

Date: 31st August 2024

To,

- Smt. Nirmala Sitharaman,**
Hon. Finance Minister of India,
New Delhi.
- Shri Ravi Agarwal,**
Hon'ble Chairman,
Central Board of Direct Taxes, North Block,
Delhi – 110 001
- The Director General of Income-tax (Systems)**
ARA Centre, Ground Floor,
E-2 Jhandewalan Extension,
New Delhi

Respected Madam / Sirs,

Sub: Mistake of not allowing Rebate u/s. 87A in the utility for Return of Income – Request to take corrective steps

The Chamber of Tax Consultants, established in 1926, is one of the oldest non-profit organizations of tax practitioners, having Advocates, Chartered Accountants and Tax Practitioners as its members spread across Pan India. The Chamber is on the cusp of its Centenary year which will be commencing from July 2025. Many senior tax professionals who regularly appear before ITAT, High Courts and the Supreme Court are its Past Presidents. The Chamber has been making regular representations before various government agencies.

The Chamber regularly takes up initiatives to act as a bridge between stakeholders and concerned regulatory bodies in order to convey and help in resolving genuine grievances or effectively implement the laws.

The first due date for filing of Income Tax Returns for AY 2024-25 was 31 July 2024. This was applicable to assessee falling within the ambit of clause (c) of Explanation 2 to section 139(1) of the Income-tax Act, 1961 ('the Act').

A detailed representation was filed by us on 19 July 2024. Vide such representation it was submitted that many members and individual taxpayers were facing issues in claiming rebate u/s

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87A against tax on income taxable at special rates, in ITR utilities available on Income Tax Portal. This was, in turn, resulting in calculation of incorrect tax liability/refund receivable. The issue was explained in detail in the said representation. The representation made is attached herewith as **Annexure A**.

Similar representations were made by various other associations including the Institute of Chartered Accountants of India (**Annexure B**) and Bombay Chartered Accountant Society (**Annexure C**).

It was importantly pointed out that claim of rebate u/s 87A was available for returns filed before 05 July 2024 and only pursuant an update in the utility on 05 July 2024 rebate u/s 87A was not allowed for the tax on income taxable at special rates.

Thereafter, even after representations being made by several organization, neither the utility was amended nor any clarification was received.

The time limit to file original return for some of the taxpayers has already expired on 31.07.2024 and such small taxpayers, having income of upto Rs. 7,00,000 only, have not been able to make a claim of such rebate in the returns, thereby resulting in a higher tax liability.

Now, the time limit to file return for some other categories of assesses as specified under clause (a) and (b) of Explanation 2 to section 139(1) of the Act, will expire on 31.10.2024 and the time limit to file revised return for all the taxpayers will expire on 31.12.2024.

In light of the above, it is humbly submitted that some immediate action may be taken in this regard at the earliest including the updation of income tax return filing utility, bringing the updation to the notice of small taxpayers through appropriate means, etc.

Further, some suitable action may also be taken in respect of the assesseees who have already filed their return of income and were not able to make a claim of rebate u/s 87A in the return of income, due to faulty utility. This may be in the form of granting rebate u/s 87A while processing the return u/s 143(1) of the Act, by way of some instruction in the computerized processing system or in such other manner as may be deemed appropriate.

It may also not be out of context to submit that the Hon'ble High Courts including, the Hon'ble Bombay High Court, have time and again held that Income Tax Utility cannot be designed in such a manner so as to not allow a taxpayer from making any claim which he/she wants to make. The Utility of the Department cannot restrict an assessee from making any claim which he/she wants to make, even if the Department may be of a different opinion.

We trust that the above difficulties will be sorted out at the earliest to avoid inconvenience and frustration to assesses and consultants who are enabling the filing of returns to the assessee. The corrective steps taken in this direction at the earliest will help in getting the compliance done in time and will also avoid the need for extension of the due dates for filing the Return of Income.

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We look forward for your kind consideration to the genuine request.

Yours Sincerely,

For THE CHAMBER OF TAX CONSULTANTS

Sd/-	Sd/-	Sd/-
Vijay Bhatt	Ketan Vajani	Apurva Shah
President	Chairman	Co-Chairman
Law and Representation Committee		

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