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E-FILING OF TAX RETURNS

EXAM REVISION NOTES

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MODULE I

TAXATION MECHANISM

Direct and Indirect Tax: Foundations Comparative Jurisprudence

Fundamental Distinctions between Direct and Indirect Taxes: Taxes are classified into two primary categories based on the shifting of the tax burden and the point of commercial collection:

- **Incidence amp; Impact:** ; The initial impact falls on the manufacturer, importer, or trader, but the final incidence is shifted to the end consumer.
- **Shifting of Burden:** ; Readily transferable through successive commercial price markups across the supply chain.
- **Nature amp; Social Equity:** ; Regressive: Charged uniformly on commodities; poor and rich pay the exact same tax on a product, consuming a higher % of poor income.
- **Taxable Event:** ; Manufacture, import, or supply of goods and provision of commercial services.

Canon of Certainty

Canon of Economy

Basic Concepts of Direct Taxation under the Income Tax Act, 1961

Core Statutory Definitions

- **Person [Section 2(31)]:** The tax entity upon whom liability is imposed.
- A Hindu Undivided Family (HUF).
- A Company (domestic or foreign corporate entities).
- A Firm (including Limited Liability Partnerships - LLPs).
- An Association of Persons (AOP) or Body of Individuals (BOI), whether incorporated or not.

Residential Status of an Individual [Section 6(1) 6(6)]: An individual is categorized as either a Resident or a Non-Resident (NR). A Resident is further classified into Resident and Ordinarily Resident (ROR) or Resident but Not Ordinarily Resident (RNOR):

- **Condition A:** They are in India for a period amounting in all to 182 days or more during the relevant Previous Year; OR
- **Condition B:** They are in India for a period of 60 days or more during the relevant Previous Year AND for 365 days or more during the 4 preceding Previous Years.
- **Additional Condition 1:** They have been a resident in India in at least 2 out of 10 Previous Years immediately preceding the relevant Previous Year; AND
- **Additional Condition 2:** They have been present in India for a period amounting in all to 730 days or more during the 7 Previous Years immediately preceding the relevant Previous Year.

The Five Heads of Income Deductions under Chapter VI-A

Income from House Property [Sections 22–27]

Key Deductions from Gross Total Income under Chapter VI-A: Deductions under Chapter VI-A incentivize long-term personal savings, social security, healthcare, and charitable philanthropy.

- **80C:** ; Aggregate ceiling of ₹1,50,000 (combined limit with 80CCC and 80CCD(1)).
- **80CCD(1B):** 5L limit of 80C).
- **80D:** ; Maximum combined ceiling up to ₹1,00,000 (when both assessee and parents are senior citizens).
- **80E:** ; No monetary limit; deductible for 8 consecutive Assessment Years.

Comparative Structural Slabs: Old Tax Regime vs. New Default Regime (Section 115BAC): From Assessment Year 2024–25 onwards, the New Concessional Tax Regime under Section 115BAC serves as the default tax regime for Individuals, HUFs, AOPs, and BOIs.

- **Up to ₹2,50,000:** Nil (₹3L for Sr.
- **₹2,50,001 to ₹3,00,000:** Nil (Basic exemption limit is ₹3,00,000)
- **₹3,00,001 to ₹5,00,000:** 5% (Slab: ₹3,00,001 to ₹6,00,000)
- **₹9,00,001 to ₹10,00,000:** 15% (Slab: ₹9,00,001 to ₹12,00,000)

Summary / Intimation Assessment [Section 143(1)]

Best Judgment Assessment [Section 144]

Permanent Account Number (PAN) Return Filing Deadlines

PAN Application Modes and Forms: PAN applications are submitted online through authorized service portals (Protean / NSDL e-Gov or UTIITSL):

- **Form 49A:** Application for allotment of PAN for Indian citizens, Indian companies, entities incorporated in India, and unincorporated bodies.
- **Form 49AA:** Application for allotment of PAN for Foreign citizens, Foreign entities, and Non-Residents.
- **Instant e-PAN:** Paperless, free facility offered on the e-filing portal based on Aadhaar e-KYC; an electronic digitally signed PAN is allotted within minutes.
- **Section 139AA Mandate:** Every person who has been allotted a PAN must link it with their Aadhaar number.

Belated Return [Section 139(4)]

MODULE II

INCOME TAX E-FILING

Meaning, Foundations Systemic Dynamics of E-Filing

Formal Definition and Concept of E-Filing: Electronic Filing (E-Filing) refers to the process of submitting tax returns, audit reports, statutory declarations, and financial data over the internet using standardized electronic software utilities provided by or conforming to the specifications of the Income Tax Department.

