

What is updated return and how to file it

The income tax laws allow an individual to file updated return. The concept of updated return was introduced in the Union Budget 2022 to allow individuals rectify their mistake made while filing ITR or to allow one more chance to individuals to file ITR if they have not filed ITR previously.

In a bid to increase voluntary compliance by taxpayers, the government introduced the concept of an updated income tax return (ITR) in Budget 2022.

To implement the concept, section 139(8A) and section 140B were introduced in the Income-tax Act, 1961.

Subsequently, via a notification dated April 29, 2022, the CBDT inserted Rule 12AC and notified Form [ITR-U](#), to give effect to the aforesaid provisions.

What is an updated return?

The concept was introduced to allow an eligible taxpayer to file or update an income tax return, within specified

timelines albeit by paying additional tax, interest and penalty, in an endeavour to increase voluntary compliance and to avoid penal consequences and further litigation if such omission was subsequently detected by the tax authorities.

Who can file an updated return?

A taxpayer who has either filed his ITR (whether on time, belatedly or even a revised return) or has not filed his ITR for an assessment year has an option to file an updated return within 24 months from the end of the relevant assessment year provided it results in additional payment of tax to the Government. This means that an updated return cannot be filed to claim a refund of tax paid.

At present, an updated return in Form ITR-U can be filed for FY 2020-21 (AY 2021-22) till March 31, 2024 and for FY 2021-22 (AY 2022-23) till March 31, 2025.

For example, if a taxpayer has filed ITR for FY 2021-22 and it has come to his notice that certain income has not been reported in the original ITR or even in a case where an original / belated return was not filed then, the updated return can be filed by March 31, 2025.

Similarly for FY 2022-23, in case of an individual taxpayer who is eligible to file an updated return, such return can

be filed till March 31, 2026 even if an original return or a belated return is not filed.

It may be noted that all taxpayers, i.e., individuals, HUF, Firms/LLP, Companies, AOP, BOI etc. are eligible to file an updated return. The reason for updating the ITR has to be disclosed; they will have to choose from the following options:

- ITR previously not filed
- Income not reported correctly
- Wrong heads of income chosen
- Reduction of carried forward loss
- Reduction of unabsorbed depreciation
- Reduction of tax credit under section 115JB/ 115JC
- Wrong rate of tax
- Others

How to calculate tax on updated return

If ITR was not filed earlier: Where no ITR has been filed by the taxpayer, then before filing the updated return, the taxpayer must pay the tax due together with interest and late filing fee payable, for the delay in filing return and/or payment of advance tax, along with the additional tax leviable on filing of the updated return. The tax payable is calculated after taking into account the following:

- The amount of advance tax (already paid)
- Any TDS/TCS
- Any relief of tax claimed under various sections of the

Income Tax Act

- Any AMT credit/MAT credit

Such updated return shall also be accompanied by proof of payment of such tax, additional tax, interest and late filing fee under section 234F.

If ITR has been filed earlier: If the taxpayer has already filed ITR then, before submitting the updated return, the taxpayer would be liable to pay tax due (including additional tax) together with interest and late filing fee for delay in furnishing the ITR or payment of advance tax. It may be noted that the amount of self-assessment tax along with interest paid in the earlier return would be reduced from the tax payable and the tax shall be increased by the amount of refund (if any) issued in respect of the earlier filed return.

How additional tax is calculated for updated return

A taxpayer filing an updated return is required to pay additional tax which can be either 25% or 50% of the tax amount, depending on the date of filing of such return. The additional tax payable at the time of furnishing updated return shall be calculated as follows:

If updated return is filed after expiry of due date of filing a belated or	25% of aggregate tax (+Surcharge + Cess) and interest
--	---

revised return but before completion of 12 months from the end of the relevant assessment year.	under section 234A/B/C (as applicable)
If updated return is filed after expiry of 12 months but before completion of 24 months from the end of the relevant assessment year.	50% of aggregate tax (+Surcharge + Cess) and interest under section 234A/B/C (as applicable)

How to file updated return on e-filing portal

1. Login to the e-filing portal with your credentials
 2. Click on e-File > Income Tax Return > File Income Tax Return
 3. Select the relevant assessment year. Select the return filing type "139(8A)-updated return". Finally select the ITR Form and then continue.
 4. Upload the JSON file created offline and submit the return (The utility for the JSON file can be downloaded from the 'downloads' tab appearing on the Income Tax Portal).
- The updated return (ITR-U) has to be furnished along with an updated version of the applicable ITR form (ITR 1 - 7) where an earlier return was filed.
 - There are two parts to the updated return-

- Part A - General information (Enter the [ITR filing](#) date and acknowledgment number of the original return (if any) filed, checking the eligibility criteria met for filing of updated return, selecting the reason for filing [updated ITR](#), and option of whether updated return is being filed within 12 months or 12-24 months)
- Part B - Additional Total Income (ATI) Computation of Total Updated Income and Tax Payable (Enter the additional income figures under each head and calculation of tax payable)

5. Finally, e-verifying the updated return to complete the filing process through DSC or EVC (as applicable).

(Sachin Vasudeva and Nehal Kumar are practising chartered accountants.)

(Disclaimer: The opinions expressed in this column are that of the writer. The facts and opinions expressed here do not reflect the views of www.economictimes.com.)

(Your [legal guide](#) on estate planning, inheritance, will and more.)

Download [The Economic Times News App](#) to get Daily Market Updates & Live Business News.

...more