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Changes in ITR Forms

by

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Objectives

- Introduction.
- Reasons for Changes in ITR-Forms.
- Detailed Explanation of ITR-Forms.
- Other Moderate Changes in ITR-Forms.

What is Income Tax Return (ITR) ?

- ❑ Income Tax Return (ITR) is a prescribed form which states,
 - Particulars of income earned by a person in a Previous Year and
 - Taxes paid by the person to the Income Tax Department on such income earned during the Previous Year.

Filing of Income Tax Return

- ❑ It is mandatory for every person, who earns Income should file the Income Tax Return, except under few circumstances are as follows:
 - Individuals/HUFs/Body of Individuals/Association of Persons/Co-operative Society whose Total Taxable Income does not exceed Basic Exemption Limit.
 - When income earned by the Assessee was exempt from Tax etc.,

Mode of Filing of Income Tax Returns

- It is mandatory for all the assessee's to file the Income Tax Return electronically (E-Return). However the following assessee's can opt for filing of Income Tax Return in a paper form (i.e. manual filing)
 - An Individual or HUF,
 - whose total taxable income does not exceed Rs. 5,00,000 **and**
 - has not claimed Refund in the Return of Income **and**
 - Income Tax Return filed in Form ITR-1 (Sahaj) or ITR-4 (Sugam)

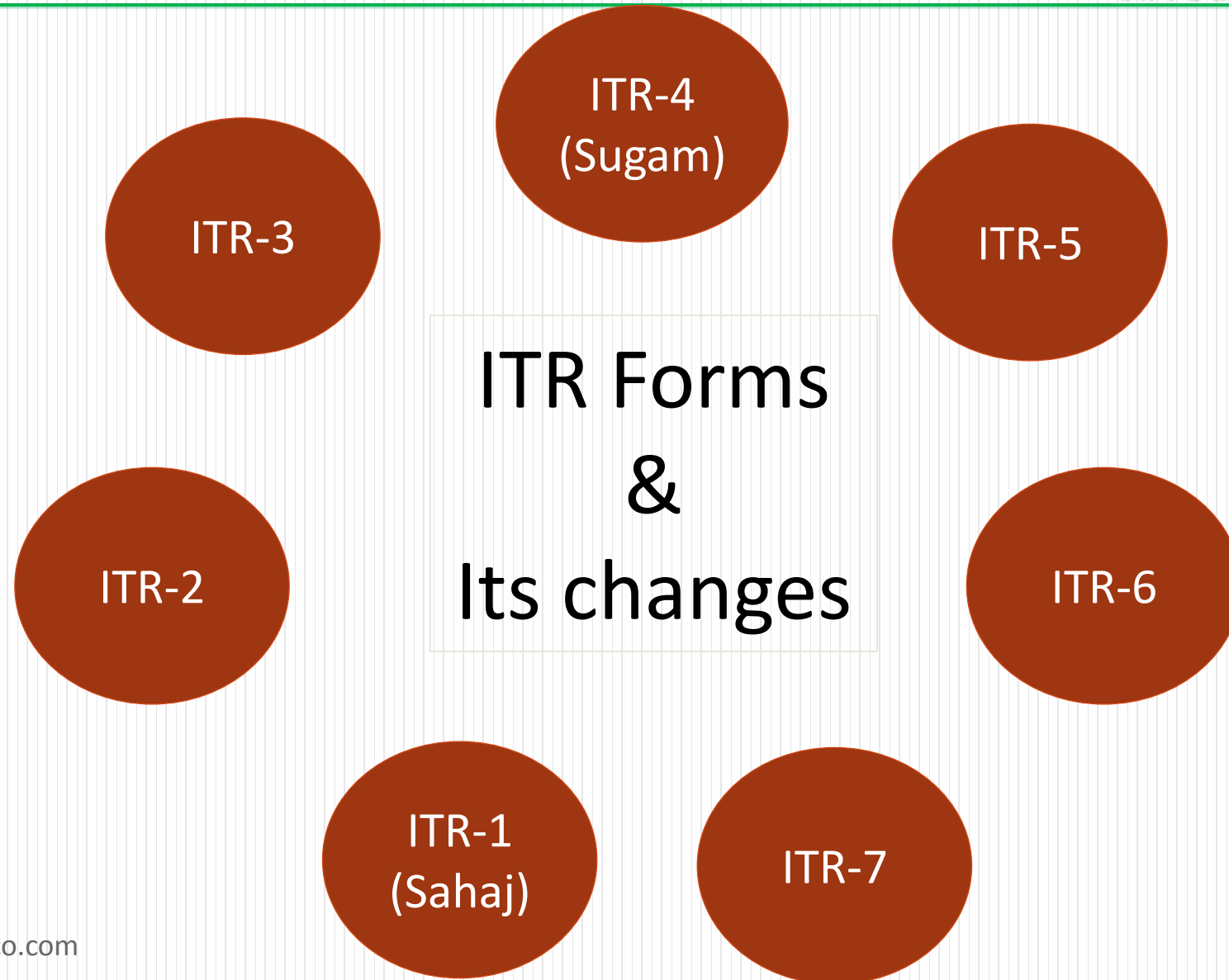
(OR)

 - Individuals who attained age of 80 years or above during the Previous Year (i.e. Super Senior Citizens).