Systemic Benefits of E-Filing

- **Pre-filled Data Convenience:** Automatic extraction of salary income, bank interest, capital gains, and TDS deductions directly into the return.
- **Immediate Processing amp; Refunds:** Direct Credit of refunds into validated bank accounts eliminates cheque loss or postal delays.
- **Paperless Ecological Conservation:** Saves hundreds of tons of paper annually, eliminating bureaucratic record-room warehousing.
- **Enhanced Confidentiality amp; Security:** High-grade 256-bit SSL encryption protects sensitive financial records from unauthorized access.

Income Tax Portal Registration E-Filing Modalities

Online Web-Based Utility

- **Application Scope:** Primarily available for simpler returns—ITR-1 (Sahaj) and ITR-4 (Sugam).
- **Operational Flow:** The taxpayer logs into the portal, selects "File Income Tax Return", chooses the AY, and fills details directly within the active web browser session.
- **Advantages:** Real-time data pre-filling, dynamic tax computation, no software downloads required, auto-save drafts available for 30 days.

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Comprehensive Taxonomy Selection Architecture of ITR Forms: Selecting the correct Income Tax Return form is a mandatory statutory pre-requisite. Filing a return on an incorrect ITR form renders the return Defective under Section 139(9), which, if not rectified within 15 days, is treated as an invalid return (deemed never filed).

- **ITR-1 (Sahaj):** ; Total Income up to ₹50 Lakhs, comprising Salary/Pension, One House Property, and Other Sources (interest, dividends).
- **ITR-2:** ; Individuals or HUFs having any income derived from Profits and Gains of Business or Profession (PGBP).
- **ITR-3:** , cannot be filed by Partnership Firms, Companies, or Trusts).
- **ITR-4 (Sugam):** ; Non-residents, RNORs, LLPs, companies, assessees with capital gains, foreign assets, or total income exceeding ₹50 Lakhs.

Annual Information Statement (AIS) Taxpayer Information Summary (TIS): Introduced in November 2021 as part of Project Insight, the Annual Information Statement (AIS) represents a comprehensive, multi-source financial dossier providing a 360-degree view of all economic transactions undertaken by a taxpayer during the financial year.

Annual Information Statement (AIS)

- **Part A:** General taxpayer information (PAN, Aadhaar, DOB, Mobile).
- **Part B:** Information on TDS/TCS, Specified Financial Transactions (SFT: cash deposits, credit card spends > ₹10L), mutual fund dividends, share market transactions, purchase/sale of immovable real estate, and foreign remittances (Form 15CA/15CB).

The "Pay-As-You-Earn" Principle [Sections 207 to 211]: Under the scheme of advance payment of tax, an assessee is obligated to pay tax during the Previous Year itself in quarterly installments as income is earned, rather than waiting for the Assessment Year.

- **Liability Threshold [Section 208]:** Advance tax is payable during a financial year in every case where the estimated net tax liability (after deducting permissible TDS, TCS, and foreign tax credits) is ₹10,000 or more.
- **Statutory Exemption for Senior Citizens:** Under Section 207(2), a resident individual who is of the age of 60 years or more at any time during the Previous Year AND does not derive any income from Profits and Gains of Business or Profession is completely exempt from advance tax obligations.

Interest Penalties for Advance Tax Default: Sections 234B 234C

- **Section 234B Trigger:** Levied if the taxpayer fails to pay advance tax or if the total advance tax paid before March 31 is less than 90% of the assessed tax.
- **Section 234C Trigger:** Levied for deferment or short-payment of individual advance tax installments.
- **Safe Harbor for 234C:** No interest for the June installment if advance tax paid is ≥ 12%; no interest for the September installment if ≥ 36%.

Statutory Schedule for Deposit of Deducted TDS: TDS deducted must be remitted to the credit of the Central Government through Challan ITNS 281 / e-Pay Tax within strict statutory timelines:

- **For Deductions during April to February:** , TDS deducted in October must be deposited on or before November 7).
- **For Deductions during the Month of March:** On or before April 30 (extended window to accommodate year-end book closures).
- TDS on Property Purchase (Sec 194-IA) / Rent (Sec 194-IB): Paid within 30 days from the end of the month of deduction using Challan-cum-statement Form 26QB / 26QC.

Online Tax Payment Mechanics Electronic Verification (e-Verification)

The Six Statutory Modalities of Return Verification

Advanced Analytical Dimensions and Applied Commerce Casework (Analytical Division 1): The concepts, statutory provisions, operational accounting rules, and quantitative models detailed in this module carry critical implications for enterprise governance, audited disclosure standards, and executive fiscal decision-making.

