

TAXATION OF BUSINESS INCOME, TAX EXPENSES, TAX CREDITS, AND FILING OF ANNUAL INCOME TAX RETURN

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TOPICS

- ▶ **Business Income**
- ▶ **Tax Expenses**
- ▶ **Tax Credits**
- ▶ **Deductible Allowances**
- ▶ **Filing of Annual Return of Income**

Income from Business

- ▶ “Business” include:
 - Any trade, commerce, manufacture, profession, vocation, or
 - An adventure or concern in the nature of trade, commerce, manufacture, profession or vocation, but
 - does not include employment. S2(10)
- ▶ Income from Business deals with two types of businesses:
 - Normal business
 - Speculation business.

While computing ‘Income from Business’, speculation business is treated as separate and distinct from any other business carried on.

Income from Business

The following incomes of a person for a tax year, other than income exempt from tax under the Ordinance, shall be chargeable to tax under the head “Income from Business”:

- (a) the profits and gains of any business carried on by a person at any time in the year;
- (b) any income derived by any trade, professional or similar association from the sale of goods or provision of services to its members;
- (c) any income from the hire or lease of tangible movable property;
- (d) the fair market value of any benefit or perquisite, whether convertible into money or not, derived by a person in the course of, or by virtue of, a past, present, or prospective business relationship;
- (e) any management fee derived by a management company (including a modaraba management company).

Income from Business

Profit on Debt derived by a person whose business is to derive such income:

- ▶ Any profit on debt derived by a person where the person's business is to derive such income shall be chargeable to tax under the head **"Income from Business"** and not under the head "Income from Other Sources".

Lease Rental Received by Lessor:

- ▶ Where a lessor, being a scheduled bank or an investment bank or a development finance institution or a modaraba or a leasing company has leased out any asset, whether owned by it or not, to another person, any amount paid or payable by the said person in connection with the lease of said asset shall be treated as the income of the said lessor and shall be chargeable to tax in the hands of lessor under the head **"Income from Business"**.

Income from Business

Distribution by a mutual fund or a Private Equity and Venture Capital Fund out of its income from profit on debt:

- ▶ Any amount received by a banking company or a non-banking finance company, where such amount represents distribution by a mutual fund or a Private Equity and Venture Capital Fund out of its income from profit on debt, shall be chargeable to tax under the head “**Income from Business**” and not under the head “Income from Other Sources”.

Tax Expenses

Income from Business

Deductions from Income from Business:

In computing taxable income from business, a deduction is allowed for

- An expenditure
- incurred by a person in a tax year
- wholly and exclusively for the purpose of business

Any expenditure incurred by a person in a tax year wholly and exclusively for the purpose of business in connection with:

- acquisition of depreciable assets,
- acquisition of an intangible with a useful life of more than one year, or

is depreciated or amortized in accordance with the provisions of the Income Tax Ordinance, 2001 (i.e. section 22, 23, 24, and 25).

Income from Business

Deductions not allowed:

Except as otherwise provided in the Ordinance, no deduction shall be allowed in computing the income of a person under the head **“Income from Business”** for:

- a) any cess, rate or tax paid or payable by the person in Pakistan or a foreign country that is levied on the profits or gains of the business or assessed as a percentage or otherwise on the basis of such profits or gains;
- b) any amount of tax deducted under Division III of Part V of Chapter X from an amount derived by the person (section 149 to section 158);
- c) Any expenditure from which the person is required to deduct or collect tax under Part V of Chapter X or Chapter XII, unless the person has paid or deducted and paid the tax as required by Division IV of Part V of Chapter X:

Income from Business

Provided that disallowance in respect of purchases of raw materials and finished goods under this clause shall not exceed twenty per cent of purchases of raw materials and finished goods.

Provided further that recovery of any amount of tax under sections 161 or 162 shall be considered as tax paid.

- ca) any amount of commission paid or payable in respect of supply of products listed in the Third Schedule of the Sales Tax Act, 1990, where the amount of commission paid or payable exceeds 0.2 percent of gross amount of supplies thereof unless the person to whom commission is paid or payable, as the case may be, is appearing in the active taxpayer list under this Ordinance.