Reasons for changes in ITR Forms

- Linkage with all the other Revenue Departments.
- Introduction of Goods and Service Tax (GST)
- Increase in Reporting Requirements relating to assessments in ITR Forms itself.
- A move towards expansion of Tax payer's base.
- Approach towards Transparency.

Income Tax Return (ITR)



ITR-1(Sahaj)

Resident Individuals with below mentioned income are eligible to file ITR-1.

Eligible income for filing ITR-1	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Income from Salary or Pension• Income from Single House Property (except in case when loss is carried forward from previous year).• Income from other sources such as dividend, interest, etc. (excluding windfall income such as from winning of lottery or horse racing and income u/s 115BBDA)• Agricultural income of not exceeding Rs 5,000/-.• No income from any country outside India• Not claiming Double Taxation Relief under Section 90/90A/91 of Income Tax Act.• Total Income not exceeding Rs. 50,00,000• In case the income of the spouse or minor child is to be clubbed in the income of individual, if such income to be clubbed falls under the above applicable criteria.	<ul style="list-style-type: none">• Detailed breakup of Gross salary.• Detailed explanation on Income from House property.• Removal of gender option.• Non-resident cannot file in this form.

Individuals and HUFs not having income from profits and gains of business or profession are eligible to file in ITR-2 with the below mentioned Income.

Eligible income for filing ITR-2	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Income from salary/ pension.• Income from house property.• Income from capital gains.• Income from other sources including windfall income such as from winning of lottery or horse racing.• In case the income of spouse or minor child is to be clubbed in the income of individual, if such income to be clubbed falls under the above criteria.• Income from any country outside India.• Income prescribed Under Section 115BBDA.	<ul style="list-style-type: none">• Partners cannot file in this return• Non-residents to furnish details of any one foreign Bank Account• Capital gains exemption to be furnished in detail.• Other changes as discussed above

Individuals and HUFs having income from profits and gains of business or profession are eligible to file ITR-3 with the below mentioned Income.

Eligible income for filing ITR-3	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Income from salary / pension.• Income from house property.• Income from business or profession of the partnership firm in which individual/HUF is a partner. Such income may include any salary, bonus, interest, commission, remuneration or share of profits earned from the firm.• Income from business or profession.• Income/ loss from capital gains.• Income from other sources including windfall income such as from winning of lottery or horse racing.	<ul style="list-style-type: none">• Revised Depreciation Schedule• Impact on profit or loss due to ICDS deviation• Details of GST paid and refunded• Other changes as discussed above

ITR-4 (Sugam)

Persons who have Presumptive Income From Business or Profession are required to file ITR-4

Eligible income for filing ITR-4	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Income from salary/ pension.• Income from Single house property (excluding cases where loss is brought forward from previous years).• Income from business or Profession (u/s 44AD, 44ADA, 44AE)• Income from other sources excluding windfall income such as from winning of lottery or horse racing.	<ul style="list-style-type: none">• Need to provide additional Financial details like Secured loans, Unsecured loans, Advances, Sundry debtors, Sundry Creditors etc.,• GSTR no. of the assessee and turnover as per GST return filed.• Other changes as discussed above.

ITR-5

Person being a firm, LLP, AOP, BOI, Artificial Juridical Person , Cooperative Society and Local Authority ,are eligible to file in ITR-5 with below mentioned income.

