

Consequences of non-filing of Income Tax return

Under the Income Tax Act, 1961

- If a person liable to file Income Tax return for A.Y. 2017-18 (and previous years) fails to file the same, then Penalty of Rs 5,000 can be levied u/s 271F by the Assessing Officer.
From A.Y. 2018-19 and onwards penalty shall be levied u/s 234F depending upon the circumstances of case ranging from Rs 1000 to Rs 10,000.
- If there are any taxes which are unpaid, penal interest u/s 234A @ 1% per month will be chargeable till the date of payment of taxes.
- Carry forward of losses will not be allowed if the returns are not filed on or before the due date u/s 139(1)
- If a return is filed after the due date as prescribed u/s 139(1), it cannot be revised.
- Failure of filing return of income can also invite prosecution proceedings u/s 276CC and the defaulter can be punished with rigorous imprisonment and fine. However, no prosecution is called for defaulters other than company, if tax payable on income is less than Rs 3,000 after giving effect to Advance tax and TDS credits.

Defaulter	Person likely to be prosecuted
Individual	Individual
Firms / LLPs	Partners
Company	Directors
Trust	Trustees

Other Consequences

- Difficulty in loan applications from Banks:- The basic need for all loan such as housing, business, car or personal loan is the record of declaration of your income and hence before issuing loan, banks want to be well aware of your financial capacity and your income details as shown in the Income tax returns. So, if a person fails to file his Income tax return then he/she would not be able to grab the facility of loans easily.

- Difficulty in obtaining Visa for visit outside India:- There is a high possibility that a person applying for a visa outside India have to produce the records of the Income Tax Returns. The people issuing Visa's want to know whether a person is financially sound or not and for which they will rely upon Income tax returns.
- Difficulty in obtaining tenders from government:- The value of business is dependent on the income tax returns and if one wants to expand his/her business and obtain tenders from government, he/she needs to file regular returns.