



### **New ITR Forms Notified; ITR 4 only for residents, ITR-1 & 2 not for directors**

The seven Income-tax return forms applicable for AY 19-20 have been notified by CBDT on April 01, 2019 in line with the amendments made by the Finance Act 2018. A gist of modifications in applicability of the Forms and the updates therein are highlighted hereunder:

#### **Applicable of ITR Forms person & income-wise** **Restricted furnishing of Paper Returns**

The facility of paper filing is now only available to super-senior citizens filing ITR-1 or ITR-4. Earlier provision of filing of paper returns by persons with total income up to INR 5 lacs, not seeking a tax-refund has been scrapped.

#### **ITR-1 (SAHAJ)**

For resident (other than not ordinarily resident) individuals having:

- Total income upto INR 50 lakh,
- Income from Salaries, one house property, other sources, and agricultural income upto INR5 thousand

***New criteria: Form not applicable to:***

- *An individual who is either Director in a company*
- *has invested in unlisted equity shares*

#### **ITR-2**

For Individuals and HUFs not having income from profits and gains of business or profession

#### **ITR-3**

For individuals and HUFs having income from profits and gains of business or Profession

#### **ITR-4 SUGAM**

For Individuals, HUFs & Firms (other than LLP) having income from business and profession which is computed under sections 44AD, 44ADA or 44AE

***New criteria: Form not applicable to:***

- *An individual who is either Director in a company*
- *or has invested in unlisted equity shares*
- *having total income exceeding INR 50 lakh*

#### **ITR-5**

For persons other than (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7

#### **ITR-6**

For Companies other than companies claiming exemption under section 11

## ITR-7

For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D).

**New criteria:** Form not applicable to:

- Person under section 139(4E) and 139(4F)

## **Structural changes in ITR Forms**

Apart from the above applicability changes, structural changes have been brought in the Forms as well. Highlights are summarized as under.

### • **General information**

- Residential status in days for Resident & RNOR is to be provided i.e. to specify the number of days a person has been in India in the previous year
- Non-Residents are required to specify the jurisdiction and the taxpayer identification number. Furthermore, in case of non-residents being citizen of India or persons of Indian origin, total period of stay in India in PY & total period of stay in India during 4 preceding years is required to be provided
- Information on directorship is now required to be reported. The information to be furnished includes nature of company, PAN, whether its shares are listed & director identification number
- Information on unlisted equity shares held during the previous year is now required. The information required include name of company, PAN, opening investment balance, shares acquired during the year, shares transferred & closing balance.

### • **Income from Salary**

- Line item for claiming Standard deduction against salary income. Maximum amount

of standard deduction that can be claimed is INR 40,000

- Nature of salary, type of perquisites and category of profit in lieu of salary are mentioned as to be provided in the form of drop downs in the utilities to be notified soon after

### • **Income from House Property**

- Column for mandatorily furnishing of PAN/TAN of the tenant inserted – if tax is deducted under section 194-IB.
- Option to select 'deemed let out' in the form made available. (Pertinent to note that Finance Act 2017 provided for chargeability of notional rent on house property held as stock-in-trade not let, beyond one year (2 yr w.e.f AY 20-21) from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority)
- Pass through income, if any, to be reported

### • **Income from Business & profession**

- The column for nature of business has been updated, now the business code to be mentioned in this point is for other than those declaring income under section 44AD, 44ADA & 44AE
- P&L bifurcated into 3 parts - Manufacturing, Trading and P&L
- For reporting of presumptive income 3 sections along with business codes inserted - income under 44AD, 44ADA, and 44AE
- Separate section inserted to punch in profit where books are not maintained, subdivided into 3 parts – business, profession & speculative business

