

# Three tax tasks to complete by September 30, 2020

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## Synopsis

The government has extended multiple income-tax related deadlines including the filing of belated income tax return (ITR) for FY 2018-19, verification of old ITRs etc. Here is a look at three such tax related deadlines that fall on September 30, 2020.

The government has extended various income tax-related deadlines to provide relief to individual taxpayers impacted by the novel coronavirus pandemic. Some of these deadlines include filing of belated income tax return (ITR) for FY 2018-19, verification of old ITRs etc.

Here is a look at three such tax related deadlines that fall on September 30, 2020.

**Belated ITR filing for FY 2018-19** The deadline to file belated ITR for FY 2018-19 has been extended to September 30, 2020 from its original deadline of March 31, 2020. If a taxpayer does not file their belated ITR by September 30, 2020, then he/she will not be able to file ITR for FY 2018-19, unless specifically asked by the Income Tax Department via a notice. Income tax return for FY 2018-19 can be filed as belated ITR under section 139(4) of the Income-tax Act, 1961, by the deadline specified.

However, late filing fees of Rs.10,000 will be levied on late filing of belated ITR. In the case of individuals whose total income does not exceed Rs.5 lakh, a late filing fees of Rs.1,000 will be levied. No late filing fees is liveable if an individual's gross total income (before claiming Chapter VI-A deductions) does not exceed the basic exemption limit, as applicable to an individual's age.

However, certain amendments have been made to this rule. Effective from financial year 2019-20 or assessment year 2020-21 onward, it has been made mandatory for a certain section of individuals to file ITR even if their gross total income does not exceed the basic exemption limit. For this category of taxpayers if they miss the deadline to file ITR, then they will have to pay late filing fees.

## Verification of old ITRs

The Central Board of Direct Taxes (CBDT) via a circular dated July 13, 2020 has allowed one-time relaxation for verification of income tax returns for specified years. As per the circular, individuals whose income tax returns are not verified for assessment years (AY) 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20, can verify their ITR by September 30, 2020.

Abhishek Soni, founder & CEO, Tax2win.in, an ITR filing website says, "Taxpayers who have not verified their ITR for the specified years should use this opportunity to complete the process of tax-return filing. If the ITR is not verified by these individuals, then post September 30, 2020, it will be assumed that the individual has not filed ITR for the specified year and will face the consequences of not filing ITR."

The circular adds that once the ITR is verified by the individual, the tax department must complete the process of processing the tax return by December 31, 2020. Do keep in mind that if tax refund is claimed and due to you, it will only be issued once your ITR is processed. Claiming capital gains exemption

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## **Making Corporate India Comply**

To avoid paying tax on long-term capital gains (LTCG), individuals must make specified investments. The government has extended the last date for completing the process of making such investments to September 30, 2020.

As per a press release issued by finance ministry on June 24, 2020, "The date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB of the IT Act has also been further extended to 30 September 2020. Therefore, the investment/ construction/ purchase made up to 30 September 2020 shall be eligible for claiming deduction from capital gains."

Soni says, "Section 54 of the Income-tax Act provides deductions on long-term capital gains made during the financial year and thereby lowers the tax-liability of an individual. For instance, if long-term capital gains have accrued due to selling of house, then deduction can be claimed either by buying a new house or by investing money in specified bonds within a specified period."

The extended deadline for claiming deductions on capital gains is for the individuals for whom the deadline under the Income-tax Act was expiring between March 20, 2020 and June 29, 2020.