



CMA Kedarnath

Hyderabad



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
Tax Research Department

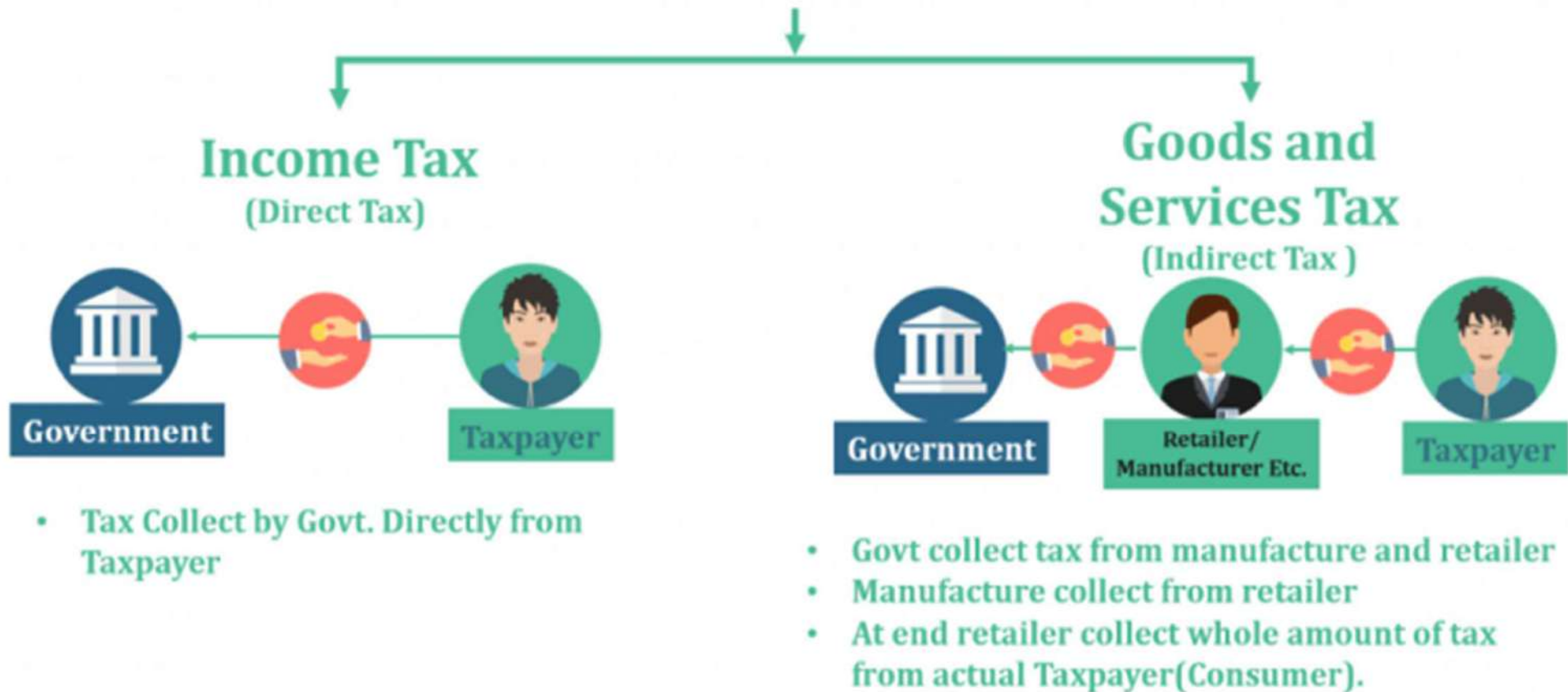
Online Certificate Course on IT E-Notices & Filing of E-Reponses



Demand Notice from Income Tax Department



Taxation in India



Why we need to file Income Tax Return: To inform IT Dept about

Income	Expenses	High value transactions like Capital Gains etc.,	IFOS
Chapter VI-A Deductions	Exemptions	Rebate / Relief	Tax Payable
Advance Tax Paid	TDS / TCS	Self-Assessment Tax Paid	Refund

Benefits of Filing IT Return to the Assessee:



