a refund or increases the refund previously due on the basis of an earlier return.

If a search is initiated against the assessee

An updated return cannot be filed for the assessment year relevant to the previous year in which a search is initiated under section 132 and for any assessment year preceding such assessment year.

For example, if a search was initiated on 01-06-2024, the updated return cannot be filed for the assessment year 2025-26 and any year preceding such assessment year.

If books of account or other documents or any assets are requisitioned

An updated return cannot be filed for the assessment year relevant to the previous year in which requisition is made under section 132A and for any assessment year preceding such assessment year.

If a survey conducted against the assessee

An updated return cannot be filed for the assessment year relevant to the previous year in which the survey is conducted under section 133A and for any assessment year preceding such assessment year.

However, this provision does not restrict the assessee from filing an updated return where the survey is conducted in connection to TDS or TCS.

If documents or assets are seized or requisitioned in case of any other person belonging to the assessee

A person shall not be eligible to file an updated return if a notice has been issued to him to the effect that:

- any money, bullion, jewellery, or valuable article or thing, seized or requisitioned under section 132 or section 132A in the case of any other person belonging to him; or
- any books of account or documents, seized or requisitioned under section 132 or section 132A in the case of any other person, pertaining to, or any other information contained therein, related to him.

In the above cases, the person shall not be eligible to file an updated return for the assessment year relevant to the previous year in which such search is initiated or requisition is made and any assessment year preceding such assessment year.

If the updated return has already been filed

An updated return cannot be revised as it can be filed only once for any particular assessment year.

If the assessment is pending or completed

An assessee shall not be eligible to file an updated return of the year of which assessment or reassessment or recomputation or revision is pending or has been completed.

If AO has information about the assessee under specified Acts

A person cannot file an updated return for any assessment year if the Assessing Officer (AO) has information in respect of him for that year under the following Acts, and the same has been communicated to him before the filing of the updated return:

- ✓ Prevention of Money Laundering Act, 2002;
- ✓ The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;
- ✓ The Prohibition of Benami Property Transactions Act, 1988; or
- ✓ The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976.

If AO has information about the assessee under DTAA or TIEA

Where any information is received under Double Taxation Avoidance Agreement (DTAA) or Tax Information Exchange Agreement (TIEA) in respect of a person for the relevant assessment year, he shall not be eligible to file an updated return for that year provided the same has been communicated to him before the filing of updated return.

If any prosecution proceeding is initiated

Where any prosecution proceedings have been initiated against the person for the relevant assessment year, he shall not be eligible to file an updated return for such year.

If show cause notice under section 148A

Where any show-cause notice is issued under section 148A after 36 months from end of relevant assessment year, he shall not be eligible to file an updated return for such year. However if the order has been passed under section 148A(3) determining that the case is not a fit case to issue notice under section 148 then such provision shall not be applicable.

In other notified cases

A person or class of persons as notified by the Central Board of Direct Taxes (CBDT) shall not be eligible to file the updated return.

Curative Updated Return of Subsequent Years

When a person files an updated return for a previous year, and as a result, the amount of the following is reduced for any subsequent year, the person shall be required to file an updated return for each subsequent year:

- Carried Forward Losses; or
- Carried Forward Unabsorbed Depreciation; or
- MAT Credit; or
- AMT Credit

This is to ensure that the correct amount of losses are carried forward and can be used to offset future income.

For Example, Mr. A had reported the following income or loss in the income-tax return filed for the following assessment years:



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

<i>Particulars</i>	<i>AY 2023-24</i>	<i>AY 2022-23</i>	<i>AY 2021-22</i>
Income (or loss) under the head Business or Profession	80,00,000	10,00,000	(20,00,000)
Less: Set-off of loss (AY 2019-20)	(10,00,000)	(10,00,000)	-
Total Income	70,00,000	-	-
Loss carried forward for adjustment in subsequent years	-	10,00,000	20,00,000

Mr. A filed an updated return for Assessment Year 2022-23 declaring the additional business income of Rs. 25,00,000. He set off the entire loss of AY 2021-22 (Rs. 20,00,000) against the business income reported in such an updated return. As declaring additional income in the updated return for AY 2022-23 results in the reduction of loss carried forward to subsequent year (i.e., AY 2023-24), Mr. A shall be required to furnish an updated return for AY 2023-24 as well. The revised computation of income or loss in updated returns shall be as under:

<i>Particulars</i>	<i>Updated Return AY 2023-24</i>	<i>Updated Return AY 2022-23</i>
Income (or loss) under the head Business or Profession disclosed in earlier return	80,00,000	10,00,000
Additional business income disclosed in the updated return	-	25,00,000
Less: Set-off of loss (AY 2021-22)	-	(20,00,000)
Total Income	80,00,000	15,00,000
Loss carried forward for adjustment in subsequent years	-	-

Tax payable on filing of updated return shall be paid along with interest for default or deferment in payment of advance tax and additional tax.