- In schedule BP, at point 4b Profit from activities covered under rule 7, 7A, 7B(1), 7B(1A) and 8 (Dropdown to be provided) inserted
- In schedule BP, at point 8b expenses debited to P&L which relates to exempt income and disallowed us 14A is required to be furnished
- Income from Capital Gain
  - As per Finance Act 2018, while taxing income from capital gains (section 50C), business profits (section 43CA) and other sources (section 56) arising out of transactions in immovable property, no adjustments is to be made in a case where the variation between stamp duty value and the sale consideration is not more than 5% of the sale consideration. Corresponding column has been inserted in the Forms deeming the full value of consideration as that received if value as per stamp valuation does not exceed 1.05 times such consideration.
  - For TDS deducted u/s 194-IA, column inserted for the seller to provide details of buyer names, PAN, percentage share, amount and address of property in the capital gains schedule.
  - Point inserted for reporting the Loss disallowed under section 94(7) or 94(8)
  - Pass through incomes in the nature of STCG, if any, to be reported
- Changes specific to ITR -7
  - In Schedule AI point 8 has been inserted for reporting net consideration on transfer of capital asset
  - Schedule ER has been bifurcated in in 5 parts, Part A to Part E :
    - Part A for establishment & administrative expenses
    - Part B for expenditure on objects of the trust/institute
    - Part C for disallowable expenditure
    - Part D for total revenue expenditure
    - Part E to report sources of fund to meet revenue expenditure
- In schedule EC a point A has been inserted to furnish details of source of fund to meet capital expenditure
- From schedule IE1 to IE4 has been inserted to reported separate Income & expenditure statement for each institution type of institution registered u/s 10(21), 10(23A), 10(23C)(iiiab) etc.
- In BTI, the disallowance us 11(1)/10(23) r.w.s 40(a)(ia)/40A(3) for disallowance for non-deduction of tax and cash expenditure has been inserted at point 5.
- Schedule FA – Details of Foreign Assets and Income from any source outside India
  - Additional reporting
    - A2: Details of Foreign Custodial Accounts held (including any beneficial interest) at any time during the relevant accounting period
    - A3: Details of Foreign Equity and Debt Interest held (including any beneficial interest) in any entity at any time during the relevant accounting period
    - A4: Details of Foreign Cash Value Insurance Contract or Annuity Contract held (including any beneficial interest) at any time during the relevant accounting period

- Other changes
  - Intra head Set-off of losses Schedules has been inserted intra heads of specific schedules
  - In other sources pass through incomes is required to be reported
  - In chapter VI, column for reporting deductions us 80-TTB has been inserted
  - In schedule 80G, the mode of donation has been bifurcated to be reported as in cash or other mode
  - Schedule 80GGA has been inserted for details of donations for scientific research or rural development
  - In schedule EI, if the agricultural income exceeds 5 lakh then the name of the district along with pin code in which the land is located, measurement of agriculture land in acres, whether the land is owned or held lease, whether the agriculture land is irrigated or rain-fed are now required to be furnished.
  - In schedule EI income exempt as per DTAA is required to be furnished
  - In schedule OS bifurcated details of interest is now required to be reported
  - Schedule RA has been inserted for furnishing the details of donations to research association etc.[deduction us 35(1)(ii) or 35(1)(iia) or 35(1)(iii) or 35(2AA)
  - For ITR 3 ITR 5 & ITR 6 Schedule GST has been inserted for furnishing details of GST No. & annual value of outward supplies as per GST return
  - In ITR 5 & ITR 6 Schedule DPIIT has been inserted for furnishing details of any recognized start up by DPIIT [Department for Promotion of Industry and Internal Trade]
    - In ITR 5 & ITR 7 details of Partner in a firm and detail of any held unlisted equity share during the PY is required to be furnished.
    - In ITR 5 Aadhaar no. of partners at point E inserted
    - In ITR 6 ownership information in case of foreign company, details of immediate parent company and ultimate parent company is now required to be furnished
    - In ITR 6, for unlisted company pls ensure to fill schedule SH-1 for shareholder of unlisted company and AL-1 for unlisted companies
    - In Schedule DDT now the point has been inserted that in which section the dividend is being declared
    - A new Schedule SH-2 has been inserted in ITR requiring the details of shareholding of startup companies and schedule AL for furnishing the details of asset & liability in case of a start up companies.
    - For ITR 5 a new schedule 80P has been inserted for furnishing details of deduction with respect to the income of co-operative societies

**Source:**

**Notification no. 32/2019 dt. April 01, 2019**

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