Benefits of Filing Income Tax Return

Claim of Income Tax refund

Carry forward of losses to next year

Income and Address Proof

ITR is an Essential Document

Easy Loan Processing

Easy Credit Card Processing

Hassel Free Approval of Visa Application

Avoid Penalty

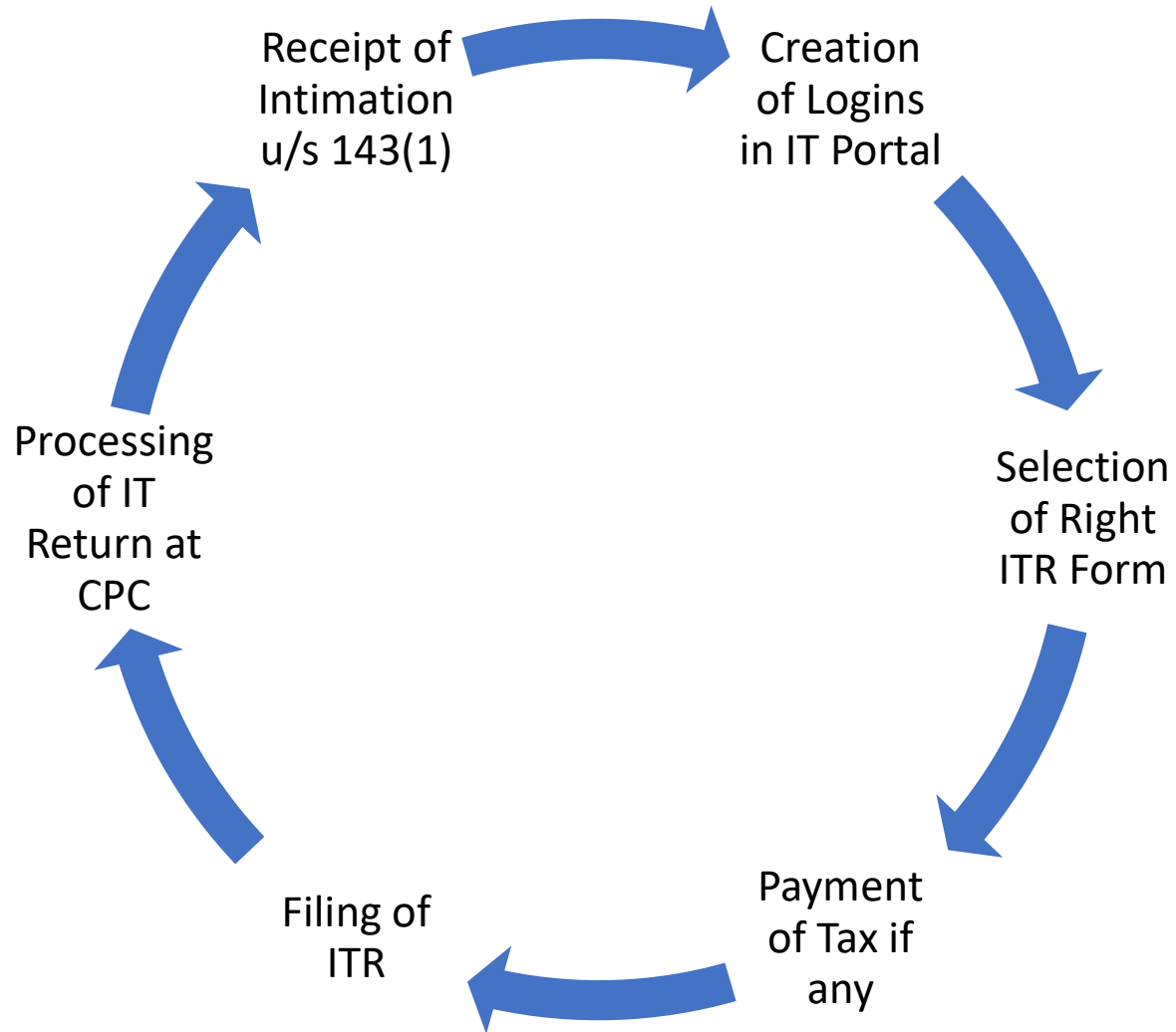
Excess Intrest Can be Avoided

www.manthanexperts.com

Benefits of Filing & Payment of Income Tax : To the Society

- ✓ Funding of public infrastructure
- ✓ Sponsoring of welfare schemes
- ✓ Defense expenditure
- ✓ Research & Development
- ✓ Salaries to Government employees
- ✓ Operations & administration of the government entities
- ✓ Public transportation
- ✓ Pension schemes
- ✓ Law enforcement
- ✓ Public health
- ✓ Public Education
- ✓ Public utilities such as water, energy, and waste management systems