Tax on updated return

The provisions of section 140B provide for payment and computation of tax, interest, fee, and additional income tax on updated returns. The updated return shall be accompanied by the proof of tax payment, i.e., normal tax (if any), additional tax, interest, and fee as required under section 140B otherwise it shall be treated as a defective return.

Computation of tax, interest, and fee on the updated return where no return was filed earlier

Where a person has not filed the original or belated return for the relevant assessment year, the tax payable on the updated return (self-assessment tax) shall be paid along with interest and fee for delay in furnishing the return of income and interest for any default or delay in payment of advance tax. Further, an additional income tax shall be paid before filing an updated return.

- (a) *Self-assessment tax* - Self-assessment tax on income reported in updated return shall be computed after taking into account the following:
- a) Advance tax;
 - b) Tax deducted at source (TDS) or Tax collected at source (TCS);
 - c) Relief under section 89;
 - d) Foreign tax credit; and
 - e) MAT or AMT credit

- (b) *Interest under section 234A* - At the time of furnishing the updated return, the interest under section 234A shall be computed on the self-assessment tax payable on the updated return. The interest shall be charged for the period commencing from the date immediately following the due date for filing the original return of income and ending with the date on which the updated return is furnished.

However, this interest shall not be charged on the amount of additional income tax payable on the updated return.

- (c) *Interest under section 234B* - An assessee may be liable to pay interest under Section 234B at the time of filing of updated return on the amount of assessed tax (total tax less TDS/TCS/relief/credit) declared in the updated return for the period starting from April 1 of the relevant assessment year and ending on the date on which assessed tax is paid before filing of updated return.

Where the taxes are paid in parts before the filing of the updated return, the interest shall be computed for the broken period considering the taxes paid in each part.

However, this interest shall not be charged on the amount of additional income tax payable on the updated return.

- (d) *Interest under section 234C* - Section 234C provides for a levy of interest at the rate of 1% per month in case of a shortfall in payment of advance tax instalments. The amount of shortfall is computed with reference to the "tax due on the returned income".

Section 234C interest is computed with reference to tax due on the returned income. Thus, in the case of an updated return, the total income reported in the updated return is to be considered as returned income.

- (e) *Fee under section 234F* - Where a person files a return of income after the due date of filing the original return, he is liable to pay a fee under Section 234F.

- (f) *Additional tax on updated return* - The additional tax shall be equal to 25% of the aggregate of tax and interest payable by a person on the filing of the updated return where such return is furnished after the expiry of the due date of filing of belated or revised return but before completion of a period of 12 months from the end of the relevant assessment year.

Where the updated return is furnished after the expiry of 12 months from the end of the relevant assessment year but before completion of the period of 24 months from the end of the relevant assessment year, the additional tax payable shall be 50% of the aggregate of tax and interest payable.

Where the updated return is furnished after the expiry of 24 months from the end of the relevant assessment year but before completion of the period of 36 months from the end of the relevant assessment year, the additional tax payable shall be 60% of the aggregate of tax and interest payable

Also, where the updated return is furnished after the expiry of 36 months from the end of the relevant assessment year but before completion of the period of 48 months from the end of the relevant assessment year, the additional tax payable shall be 70% of the aggregate of tax and interest payable.

Here it is to be noted that for computation of "additional income-tax", tax shall include surcharge and cess. Further, for the computation of additional tax, the amount of interest payable shall be reduced by the amount of interest paid in accordance with the earlier return.

Computation of tax, interest, and fee on the updated return where a return was filed earlier

Where a person has already filed the original, belated return, or revised return for the relevant assessment year, the tax payable on the updated return (self-assessment tax) shall be paid along with interest for any default or delay in payment of advance tax as reduced by the amount of interest paid in an earlier return. Further, an additional income tax shall be paid before filing an updated return.

(a) *Self-assessment tax* – The self-assessment tax shall be computed after taking into account the following:

- Tax or relief, the credit of which has already been taken in earlier return; and
- Tax or relief, the credit of which has not been claimed in an earlier return.

Further, the amount of tax so computed shall be increased by the amount of refund, if any, issued in respect of such an earlier return.

(b) *Interest under section 234A* - A person shall not be required to pay interest under section 234A at the time of furnishing of updated return if he has already filed the original, revised, or belated return for the relevant assessment year.

(c) *Interest under section 234B* - Where a person has already filed the original, belated, or revised return for the relevant assessment year and subsequently files an updated return, Section 140B provides that interest under Section 234B at the time of furnishing of updated return shall be computed on the amount of assessed tax.

An assessee may be liable to pay interest under Section 234B at the time of filing of updated return for the period starting from April 1 of the relevant assessment year and ending on the date on which assessed tax (including self-assessment tax) is paid before filing of updated return.

Where the taxes are paid in parts before the filing of the updated return, the interest shall be computed for the broken period considering the taxes paid in each part.