Executive Synthesis, Governance Policy, and Continuing Professional Mastery: To conclude, mastery of the concepts examined throughout this module empowers students and commerce executives to evaluate complex fiscal data with precision, independence, and analytical clarity.

Empirical Casework: Forensic Analysis, Audit Trail Verification, and Internal Controls: Empirical accounting investigations across modern industrial enterprises illustrate that financial distortion, fraud, and misstatement rarely occur as isolated incidents; rather, they stem from structural vulnerabilities within accounting workflows, segregation-of-duties lapses, or inadequate internal audit scrutiny.

- **Ledger amp; Voucher Integrity:** ; Companies Act (Sec.
- **Revenue amp; Cost Allocation:** ; Ind AS 115 (Revenue from Contracts with Customers) amp; CAS 1 to 24 Cost Accounting Standards.
- **Fiscal Risk amp; Tax Compliance:** ; GST Law Section 16/36 Rules amp; Income Tax Act Transfer Pricing Provisions.
- **Working Capital Governance:** ; Tandon amp; Chore Committee Norms for Bank Working Capital Credit Appraisal.

MODULE III

GST LAW AND RETURN

Constitutional Structural Architecture of the Dual GST Model

GST Registration Framework: Thresholds Digital Workflow

Casual Non-Resident Taxable Persons

Registration Amendments: Core vs. Non-Core Fields

- **Core Fields:** ; Requires filing Form GST REG-14 within 15 days; requires formal scrutiny and approval by the Proper Officer within 15 working days.
- **Non-Core Fields:** ; Auto-approved by the common portal upon OTP verification without requiring any officer intervention.

Mandatory HSN Reporting Rules on Invoices Returns (Effective April 1, 2021)

Output Tax Liability Return Filing: GSTR-1 GSTR-3B

Table 4: Input Tax Credit (ITC)

- **4(A):** ITC Available (Import of goods, import of services, inward RCM, ISD credits, all other ITC auto-populated from GSTR-2B).
- **4(B):** ITC Reversed (Rule 38/42/43 reversals and blocked credits u/s 17(5)).
- **4(C):** Net ITC Available = 4(A) - 4(B).
- **Monthly Filers:** On or before the 20th day of the immediately succeeding month.
- **Quarterly Filers (under QRMP Scheme):** Staggered deadlines: Category 1 States (Southern amp; Western States: Kerala, Tamil Nadu, Karnataka, Maharashtra, Gujarat): 22nd day of the month following the quarter.

Blocked Credits [Section 17(5) of CGST Act]: Notwithstanding Section 16, ITC is strictly inadmissible (blocked) for specific expenditures:

- Motor vehicles for transportation of persons having seating capacity ≤ 13 persons (except when used for commercial transportation, passenger transport, or driving school training).
- Food and beverages, outdoor catering, beauty treatment, health services, life/health insurance, except where used as an inward supply to provide the same category of service.

- Club memberships, health and fitness centre fees.
- Works contract services supplied for construction of an immovable property (other than plant and machinery) on own account.
- Goods lost, stolen, destroyed, written off, or disposed of by way of gift or free samples.

Electronic Cash Ledger [Sec 49(1)]

Mandatory Statutory Hierarchy for ITC Utilization [Section 49A, 49B Rule 88A]: To optimize tax distribution among Centre and States, the law prescribes a strict, non-negotiable order of setting off Input Tax Credit against Output Tax liabilities:

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MODULE IV

GST COMPOSITION AND E-WAY BILL

The GST Composition Levy Scheme [Section 10]

Eligibility Criteria Aggregate Turnover Thresholds: An assessee's eligibility to opt into the composition scheme is governed strictly by their Aggregate Annual Turnover (AATO) computed on an all-India basis across all business verticals registered under the same PAN:

- **Manufacturers amp; Traders of Goods:** 5 Crores (₹150 Lakhs) in the preceding financial year.
- **Manufacturers amp; Traders of Goods:** ; Aggregate turnover up to ₹75 Lakhs in the preceding financial year.
- **Restaurant Service Providers:** 5 Crores in the preceding financial year.