Process Flow:



Intimation u/s 143(1):

Communicate to the taxpayer about the status of IT Return

Eligible Amount of Refund

Additional Amount of Demand

Adjustment for Refund

No Demand

No Refund

The image shows a large number of colorful sticky notes (yellow, pink, blue, green, orange, purple) with various handwritten messages. Some of the visible text includes:

- BE HAPPY
- Thanks for helping me!
- meeting 9 a.m.
- COFFEE NEVER FAILS!
- Coffee Break!
- To do list... - Have a meeting - Check E-mail
- Share with team
- TIME
- Andrew 101-81-5211
- YOU
- GOALS
- WORRY LESS
- To do list... - Contact Sarah - Check email - Have a meeting
- Goal!
- 'WORK' MORE - TALK - LESS
- 8.30. 11.00
- Focus on concepts!
- NEW PROJECT
- Operations
- HARD WORK BEATS TALENT!
- OMG!
- Order food 02-222-12
- WORK HARD PLAY HARDER
- NEED IN TOUCH W/ Edw
- Learn is INFIN
- THIS IS THE DAY!
- WHAT'S THE NEXT GOAL??
- MAKE YOUR MOVE
- hell
- Flight A124 (don't forget)
- SAVES TIME
- the
- MAIL SCHEDULE !!!
- Balance
- WORK-L
- CLIENTS
- LIVE IT UP
- TAL WITH JOHN
- Revenue meeting at 1 PM
- DAILY REPORT! - Before 10 AM!! - Double check!
- What's NEXT?
- Life is short CHOOSE HAPPINESS
- LOADING 70%
- Strong
- DON'T BE LATE!
- CONFERENCE W/ ROB!
- VDO
- DINNER WITH BAE TONIGHT
- ORDERING WINE...
- YEAH
- HAPPY
- BETTER THINGS ARE COMING
- DONUT PIZZA 10+15
- BUSINESS MEETING
- PASSWORD 1234
- DON'T AGET 2 CALL "BABE"
- SCHEDULE
- INTERN STUDENTS
- BOSS!
- CALL PAM @ 6 PM
- NEW IDEA
- FOLLOW UP
- POSITIVE THINKING
- LOVE WHAT YOU DO!
- DEADLINE "TODAY"
- DON'T FORGET TO BE YOURSELF!
- LUCK
- BILL PAYMENT !!!
- WHY FIT IN ?? When You Were Born to STAND OUT??
- DON'T FORGET TO UPDATE system with design team
- FIGHT!
- Cheer UP!
- 8.30. 11.00
- COFFEE NEVER FAILS!
- COFFEE BREAK!
- TO DO LIST... - HAVE A MEETING - CHECK E-MAIL
- SHARE WITH TEAM
- TIME
- ANDREW 101-81-5211
- YOU
- GOALS
- WORRY LESS
- TO DO LIST... - CONTACT SARAH - CHECK EMAIL - HAVE A MEETING
- GOAL!
- 'WORK' MORE - TALK - LESS
- 8.30. 11.00
- FOCUS ON CONCEPTS!
- NEW PROJECT
- OPERATIONS
- HARD WORK BEATS TALENT!
- OMG!
- ORDER FOOD 02-222-12
- WORK HARD PLAY HARDER
- NEED IN TOUCH W/ EDW
- LEARN IS INFIN
- THIS IS THE DAY!
- WHAT'S THE NEXT GOAL??
- MAKE YOUR MOVE
- HELL
- FLIGHT A124 (DON'T FORGET)
- SAVES TIME
- THE
- MAIL SCHEDULE !!!
- BALANCE
- WORK-L
- CLIENTS
- LIVE IT UP
- TAL WITH JOHN
