

INCOME-TAX ACT, 2025

B: Filing of return of income and processing

Section 267 - Tax on updated return.

(1) Where no return of income under section 263(1) or (4) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (2), tax is payable on the basis of return to be furnished by such assessee under section 263(6), then—

(a) the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for any delay in furnishing the return or any default or delay in payment of advance tax;

(b) such tax, interest and fee shall be payable along with the payment of additional income-tax computed as per sub-section (5), before furnishing the return; and

(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.

(2) The amounts referred to in sub-section (1) shall be,—

(a) the amount of tax, if any, already paid as advance tax;

(b) any tax deducted or collected at source;

(c) any relief of tax claimed under section 157;

(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;

(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and

(f) any tax credit claimed to be set off as per the provisions of sections 206(1)(m) to (p) and 206(2)(e) to (h).

(3) Where, return of income under section 263(1) or (4) or (5) (referred to as earlier return) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (4) [as increased by the amount of refund, if any, issued in respect of such earlier return], tax is payable on the basis of return to be furnished by such assessee under section 263(6) then—

(a) the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax;

(b) such tax, interest and fee shall be payable along with the payment of additional income-tax, as computed as per sub-section (5), as reduced by the amount of interest paid under the provisions of this Act in the earlier return, before furnishing the return; and

(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.

(4) The amounts referred to in sub-section (3) shall be the following,—

(a) the amount of relief or tax referred to in section 266(1), the credit for which has been taken in the earlier return;

(b) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;

(c) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return; and

(e) any tax credit claimed, to be set off as per the provisions of sections 206(1)(m) to (p) and 206(2)(e) to (h), which has not been claimed in the earlier return.

(5) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to,—

(a) 25% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or

(b) 50% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twelve months but before completion of twenty-four months from the end of the financial year succeeding the relevant tax year; or

(c) 60% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twenty-four months, but before completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or

(d) 70% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of thirty-six months, but before completion of forty-eight months, from the end of the financial year succeeding the relevant tax year.

(6) For the purposes of computation of “additional income-tax” under this section, tax shall include surcharge and cess, by whatever name called, on such tax.

(7) Irrespective of anything contained in section 424(2), for the purposes of sub-section (3), interest payable under section 424 shall be computed on an amount equal to the assessed tax where, “assessed tax” means the tax on the total income as declared in the return to be furnished under section 263(6),—

(a) after taking into account,—

(i) the amount of relief or tax referred to in section 266(1), the credit for which has been claimed in the earlier return, if any;

(ii) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return;

(iii) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(iv) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;

(v) any tax credit claimed, to be set off as per sections 206(1)(m) to (p) and 206(2)(e) to (h), which has not been claimed in the earlier return; and

(b) as increased by refund, if any, issued in respect of such earlier return.

(8) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, by notification, issue guidelines for the purposes of removing the difficulty.

(9) Every guideline issued by the Board under sub-section (8) shall be laid before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued, the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that guideline.

(10) For the purposes of this section,—

(a) interest payable under section 423, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return under section 263(6), as per section 266(4);

(b) interest payable under section 425, for the purposes of sub-section (3), shall be computed after taking into account the total income furnished in the return under section 263(6) as the returned income;

(c) interest payable, for the purposes of sub-section (5), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under section 263(6), as reduced by interest paid, as per the earlier return, if any.

(11) For the purposes of sub-section (10)(c), the interest paid in the earlier return shall be *nil* in case of an updated return referred to in sub-section (1).