Inter-State Outward Supplies Prohibited

Total Denial of Input Tax Credit (ITC)

Form GST CMP-08: Quarterly Statement-cum-Challan: Introduced with effect from FY 2019–20, Form GST CMP-08 is a simplified quarterly statement-cum-challan used by composition taxpayers to declare self-assessed turnover and discharge quarterly tax liabilities:

- **Quarterly Deadlines:** , April–June quarter tax must be discharged via CMP-08 on or before July 18).
- **Reporting Content:** Table 3 captures: (1) Outward supplies (including exempt supplies); (2) Inward supplies attracting Reverse Charge Mechanism (RCM); (3) Tax payable thereon; and (4) Interest payable for late payment.
- **Payment Mechanism:** Liability declared in CMP-08 must be paid 100% in cash through the Electronic Cash Ledger.

Form GSTR-9C: Self-Certified Reconciliation Statement: Under Section 44(2) read with Rule 80(3), every registered person whose aggregate turnover during a financial year exceeds ₹5 Crores must furnish a self-certified Reconciliation Statement in Form GSTR-9C:

- **Self-Certification Framework:** Replaced the mandatory Chartered Accountant / Cost Accountant audit certification.
- **Reconciliation Mechanics:** Harmonizes figures reported in GSTR-9 with the taxpayer's Audited Annual Financial Statements (Balance Sheet and Profit amp; Loss Account).

Voluntary Cancellation by Taxpayer

- Discontinuance or closure of commercial business.
- Full transfer of business due to sale, merger, demerger, amalgamation, or lease.
- , sole proprietorship converted to a partnership firm or private limited company).
- Aggregate turnover falling below the mandatory threshold limit under Section 22.

Revocation of Cancellation [Section 30]: When registration is cancelled suo-moto by the tax department, the taxpayer can apply for revocation:

- **Application in Form GST REG-21:** Must be submitted within 30 days from the service of the cancellation order (extendable by the Joint/Additional Commissioner for 30 days and Commissioner for another 30 days on sufficient grounds).
- **Mandatory Statutory Pre-Condition:** The taxpayer must file all overdue pending returns (GSTR-1 and GSTR-3B) and deposit all outstanding tax, interest, and late fees before filing REG-21.

- **Order in Form GST REG-22:** The officer passes an order revoking the cancellation within 30 days, restoring the GSTIN to active status.

The E-Way Bill System: Generation, Verification Cancellation

Part A: Consignment Invoice Data

- **GSTIN of Supplier amp; Recipient:** Unique tax identities.
- **Place of Delivery:** Recipient's PIN code (determines transit distance).
- **Invoice / Challan Details:** Document number and date.
- **Value of Goods:** Taxable value + applicable GST taxes.
- **HSN Code:** Minimum 4 or 6 digits of product code.

Cancellation and Portal Blocking Provisions

- **Cancellation of E-Way Bill:** If goods are not transported after generating an E-Way Bill, or if details are incorrect, the generator may cancel the E-Way Bill electronically within 24 hours of generation.
- Blocking of E-Way Bill Generation [Rule 138E]: The GST portal automatically blocks the E-Way Bill generation facility of a taxpayer who fails to furnish their returns (GSTR-3B or CMP-08) for two consecutive tax periods.

Electronic Invoicing (E-Invoicing under Rule 48(4)) E-Way Bill Integration: Under Rule 48(4) of the CGST Rules, Electronic Invoicing (E-Invoicing) is mandatory for all registered taxpayers whose Aggregate Annual Turnover (AATO) in any preceding financial year from 2017–18 onwards exceeds ₹5 Crores:

- **Invoice Registration Portal (IRP):** in).
- **Invoice Reference Number (IRN):** The IRP validates the JSON data and generates a unique, tamper-proof 64-character alphanumeric hash called the Invoice Reference Number (IRN) using the SHA-256 algorithm.
- **Digitally Signed QR Code:** The IRP digitally signs the invoice data and appends a cryptographic Signed QR Code containing key metadata (IRN, Supplier GSTIN, Buyer GSTIN, Invoice Date, Total Value, HSN).
- **Automated Dual-System Integration:** The moment an E-Invoice is generated on the IRP: The system auto-populates Part A of Form GST EWB-01, enabling instant E-Way Bill generation without re-entering data; and
- The invoice data is automatically pushed into the supplier's GSTR-1 (Table 4 B2B), which subsequently auto-populates the buyer's GSTR-2B for seamless Input Tax Credit flow.

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Executive Synthesis, Governance Policy, and Continuing Professional Mastery: To conclude, mastery of the concepts examined throughout this module empowers students and commerce executives to evaluate complex fiscal data with precision, independence, and analytical clarity.

Comparative Regulatory and Practical Implementation Standards: A rigorous examination of corporate commercial practice highlights the indispensable role of standardized accounting principles.

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