Income from Business

- d) any entertainment expenditure in excess of such limits or in violation of such conditions as may be prescribed;
- e) any contribution made by the person to a fund that is not a recognized provident fund approved pension fund, approved superannuation fund or approved gratuity fund;
- ea) an amount in excess of fifty percent of contribution made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund;

Income from Business

- f) for the benefit of employees of the person, unless the person has made effective any contribution made by the person to any provident or other fund established arrangements to secure that tax is deducted under section 149 from any payments made by the fund in respect of which the recipient is chargeable to tax under the head "Salary";
- g) any fine or penalty paid or payable by the person for the violation of any law, rule or regulation;
- h) any personal expenditures incurred by the person;
- i) any amount carried to a reserve fund or capitalized in any way;

Income from Business

- j) any profit on debt, brokerage, commission, salary or other remuneration paid by an association of persons to a member of the association
- l) any expenditure (by a taxpayer not being a company) for a transaction, paid or payable under a single account head which, in aggregate, exceeds fifty thousand rupees, made other than by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer:

Income from Business

Provided that online transfer of payment from the business account of the payer to the business account of payee as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective payer and the payee:

Provided further that this clause shall not apply in the case of:

- (a) expenditures not exceeding twenty five thousand rupees;

Income from Business

- (b) expenditures on account of ;
 - (i) utility bills;
 - (ii) freight charges;
 - (iii) travel fare;
 - (iv) postage; and
 - (v) payment of taxes, duties, fee, fines or any other statutory obligation

Provided further that this Clause shall not apply to a company from the date Clause (1a) has been made effective.

Income from Business

- la) any expenditure for a transaction, paid or payable under a single account head which, in aggregate, exceeds two hundred and fifty thousand rupees, made other than by digital means from business bank account of the taxpayer notified to the Commissioner under section 114A:

Provided that this clause shall not apply in the case of –

- (i) expenditures not exceeding twenty-five thousand rupees;
- (ii) expenditures on account of -
 - (a) utility bills;
 - (b) freight charges;

Income from Business

- (c) travel fare;
- (d) postage; and
- (e) payment of taxes, duties, fee, fines or any other statutory obligation;

Provided further that this clause shall be effective from such date as the Board may notify.

- m) any salary paid or payable exceeding twenty five thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee's bank account or through digital mode;
- n) except as provided in Division III of this Part, any expenditure paid or payable of a capital nature; and

Income from Business

- o) any expenditure in respect of sales promotion, advertisement and publicity in excess of **Ten per cent** of turnover incurred by pharmaceutical manufacturers;
- p) any expenditure on account of utility bill in case of such limits as may be prescribed by the Board;
- q) any expenditure attributable to sales made to person not registered for sales tax purposes by an industrial undertaking computed in the sales ratio. Provided that disallowance under this clause shall not exceed 10% of total deduction.
- r) any expenditure attributable to sales claimed by any persons who is required to integrate point of sales with Board but fails to do so. Provided that disallowance under this clause shall not exceed 80% of total allowable deduction.

Income from Business

Depreciation:

- (1) A person is allowed a deduction for the depreciation of the person's depreciable asset used in person's business in the tax year;
- (2) For claim of depreciation deduction, following conditions must be fulfilled:
 - The asset has to be a depreciable asset.
 - Ownership of depreciable asset belongs to the person.
 - The depreciable asset is used (fully or partially) in person's business.

Income from Business

- (3) Where depreciable asset is used partially for deriving taxable income only fair proportional amount of depreciation be allowed as deduction
- (4) The total deductions allowed to a person in respect of a depreciable asset cannot exceed the cost of that asset. –S.22(7)
- (5) The cost of depreciable asset being a passenger transport vehicle not plying for hire shall not exceed seven and half million rupees

Income from Business

(6) Depreciable asset means;

any 1) tangible movable property, 2) immovable property (other than unimproved land), or 3) structural improvement to immovable property owned by a person that –

- has normal useful life exceeding one year,
- is likely to lose value as a result of normal wear and tear, or obsolescence, and
- is used wholly or partly by the person in deriving income from business chargeable to tax.

Income from Business

7) Depreciable asset shall not include;

- any tangible movable property,
- immovable property ,or
- structural improvement to immovable property
- in relation to which a deduction has been allowed under another section of Ordinance for the entire cost of the property or improvement in the tax year in which the property is acquired or improvement made.