- REVENUE MEETING AT 1 PM
- DAILY REPORT! - BEFORE 10 AM!! - DOUBLE CHECK!
- WHAT'S NEXT?
- LIFE IS SHORT CHOOSE HAPPINESS
- LOADING 70%
- STRONG
- DON'T BE LATE!
- CONFERENCE W/ ROB!
- VDO
- DINNER WITH BAE TONIGHT
- ORDERING WINE...
- YEAH
- HAPPY
- BETTER THINGS ARE COMING
- DONUT PIZZA 10+15
- BUSINESS MEETING
- PASSWORD 1234
- DON'T AGET 2 CALL "BABE"
- SCHEDULE
- INTERN STUDENTS
- BOSS!
- CALL PAM @ 6 PM
- NEW IDEA
- FOLLOW UP
- POSITIVE THINKING
- LOVE WHAT YOU DO!
- DEADLINE "TODAY"
- DON'T FORGET TO BE YOURSELF!
- LUCK
- BILL PAYMENT !!!
- WHY FIT IN ?? WHEN YOU WERE BORN TO STAND OUT??
- DON'T FORGET TO UPDATE SYSTEM WITH DESIGN TEAM
- FIGHT!
- CHEER UP!
- 8.30. 11.00
- COFFEE NEVER FAILS!
- COFFEE BREAK!
- TO DO LIST... - HAVE A MEETING - CHECK E-MAIL
- SHARE WITH TEAM
- TIME
- ANDREW 101-81-5211
- YOU
- GOALS
- WORRY LESS
- TO DO LIST... - CONTACT SARAH - CHECK EMAIL - HAVE A MEETING
- GOAL!
- 'WORK' MORE - TALK - LESS
- 8.30. 11.00
- FOCUS ON CONCEPTS!
- NEW PROJECT
- OPERATIONS
- HARD WORK BEATS TALENT!
- OMG!
- ORDER FOOD 02-222-12
- WORK HARD PLAY HARDER
- NEED IN TOUCH W/ EDW
- LEARN IS INFIN
- THIS IS THE DAY!
- WHAT'S THE NEXT GOAL??
- MAKE YOUR MOVE
- HELL
- FLIGHT A124 (DON'T FORGET)
- SAVES TIME
- THE
- MAIL SCHEDULE !!!
- BALANCE
- WORK-L
- CLIENTS
- LIVE IT UP
- TAL WITH JOHN
- REVENUE MEETING AT 1 PM
- DAILY REPORT! - BEFORE 10 AM!! - DOUBLE CHECK!
- WHAT'S NEXT?
- LIFE IS SHORT CHOOSE HAPPINESS
- LOADING 70%
- STRONG
- DON'T BE LATE!
- CONFERENCE W/ ROB!
- VDO
- DINNER WITH BAE TONIGHT
- ORDERING WINE...
- YEAH
- HAPPY
- BETTER THINGS ARE COMING
- DONUT PIZZA 10+15
- BUSINESS MEETING
- PASSWORD 1234
- DON'T AGET 2 CALL "BABE"
- SCHEDULE
- INTERN STUDENTS
- BOSS!
- CALL PAM @ 6 PM
- NEW IDEA
- FOLLOW UP
- POSITIVE THINKING
- LOVE WHAT YOU DO!
- DEADLINE "TODAY"
- DON'T FORGET TO BE YOURSELF!
- LUCK
- BILL PAYMENT !!!
- WHY FIT IN ?? WHEN YOU WERE BORN TO STAND OUT??
- DON'T FORGET TO UPDATE SYSTEM WITH DESIGN TEAM
- FIGHT!
- CHEER UP!
- 8.30. 11.00
- COFFEE NEVER FAILS!
- COFFEE BREAK!
- TO DO LIST... - HAVE A MEETING - CHECK E-MAIL
- SHARE WITH TEAM
- TIME
- ANDREW 101-81-5211
- YOU
- GOALS
- WORRY LESS
- TO DO LIST... - CONTACT SARAH - CHECK EMAIL - HAVE A MEETING
- GOAL!
- 'WORK' MORE - TALK - LESS
- 8.30. 11.00
- FOCUS ON CONCEPTS!
- NEW PROJECT
- OPERATIONS
- HARD WORK BEATS TALENT!
- OMG!
