

Recent Changes in the Updated Return –
Section 139(8A) of the Income-tax Act, 1961

Introduction: The Income-tax Act, 1961, which governs taxation in India, has undergone several amendments over the years to simplify the tax compliance process and make the system more efficient and taxpayer-friendly. One of the significant provisions that has evolved is Section 139(8A), which deals with the filing of updated returns.

Background of Section 139(8A): Section 139(8A) was introduced to allow taxpayers to file an updated income tax return after the due date, providing a window for them to correct mistakes or omissions made in the original return. It was specifically designed to reduce penal provisions for inadvertent errors or missed filings and provide relief to taxpayers. Before the amendment, taxpayers could only revise their returns under Section 139(5), but this was applicable only within a limited time frame.

Key Provisions under Section 139(8A) – Pre-Amendment: Prior to recent changes, Section 139(8A) allowed taxpayers to file an updated return within a specific period (usually within one year from the end of the relevant assessment year) by paying a nominal penalty. However, the scope and time limit for this option were quite restrictive.

Recent Changes and Amendments in Section 139(8A): In the Finance Act, 2023, several updates were made to **Section 139(8A)** to make the process of filing updated returns more flexible and to incentivize voluntary compliance.

- **Time Limit for Filing Updated Returns:**

The key change was the **extension of the time limit** within which taxpayers can file an updated return. Now, a taxpayer can file the updated return within **two years from the end of the relevant assessment year**. This extended window allows more time for individuals and businesses to assess their financial statements accurately and make any necessary corrections or amendments.

- **Inclusion of Additional Income:**

The amendment now allows taxpayers to include any additional income that may have been missed in the original return, even if the return was filed without prior knowledge of this income. This change gives taxpayers the opportunity to make the return more accurate, which would ultimately result in more tax revenue for the government.

- **Updated Return Cannot Be Filed After Assessment:**

Updated returns can now be filed **only before the assessment for that year is completed**. If the taxpayer is under scrutiny or has already been assessed, filing an updated return becomes impossible. This rule prevents individuals from avoiding taxes by retroactively correcting their returns after the government has already issued an assessment order.

- **Applicability to All Taxpayers:**

This facility for filing updated returns is now available to all types of taxpayers including individuals, HUFs (Hindu Undivided Families), companies, and even trusts. This makes the filing process more accessible and fairer to everyone across different income categories.

- **No Interest on Tax Payable:**

A noteworthy change is that, if the taxpayer files an updated return and pays the correct tax due, they are exempt from interest under Section 234A (for delayed filing). This encourages taxpayers to file their returns proactively within the extended period.

Benefits of the Recent Changes:

- **Encourages Voluntary Compliance:** The introduction of a longer filing window and removal of harsh penalties has incentivized taxpayers to come forward and declare their income correctly.
- **Reduces Litigation:** Since taxpayers now have an opportunity to rectify their errors voluntarily, it reduces the chances of prolonged legal disputes and litigation.
- **Transparency:** The updated system ensures transparency by allowing taxpayers to amend and correct their financial statements, leading to more accurate tax collection and fewer errors.
- **Simplification for Smaller Taxpayers:** The system is designed to benefit small taxpayers as well, who may not always be well-versed with tax laws, providing them with an opportunity to make corrections with minimal penalty.

The provision of updated returns was effective from 01 April 2022. Recently Finance Bill 2025, with effect from 01st April 2025 introduced extension of time limit for filing the Updated Return from 2 Years to 4 Years with additional tax liability explained as under:

- **Existing Provisions:**

Particulars	Additional tax
Return filed upto 12 months from the end of relevant assessment year	25% of (Tax+ Interest)
Return file after 12 months and upto 24 months from the end of relevant assessment year	50% of (Tax+ Interest)

Proposed Provisions:

Particulars	Additional tax
Return filed upto 12 months from the end of relevant assessment year	25% of (Tax+ Interest)
Return file after 12 months and upto 24 months from the end of relevant assessment year	50% of (Tax+ Interest)
Return file after 24 months and upto 36 months from the end of relevant assessment year	60% of (Tax+ Interest)
Return file after 36 months and upto 48 months from the end of relevant assessment year	70% of (Tax+ Interest)

Time limit for filing Updated Return	Assessment Years				
	2022-23	2023-24	2024-25	2025-26	2026-27
Up to 12 months from the end of the relevant assessment year with additional tax of 25%	Upto 31.03.2024 (already lapsed)	Upto 31.03.2025	Upto 31.03.2026	Upto 31.03.2027	Upto 31.03.2028
Up to 24 months from the end of the relevant assessment year with additional tax of 50%	Upto 31.03.2025	Upto 31.03.2026	Upto 31.03.2027	Upto 31.03.2028	Upto 31.03.2029
Up to 36 months from the end of the relevant assessment year with additional tax of 60%	Upto 31.03.2026	Upto 31.03.2027	Upto 31.03.2028	Upto 31.03.2029	Upto 31.03.2030
Up to 48 months from the end of the relevant assessment year with additional tax of 70%	Upto 31.03.2027	Upto 31.03.2028	Upto 31.03.2029	Upto 31.03.2030	Upto 31.03.2031