Income from Business

Computation of Depreciation Deduction:

Depreciation deduction for a tax year is computed

- by applying the prescribed rates of depreciation
- against the written down value of the depreciable asset
- at the beginning of a tax year.

Income from Business

Computation of Written Down Value(WDV) :

Written down value at the beginning of a tax year is computed in the following way:

- WDV for the tax year in which depreciable asset is acquired

$$\text{Written Down Value} = \text{Cost} - \text{Initial Allowance}$$

- WDV for the subsequent tax year:

$$\text{WDV} = \text{Cost} - \text{Total Depreciation Deductions including Initial Allowance}$$

Income from Business

S.No.	Depreciable Asset	Rates
(i)	Building (all types)	10%
(ii)	Furniture (including fittings) and machinery and plant (not otherwise specified), Motor vehicles (all types), ships, technical or professional Books	15%
(iii)	Computer hardware including printer, monitor and allied items, machinery and equipment used in manufacture of IT products, aircrafts and aero Engines	30%
(iv)	In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part-I of the Fifth Schedule. "Offshore platform and production installations"	20%
(v)	A ramp built to provide access to person with disabilities not exceeding Rs. 250,000 each	100%

Income from Business

Initial Allowance:

(1) A person

- Who places
 - an eligible depreciable asset (EDA) into service in Pakistan
 - for the first time in a tax year
- is allowed a deduction (“initial allowance”) on later of the following –
 - the tax year in which asset is used by the person for the purposes of his business for the first time in a tax year
 - the tax year in which commercial production is commenced, whichever is later.

Income from Business

Initial Allowance:

- (2) Eligible depreciable asset means a depreciable asset other than the following:
- Road transport vehicle not plying for hire (i.e. a vehicle that is used in person's own business and cannot be hired by others for fare)
 - Furniture and fittings
 - Plant or machinery that has been used previously in Pakistan (i.e. Second hand plant or machinery purchased from within Pakistan).
 - Plant or machinery in relation to which a deduction has been allowed under another section of Ordinance for the entire cost of the asset in the tax year in which the asset is acquired
 - Immovable property or structural improvement to immovable property

Income from Business

How to compute Initial Allowance:

The amount of the initial allowance is computed

- by applying the rate of 25% (specified in Part II of the Third Schedule)
- against the cost of the asset

Income from Business

Intangibles:

- (1) Amortization deduction is allowed to a person in respect of cost of person's intangible asset that:
 - is wholly or partly used in deriving income from business chargeable to tax, and
 - has normal useful life exceeding one year
- (2) Total amortization deduction allowed in the current as well all previous tax years cannot exceed the cost of the intangible
- 3) An intangible that does not have an ascertainable useful life shall be treated as if it had a normal useful life of twenty-five years
- 4) The deduction is computed by dividing cost by useful life

Income from Business

Bad-debts :

- (1) A person shall be allowed a deduction for a bad debt in a tax year if the following conditions are satisfied, namely:
- the amount of the debt was –
 - previously included in the person's income from business chargeable to tax; or
 - in respect of money lent by a financial institution in deriving income from business chargeable to tax;
 - the debt or part of the debt is written off in the accounts of the person in the tax year; and

Income from Business

Bad-debts :

- there are reasonable grounds for believing that the debt is irrecoverable
- (2) The amount of the deduction allowed to a person for a tax year shall not exceed the amount of the debt written off in the accounts of the person in the tax year.
- (3) Where a person has been allowed a deduction in a tax year for a bad debt and in a subsequent tax year the person receives in cash or kind any amount in respect of that debt, the following rules shall apply, namely:

Income from Business

Bad-debts :

- where the amount received exceeds the difference between the whole of such bad debt and the amount previously allowed as a deduction under this section, the excess shall be included in the person's income under the head Income from Business for the tax year in which it was received; or
- where the amount received is less than the difference between the whole of such bad debt and the amount allowed as a deduction under this section, the shortfall shall be allowed as a bad debt deduction in computing the person's income under the head Income from Business for the tax year in which it was received

Deductible Allowances

Deductible Allowances

- (1) “deductible allowance” means an allowance that is deductible from total income
- (2) Any such allowance or part of an allowance for a tax year that is not able to be deducted completely or partially for the year shall not create a taxable loss (i.e. deduction can maximum reduce total income upto a minimum of zero)

Deductible Allowances

Section 60 Zakat :

- 1) A person shall be entitled to a deductible allowance for the amount of -
 - any Zakat paid by the person in a tax year under the Zakat and Ushr Ordinance 1980
 - except zakat deducted on profit on debt classified under section 40.