- ORDER FOOD 02-222-12
- WORK HARD PLAY HARDER
- NEED IN TOUCH W/ EDW
- LEARN IS INFIN
- THIS IS THE DAY!
- WHAT'S THE NEXT GOAL??
- MAKE YOUR MOVE
- HELL
- FLIGHT A124 (DON'T FORGET)
- SAVES TIME
- THE
- MAIL SCHEDULE !!!
- BALANCE
- WORK-L
- CLIENTS
- LIVE IT UP
- TAL WITH JOHN
- REVENUE MEETING AT 1 PM
- DAILY REPORT! - BEFORE 10 AM!! - DOUBLE CHECK!
- WHAT'S NEXT?
- LIFE IS SHORT CHOOSE HAPPINESS
- LOADING 70%
- STRONG
- DON'T BE LATE!
- CONFERENCE W/ ROB!
- VDO
- DINNER WITH BAE TONIGHT
- ORDERING WINE...
- YEAH
- HAPPY
- BETTER THINGS ARE COMING
- DONUT PIZZA 10+15
- BUSINESS MEETING
- PASSWORD 1234
- DON'T AGET 2 CALL "BABE"
- SCHEDULE
- INTERN STUDENTS
- BOSS!
- CALL PAM @ 6 PM
- NEW IDEA
- FOLLOW UP
- POSITIVE THINKING
- LOVE WHAT YOU DO!
- DEADLINE "TODAY"
- DON'T FORGET TO BE YOURSELF!
- LUCK
- BILL PAYMENT !!!
- WHY FIT IN ?? WHEN YOU WERE BORN TO STAND OUT??
- DON'T FORGET TO UPDATE SYSTEM WITH DESIGN TEAM
- FIGHT!
- CHEER UP!
- 8.30. 11.00
- COFFEE NEVER FAILS!
- COFFEE BREAK!
- TO DO LIST... - HAVE A MEETING - CHECK E-MAIL
- SHARE WITH TEAM
- TIME
- ANDREW 101-81-5211
- YOU
- GOALS
- WORRY LESS
- TO DO LIST... - CONTACT SARAH - CHECK EMAIL - HAVE A MEETING
- GOAL!
- 'WORK' MORE - TALK - LESS
- 8.30. 11.00
- FOCUS ON CONCEPTS!
- NEW PROJECT
- OPERATIONS
- HARD WORK BEATS TALENT!
- OMG!
- ORDER FOOD 02-222-12
- WORK HARD PLAY HARDER
- NEED IN TOUCH W/ EDW
- LEARN IS INFIN
- THIS IS THE DAY!
- WHAT'S THE NEXT GOAL??
- MAKE YOUR MOVE
- HELL
- FLIGHT A124 (DON'T FORGET)
- SAVES TIME
- THE
- MAIL SCHEDULE !!!
- BALANCE
- WORK-L
- CLIENTS
- LIVE IT UP
- TAL WITH JOHN
- REVENUE MEETING AT 1 PM
- DAILY REPORT! - BEFORE 10 AM!! - DOUBLE CHECK!
- WHAT'S NEXT?
- LIFE IS SHORT CHOOSE HAPPINESS
- LOADING 70%
- STRONG
- DON'T BE LATE!
- CONFERENCE W/ ROB!
- VDO
- DINNER WITH BAE TONIGHT
- ORDERING WINE...
- YEAH
- HAPPY
- BETTER THINGS ARE COMING
- DONUT PIZZA 10+15
- BUSINESS MEETING
- PASSWORD 1234
- DON'T AGET 2 CALL "BABE"
- SCHEDULE
- INTERN STUDENTS
- BOSS!
- CALL PAM @ 6 PM
- NEW IDEA
- FOLLOW UP
- POSITIVE THINKING
- LOVE WHAT YOU DO!
- DEADLINE "TODAY"
- DON'T FORGET TO BE YOURSELF!
- LUCK
- BILL PAYMENT !!!
- WHY FIT IN ?? WHEN YOU WERE BORN TO STAND OUT??
- DON'T FORGET TO UPDATE SYSTEM WITH DESIGN TEAM
- FIGHT!
- CHEER UP!
- 8.30. 11.00
- COFFEE NEVER FAILS!
- COFFEE BREAK!
- TO DO LIST... - HAVE A MEETING - CHECK E-MAIL</

