

**Note regarding exemption to specified persons from filing
return of income for the AY 2011-12**

In this regard, it may be stated that sub-section (1C) was inserted in section 139 of the Income-Tax Act, 1961 (the Act), vide the Finance Act, 2011, with effect from 1.6.2011. For the sake of ready reference, the aforesaid sub-section (1C) is reproduced as follows :

Return of income.

139. (1C) Notwithstanding anything contained in sub-section (1), the Central Government may, by notification in the Official Gazette, exempt any class or classes of persons from the requirement of furnishing a return of income having regard to such conditions as may be specified in that notification.

Before the insertion of sub-section (1C) in section 139, under the provisions of section 139(1), every person if his total income during the previous year exceeded the maximum amount which was not chargeable to income-tax, was required to furnish a return of his income.

In the case of salaried tax-payer, entire tax liability is discharged by the employer through deduction of tax at source. Complete details of such tax-payers are also reported by the employer through Tax Deduction at Source (TDS) statements. Therefore in cases where there is no other source of income, filing of return is a duplication of existing information.

In order to reduce the compliance burden on small tax-payers, sub-section (1C) has been inserted in section 139 of the Act. This provision empowers the Central Government to exempt by Notification in the Official Gazette, any class or classes of persons from the requirement of furnishing a return of income, having regard to such conditions as may be specified in that Notification.

In exercise of the powers conferred by section 139(1C) of the Act, the Central Government has issued Notification No.36 / 2011 [F.No.142 / 09 / 2011 (TPL)], dated 23.6.2011, regarding exemption to specified persons from the requirement of furnishing a return of income under section 139(1) of the Act, for the assessment year (AY) 2011-12.

The requirements for the aforesaid exemption are as follows :

1. Class of Persons

An individual whose total income for the relevant assessment year does not exceed five lakh rupees and consists of only income chargeable to income-tax under the following head,-

(A) “Salaries”

(B) “Income from other sources”, by way of interest from a savings account in a bank, not exceeding ten thousand rupees.

2. Conditions

The individual referred to in para 1,-

- (i) has reported to his employer his Permanent Account Number (PAN);
- (ii) has reported to his employer, the incomes mentioned in sub-para (B) of para 1 and the employer has deducted the tax thereon;
- (iii) has received a certificate of tax deduction in Form 16 from his employer which mentions the PAN, details of income and the tax deducted at source and deposited to the credit of the Central Government;
- (iv) has discharged his total tax liability for the assessment year through tax deduction at source and its deposit by the employer to the Central Government;
- (v) has no claim of refund of taxes due to him for the income of the assessment year; and
- (vi) has received salary from only one employer for the assessment year.

A copy of the aforesaid Notification is attached herewith, for ready reference.

The aforesaid Notification may be useful in respect of some of the employees. It is, therefore, advised that a copy of the aforesaid Notification may be circulated amongst the employees concerned.

Place : Pune

(S.K.Tyagi)

Date : 14.7.2011

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