Deductible Allowances

Section 60A. Workers' Welfare Fund :

A person shall be entitled to a deductible allowance for the amount of any Workers' Welfare Fund paid by the person in tax year under Workers' Welfare Fund Ordinance, 1971 or under any law relating to the Workers' Welfare Fund enacted by Provinces after the eighteenth Constitutional Amendment Act, 2010

Provided that this section shall not apply in respect of any amount of Workers' Welfare Fund paid to the provinces by a trans-provincial establishment.

Deductible Allowances

Section 60B. Workers' Participation Fund :

A person shall be entitled to a deductible allowance for the amount of any Workers' Participation Fund paid by the person in a tax year in accordance with the provisions of the Companies Profit (Workers' Participation) Act, 1968 or under any law relating to the Workers' Welfare Fund enacted by Provinces after the eighteenth Constitutional Amendment Act, 2010

Provided that this section shall not apply in respect of any amount of Workers' Welfare Fund paid to the provinces by a trans-provincial establishment.

Deductible Allowances

Section 60D. Deductible allowance for education expenses:

- (1) Every individual shall be entitled to a deductible allowance (Not allowed to be carried forward to a subsequent tax year) in respect of tuition fee paid by the individual in a tax year provided that the taxable income of the individual is less than one and half million rupees
- (2) The amount of an individual's deductible allowance allowed for a tax year shall not exceed the lesser of -
 - 5% of total tuition fee paid by the individual in the year
 - 25% of the person's taxable income for the year; and
 - Rs. 60,000 per child * No. of children

Deductible Allowances

Section 60D. Deductible allowance for education expenses:

- (3) Allowance shall be allowed against the tax liability of either of the parents making payment of the fee on furnishing –
 - national tax number (NTN)
 - or name of the educational institution.
- 4) This deductible allowance under shall not be taken into account for computation of tax deduction under section 149.

Tax on Taxable Income

Tax on Taxable Income

- (1) The income tax payable by a taxpayer for a tax year shall be computed by applying the rate or rates of tax applicable to the taxpayer under the Ordinance to the taxable income of the taxpayer for the year, and from the resulting amount shall be subtracted any tax credits allowed to the taxpayer for the year.
- (2) Where a taxpayer is allowed more than one tax credit for a tax year, the credits shall be applied in the following order:
 - any foreign tax credit allowed under section 103; then

Tax on Taxable Income

- any tax credit allowed for group of tax credits under Part X of Chapter III; and then
- any tax credit allowed for advance tax and adjustable withholding tax under sections 147 and 168

The tax payable by a person under FTR under [section 5, 5A, 6, 7, 7A, 7B, 7C and 7D] shall not be reduced by any tax credits allowed under this Ordinance.

Tax Credits

Tax Credit

Section 61. Charitable donations :

(1) A person shall be entitled to a tax credit in respect of

- any sum paid, or
- any property given

by the person in the tax year as a donation, voluntary contribution or subscription to

any board of education, Any university in Pakistan	established by or under, a Federal or a Provincial law or
any educational institution, hospital or relief fund; or	established or run in Pakistan by <ul style="list-style-type: none">• Federal Government or• A Provincial Government or• Local Government
any non-profit organization or any person eligible for tax credit u/s 100C	Entities, organizations and funds mentioned in Thirteenth Schedule

Tax Credit

Section 61. Charitable donations :

- (2) The amount of a person's tax credit allowed above for a tax year shall be computed according to the following formula, namely:

$$(A/B) \times C$$

Where:

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

B is the person's taxable income for the tax year; and

C is the lesser of:

(a) the total amount of the person's donations in the year,

In cash = only if it was paid by a crossed cheque drawn on a bank.

In kind = the fair market value of any property given determined at the time it is given; or

Tax Credit

Section 61. Charitable donations :

(b) where the person is:

- i. an individual or association of persons, 30% of the taxable income of the person for the year; or
- ii. a company, 20% of the taxable income of the person for the year.