Common IT Notices:



Reasons for getting IT Notices:

1. Mismatch of Income between form 26AS and Income Tax Return:

If the Income declared in IT Return does not match with Form 26AS, then the ITD may serve the notice to the taxpayer for arithmetical inaccuracies. The Taxpayer should submit either the revised return or submit the response to the query.

2. Error in TDS Return:

The TDS claimed in the Tax return should match with the Form 26AS. Otherwise, the ITD may serve the notice on the taxpayer to correct the TDS amount.

3. Discrepancy in Tax Returns:

If the Taxpayer have forgotten to include any income like interest, commission income etc., or claimed deductions under wrong sections or the information provided by the taxpayer is incorrect, then there is a chance of notice by the ITD. The Taxpayer needs to correct it immediately.

Reasons for getting IT Notices:

4. Random Scrutiny:

The Income Tax Department is randomly selecting the IT returns to be scrutinized. The taxpayers need to upload the required documents within the time allotted by the ITD.

5. Reporting of High Value Transactions:

If the taxpayer has deposits of more than 2 Lakhs in bank, mutual funds investments of more than 2 Lakhs, Sale or purchase of Property etc. needs to be reported to Income Tax Department. If not reported, then there is a chance of notice from the Income Tax Department.

6. Self-Assessment Tax Not Paid:

If the taxpayer does not pay the Self-Assessment tax at the time of filing the return, then the ITD may serve a notice to the Assessee requiring him to pay the tax.

Reasons for getting IT Notices:

7. Dis-allowances / Defects in Income Tax Return:

Filing of Returns is not enough in some cases. Income Tax returns should be accompanied by some forms. Below are some examples of defects in Income Tax Returns

Foreign Income – Form-67 should be submitted along with Income Tax Return

Arrears – Form 10E should be submitted along with Income Tax return

Opting for New Tax Regime: Form 10-IE should be filed “to opt for new tax regime and have Income under the head “Profits and Gains of Business and Profession.”

8. Non-Furnishing of Tax Audit Report:

As per the provisions of S.44AB if

Turnover of the Business > 1Cr &

Gross Receipts from Profession > 50 Lakhs

- Filing of TAR is Mandatory

High value transaction limits for Income Tax Compliance:

Concept of SFT

- ❖ Honorable Indian Prime Minister Mr. Narendra Modi launched a new initiative to capture all the High Value Transactions (SFT) by the income tax department to widen the tax base in India. This document covers Specified Financial Transactions (SFT) and the minimum transaction limits.
- ❖ The series of direct tax reforms in India are much needed to regain the confidence from the honest taxpayers mainly the working-class population.
- ❖ “It is a win-win for both honest taxpayers and the government where the initiative not only ease the compliance but expected to add more taxpayers to the formal economy and collect more taxes.”

Newly added High Value Transactions threshold limits

#	Transaction Type	Min. Amount (Rs.)
1	Payment to Hotels	20,000
2	Payment of Property tax per annum	20,000
3	Health Insurance premium	20,000
4	Life Insurance Premium	50,000
5	Payment of educational fee / donations	1 Lakh
6	Electricity Consumption per year	1 Lakh
7	Purchase of jewellery, white goods, painting, marble, etc	1 Lakh
8	Share transactions in DMAT Accounts / Bank Lockers	any
9	Domestic class Air travel / Foreign travel	any
10	Deposit / Credits in non-current Accounts	25 Lakhs
11	Deposit / Credits in Current Accounts	50 Lakhs

Existing High Value Transactions threshold limits

#	Transaction Type	Min. Amount (Rs.)
1	Cash Deposit in Savings Account	10 Lakhs
2	Cash Deposit or Withdrawal from one or more Current Accounts	50 Lakhs
3	Term Deposits	10 Lakhs
4	Purchase or Sale of Immovable Property (House, Land, Apartment etc.)	30 Lakhs
5	Receipt of Cash for the Sale of Goods / Services	2 Lakhs
6	Cash Payment for Bank Demand Drafts / Challans	10 Lakhs
7	Purchase of Shares / Mutual Funds / Bonds / Debentures	10 Lakhs
8	Purchase of Foreign Currency	10 Lakhs
9	Credit Card Payment in Cash	1 Lakh
10	Credit Card payment in any mode other than cash	10 Lakhs

Q&A:

- ❖ Defective notice is issued under which section of IT Act, 1961 And what is the remedy ?
- ❖ Do we need to pay interest for filing of IT return in response to notice u/s 142(1) ?
- ❖ Under which section notice will be issued for income escapement assessment ?
- ❖ What is the late fees amount for filing of belated return ?
- ❖ What is the remedy for correction of the IT return ?
- ❖ What is the remedy for correction of the IT return after issue of intimation / IT order ?
- ❖ Can we make refund re-issue request in case of failure for processing of IT Refund ? Under which tab it is available?
- ❖ Can we verify the IT return through Bank Account?



QUESTION ANSWER RELATIONSHIP

CedarBridge Academy, February 2009

*{Arise, awake and stop not until the goal is reached}
- Swami Vivekananda*



By
CA CMA Kedarnath
P Kedarnath & Associates
Chartered Accountants
Mobile No. 9985162155
Pkedarnathassociates@gmail.com