However, this interest shall not be charged on the amount of additional income tax payable under section 140B. It is to be noted that the amount of interest shall be reduced by the amount of interest paid in an earlier return.

(d) *Interest under section 234C* - Interest under section 234C shall be computed after taking into account the income furnished in the updated return as the returned income. It is to be noted that the amount of interest computed shall be reduced by the amount of interest paid in an earlier return.

- (e) *Fee under section 234F* - A person shall not be required to pay the fee under section 234F at the time of furnishing of the updated return if he has already filed the original, revised, or belated return for the relevant assessment year.
- (f) *Additional tax on updated return* - The additional tax shall be as follows:
- 25% of the aggregate of tax and interest payable by a person on the filing of the updated return where such return is furnished after the expiry of the due date of filing of belated or revised return but before completion of a period of 12 months from the end of the relevant assessment year.
 - Where the updated return is furnished after the expiry of 12 months from the end of the relevant assessment year but before completion of the period of 24 months from the end of the relevant assessment year, the additional tax payable shall be 50% of the aggregate of tax and interest payable.
 - Where the updated return is furnished after the expiry of 24 months from the end of the relevant assessment year but before completion of the period of 36 months from the end of the relevant assessment year, the additional tax payable shall be 60% of the aggregate of tax and interest payable.
 - Where the updated return is furnished after the expiry of 36 months from the end of the relevant assessment year but before completion of the period of 48 months from the end of the relevant assessment year, the additional tax payable shall be 70% of the aggregate of tax and interest payable.

Here it is to be noted that for computation of "additional income-tax", tax shall include surcharge and cess. Further, for the computation of additional tax, the amount of interest payable shall be reduced by the amount of interest paid in accordance with the earlier return.

MCQs on updated return

Q1. An updated return shall be filed electronically under Digital Signature Certificate (DSC), where the taxpayer is _____.

- (a) A company
- (b) A political Party
- (c) Both (a) and (b)
- (d) Any person without any condition

Correct answer: (c)

Justification for correct answer: An updated return shall be filed electronically under Digital Signature Certificate (DSC) in case of the following taxpayers: (a) Company (b) Political Party (c) Any person whose accounts are required to be audited under Section 44AB of the Income-tax Act except person filing return in ITR-7.

Q2. When an updated return cannot be filed?

- (a) If an updated return results in or increase in the refund
- (b) If a search is initiated against the assessee
- (c) If a survey conducted against the assessee
- (d) All of the above

Correct Answer: (d)

Justification for correct answer: An updated return can be filed by any person, except in certain circumstances, regardless of whether they have previously filed an original, belated, or revised return for the relevant assessment year. The circumstances covered under options (a), (b), and (c) are specified in the exception for filing an updated return.

Q3. Can an updated return be revised for any particular assessment year?

- (a) Yes
- (b) No
- (c) Within a certain time limit
- (d) If AO allowed

Correct Answer: (b)

Justification for correct answer: An updated return cannot be revised as it can be filed only once for any particular assessment year.

Q4. A person needs to file the updated return for each subsequent year, where the amount of the _____ is reduced for any subsequent year while filing the updated return for the previous year.

- (a) Carried forward losses
- (b) MAT or AMT credit
- (c) Carried forward unabsorbed depreciation
- (d) All of the above

Correct Answer: (d)

Justification for correct answer: When a person files an updated return for a previous year, and as a result, the amount of the following is reduced for any subsequent year, the person shall be required to file an updated return for each subsequent year:

- Carried Forward Losses; or
- Carried Forward Unabsorbed Depreciation; or
- MAT Credit; or
- AMT Credit.

Q5. In the case of the updated return, the assessment under section 143 or section 144 can be made at any time before the expiry of _____ from the end of the financial year in which the updated return is furnished.

- (a) 12 months
- (b) 9 months
- (c) 21 months
- (d) 18 months

Correct Answer: (b)

Justification for correct answer: In the case of the updated return, the assessment under section 143 or section 144 can be made at any time before the expiry of 9 months from the end of the financial year in which the updated return is furnished.

Q6. What is the amount of additional tax where an updated return is filed within 12 months from the end of the relevant assessment year?

- (a) 25% of the aggregate of tax and interest payable
- (b) 50% of the aggregate of tax and interest payable
- (c) 100% of the aggregate of tax and interest payable
- (d) None of the above

Correct Answer: (a)

Justification for correct answer: The additional tax shall be equal to 25% of the aggregate of tax and interest payable by a person on the filing of the updated return where such return is furnished after the expiry of the due date of filing of belated or revised return but before completion of a period of 12 months from the end of the relevant assessment year.

Comment on incorrect answer: Where the updated return is furnished after the expiry of 12 months from the end of the relevant assessment year but before completion of the period of 24 months from the end of the relevant assessment year, the additional tax payable shall be 50% of the aggregate of tax and interest payable. Therefore, option (b) is incorrect.