Tax Credit

63. Contribution to an Approved Pension Fund :

$$(A/B) \times C$$

An eligible person [means an individual Pakistani who holds a valid NTN or CNIC or NIC for Overseas Pakistanis issued by the NADRA]

- deriving income chargeable to tax under the head “Salary” or the head “Income from Business” shall be entitled to a tax credit for a tax year in respect of
- any contribution or premium paid in the year by the person in approved pension fund under the Voluntary Pension System Rules, 2005.

Tax Credit

$$(A/B) \times C$$

Where:

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

B is the person's taxable income for the tax year; and

C is the lesser of -

- the total contribution or premium referred above paid by the person in the year; or
- twenty per cent of the eligible person's taxable income for the relevant tax year;
- Rs.2,000,000.

Tax Credit

- 41 years or above during the first ten years [starting from July 1, 2006] = 2% per annum for each year of age > 40 years;
- Provided that Contribution shall not exceed 50% of the total taxable income of the preceding year and;
- 30% of total taxable income of the preceding year if eligible person joined after 30 June 2016 and upto 30 June 2019

Tax Credit

64B. Tax credit for employment generation by manufacturers :

- (1) Where a taxpayer being a company formed for establishing and operating a new manufacturing unit -
- sets up a new manufacturing unit (treated to have been setup on the date on which the manufacturing unit is ready to go into production, whether trial production or commercial production.
 - between the 1st day of July, 2015 and the 30th day of June, 2019, (both days inclusive) it
 - shall be given a tax credit for a period of ten years.

Tax Credit

(2) The tax credit above for a tax year shall be equal to

- 2% of the tax payable for every fifty employees registered with EOBI (The Employees Old Age Benefits Institution) or ESSI (the Employees Social Security Institutions) of Provincial Governments during the tax year,
- subject to a maximum of ten percent of the tax payable.
- Includes tax credit against ACT [per section 113C(10)]

Tax Credit

64B. Tax credit for employment generation by manufacturers :

- (1) Tax credit under this section shall be admissible where all of the following conditions are met :

S.#	Condition	Description
(a)	company is incorporated and manufacturing unit is setup between	1st July, 2015 and the 30th day of June, 2019, both days inclusive
(b)	No. of employees	50 employees in a tax year registered with EOBI & ESSI of PG.
(c)	Manufacturing unit managed by	company formed for operating the said manufacturing unit and registered under the Companies Ordinance, 1984 and having its registered office in Pakistan

Tax Credit

S.#	Condition	Description
(d)	manufacturing unit is not established by	the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before the 1 st July 2015.

Tax Credit

64D. Tax credit for point of sale machine :

1. Any person who is required to integrate with Board's computerized system for real time reporting of sale or receipt, shall be entitled to tax credit in respect of the amount invested in purchase of point of sale machine.
2. The amount of tax credit allowed under this section for a tax year in which point of sale machine is installed, integrated and configured with the Board's computerized system shall be lesser of —
 - (a) amount actually invested in purchase of point of sale machine;
 - (b) rupees one hundred and fifty thousand per machine.

Tax Credit

65F. Tax credit for certain Persons :

Following persons or incomes shall be allowed a tax credit equal to 100% of the tax payable including minimum tax, alternate corporate tax and final tax subject to fulfilment of conditions:

- (a) Persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects
- (b) A startup as defined in clause 62A of section 2 for tax year in which startup is certified by the Pakistan Software Export Board and the next following two tax years

Tax Credit

65F. Tax credit for certain Persons :

Tax credit shall be available subject to following conditions:

- (a) Return has been filed
- (b) Withholding statement for relevant tax year has been filed; and
- (c) Sales tax return for the period have been filed if the person is required to file sales tax return

Practice Questions

Practice Questions

- Explain the impact of following items on taxable income of a company –
 - ❖ A company has purchased plant and machinery amounting to Rs.10,000,000 for the tax year 2022
 - ❖ A company has motor vehicle amounting to Rs.8,000,000 for the tax year 2022
 - ❖ A company has written off bad debts amounting to Rs.50,000 in its financial statements
 - ❖ A company has recorded reversal of provision of doubtful debts amounting to Rs.700,000 in its financial statements for the tax year 2022
 - ❖ A company has purchased a software amounting to Rs.5,000,000 which do not have any ascertained useful life

