

Return of income to be furnished by successor entities

The Central Board of Direct Taxes (CBDT) has notified a new Rule 12AD and Form ITR-A to be filed electronically using digital signature by successor entities to furnish modified return of income under section 170A consequent to business reorganization. Other relevant aspects to be considered are:

- If the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the order of the business reorganization applies have been completed or are pending on the date of furnishing of the modified return in accordance with the provisions of section 170A, the Assessing Officer shall, pass an order modifying the total income of the relevant assessment year determined in such assessment or reassessment, or proceed to complete the assessment or reassessment proceedings, in accordance with the order of the business reorganization and the modified return so furnished.
- The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats, and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return in the manner specified.

- For every assessment year commencing on the 1st day of April 2022 or any earlier assessment year, another option of section 170A has been inserted in general tab of Form ITR-6. This notification shall come into force from November 1, 2022.

Text of IT Section 170A inserted by the Finance Act 2022 w.e.f. April 1, 2022, is as under:

Notwithstanding anything to the contrary contained in section 139, in a case of business reorganization, where prior to the date of order of a High Court or tribunal or an Adjudicating Authority as defined in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), as the case may be, any return of income has been furnished by the successor under the provisions of section 139 for any assessment year relevant to the previous year to which such order applies, such successor shall furnish, within a period of six months from the end of the month in which the said order was issued, a modified return in such form and manner, as may be prescribed, in accordance with and limited to the said order.

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