Eligible income for filing ITR-5	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Income from house property.• Income/ Loss from business or profession.• Income/ Loss from capital gains.• Income from other sources including windfall income such as from winning of lottery or horse racing.• Income from any country outside India.	<ul style="list-style-type: none">• Revised Depreciation Schedule• Details of business transactions with registered and unregistered suppliers under GST• Assessee claiming DTAA relief is required to report more details• Information relating to capital gains exemption to be furnished in detail• Impact on profit or loss due to ICDS deviation• Details of GST paid and refunded

Companies, other than a companies claiming exemption under section 11 are eligible to file ITR-6

Eligible income for filing ITR-6	Changes for Asst. Yr. 2018-19
Any income except Income from Salaries and Income earned specified Under Section 11.	<ul style="list-style-type: none">• Revised Depreciation Schedule• Details of business transactions with registered and unregistered suppliers under GST• Assessee claiming DTAA relief is required to report more details• Information relating to capital gains exemption to be furnished in detail• Impact on profit or loss due to ICDS deviation• Details of GST paid and refunded• Reporting of CSR appropriations• Break-up of payments/receipts in foreign currency• Ownership information in case of unlisted company who are holding 10% or more voting power (directly or indirectly)

ITR-7

It is applicable to Persons including companies who are required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) or section 139(4E) or section 139(4F).

Eligible income for filing ITR-7	Changes for Asst. Yr. 2018-19
<ul style="list-style-type: none">• Having Income which was exempt u/s 11, 12A, 13A and 10(23C) to 10(23F).• Income from house property.• Income from business or profession.• Income/ loss from capital gains.• Income from other sources including windfall income such as from winning of lottery or horse racing.	<ul style="list-style-type: none">• No deduction for corpus donations made to other institutions.• Political Parties to confirm if cash donations are received• Details of fresh registration upon change of objects

Other Moderate Changes (1/4)

Transfer of TDS Credit to Other Person: *(Applicable for ITR-2 to ITR-7)*

- There are some situations, where a person is entitled to claim the credit for tax deducted in the name of another person, i.e., inheritance, etc.
- Currently, Income-tax Dept. matches the TDS disclosed in ITR with the amount of TDS as shown in Form 26AS and in case of mismatch, the Dept. asks the assessee to reconcile the mismatch. Therefore, in the situations as mentioned above, the taxpayers were facing difficulties in claiming the TDS credit.
- To overcome this problem, the ITR forms introduce new columns in TDS Schedule which would allow Dept. to easily correlate the PAN, amount of income and TDS thereon as disclosed by both the parties in their respective return of income. It would make it convenient for the assessee to claim the credit of tax deducted in name of another person.

Other Moderate Changes (2/4)

Capital Gains in case of transfer of unquoted shares: *(Applicable for ITR-2,3,5,6,7)*

- The Finance Act, 2017 introduced a new Section 50CA with effect from Assessment Year 2018-19. This new provision provides that if unlisted shares are transferred at a price which is less than its FMV, the sales consideration shall be deemed to be the price as calculated by a Merchant Banker or a CA on the valuation date.
- It would now be mandatory for the investors to obtain the valuation report in case of sale of unquoted shares. To ensure that investors correctly report the capital gains from unlisted shares, the new ITR Forms require the FIs and other assesseees to provide the following information in respect of unlisted shares.

S.No	Particulars	Amounts
1.	Actual sale consideration	XXXXXX
2.	FMV as determined in prescribed manner	XXXXXX
3.	Deemed Full value of consideration (higher of 1 or 2)	XXXXXX

Other Moderate Changes (3/4)

Reporting of sum taxable as Gift:

- As provisions of Section 56(2)(vii) were applicable only to an individual and HUF. It provides that any sum of money or any property received by an individual or HUF without consideration or for inadequate consideration (in excess of Rs. 50,000) shall be taxable as income from other sources.
- The Finance Act, 2017 had extended the scope of this provision by introducing a new clause, w.e.f AY 18-19 i.e., Section 56(2)(x) which covers all taxpayers within its ambit. Consequently, new columns have been inserted in all ITR forms except ITR 1 and ITR 4 under 'Schedule OS' to report any income as specified in Section 56(2)(x).

Other Moderate Changes (4/4)

Taxability of Dividend in excess of Rs. 10 lakhs u/s 115BBDA *(Applicable for ITR-1 to ITR-7)*

- Section 115BBDA provides for levy of additional tax on dividend income received from domestic companies, if it exceeds Rs. 10 lakhs in aggregate. When this section was introduced by the Finance Act, 2016, this additional tax was levied only on resident Individual, HUF and Firms.
- The scope of this section was extended by the Finance Act, 2017 to all resident taxpayers except a domestic company, funds or institutions as referred to in Section 10(23C) and a trust registered under Section 12A or 12AA.
- The changes made by the Finance Act, 2017 are applicable from the Assessment Year 2018-19. Accordingly, necessary changes have been incorporated in Form ITR 7 which is applicable for Assessment Year 2018-19. All dividends in excess of Rs. 10 lakhs which are taxable under Section 115BBDA shall be disclosed in the Schedule OS (Income from other sources) and Schedule SI (Income chargeable to tax at special rate).

At

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Thank you!!!

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