Practice Questions

- ❖ A company has paid penalty amounting to Rs.900,000 to State Bank of Pakistan for violation
- A person has earned income from business of Rs.2,500,000 during the tax year 2022 however he has provided further following information –
 - ❖ has paid zakat amounting to Rs.50,000
 - ❖ has used personal car for business purpose as well. Cost of car is Rs.700,000
 - ❖ has purchased used plan and machinery from a local market amounting to Rs.1,000,000
 - ❖ has incurred expense amounting to Rs.600,000 under the head legal charges and paid them all in cash
 - ❖ has paid all utility bills in cash amounting to Rs.500,000

Return of Income & Wealth Statement

Persons who are required to file

Section 114

- Every company as defined in section 80
- Every person (other than a company) earning taxable income in excess of taxable threshold (Rs.400,000)
- Any non-profit organization (as defined in section 2)
- Any approved welfare institution (as mentioned in Clause (58), Part I of the Second Schedule)
- every person whose income for the year is subject to final taxation under any provision of this Ordinance

Persons who are required to file

Section 114

- Any other person who –
 - a) has been charged to tax in respect of any of the two preceding tax years
 - b) claims a loss carried forward
 - c) owns immovable property with a land area of 250 Sq.Yds or more
 - d) owns a flat located in areas falling thin the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory
 - e) owns immoveable property with a land area of 500 Sq.Yds. or more located in a rating area

Persons who are required to file

Section 114

- f) owns a flat having covered area of 2,000 Sq.Ft. or more located in a rating area
- g) owns a motor vehicle having engine capacity above 1000CC;
- h) has obtained National Tax Number
- i) is a resident person registered with any chamber of commerce and industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan

Persons who are required to file

Section 114

- j) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds Rs.500,000
- k) whose business income exceeds Rs.300,000 but does not exceed Rs.400,000 in a tax year
- The Commissioner may require any person who in his opinion is required to file a return of income for a tax year but who has failed to do so, to furnish such return for that year by the time specified in the notice
- A notice may be issued in respect of any tax year up till last five completed tax years. However, if the person has not filed any return of income for the last five tax years the Commissioner may such person to file return of income for last ten tax years

Persons who are NOT required to file

Section 115

- The following persons are not required to furnish a return of income for a tax year –
 - a) a widow;
 - b) an orphan below the age of twenty-five years;
 - c) a disabled person; or
 - d) in the case of ownership of immovable property, a non-resident person

- Any person who furnished a return/ statement discovers any omission or wrong statement therein, may furnish a revised return/ statement for that tax year, at any time within five years from the end of the financial year in which the original return/ statement was furnished
 - it is accompanied by the revised accounts or revised audited accounts, as the case may be;
 - the reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return;

Revision of Return

Section 114

- It is accompanied by approval of the Commissioner in writing for revision of return where such revision is done after 60 days of filing of return
- Taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order

Filing of Wealth Statement

Persons required to file Wealth Statement

Section 116

- Every **resident individual** filing a return of income for any tax year shall furnish a wealth statement and wealth reconciliation statement for that year along with such return
- Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may furnish a revised wealth statement along with the revised wealth reconciliation and the reasons for filing revised wealth statement, at any time before an assessment, for the tax year to which it relates, is made

Mode of filing of returns

Rule 73

- E-filing is mandatory for the following taxpayers:
 - every company & AOP
 - every salaried individual
 - sales-tax registered persons
 - refund claimants either salaried or business individual

Due date of filing of Returns/ statements

Section 118

Particulars	Due date
In case of company where tax year runs from 01 July to 30 June	31 December
In case of company where the tax year closes between 01 July to 31 December and business individuals	30 September
In case of salaried individuals and for persons falling under FTR	30 September

- A person may apply, by the due date, to the Commissioner for an extension of time to furnish the return and the Commissioner (if satisfied) may grant an extension not exceeding 15 days from the due date for furnishing the return of income
- The change in due date will not change the date of payment of tax due

Practice Questions

Practice Questions

- Please provide due date to file the return of income in each of the following cases –
 - ❖ The company follows a tax year from March to April
 - ❖ The company follows a tax year from October to September
 - ❖ The company follows calendar year as its tax year

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