

# Tax Wire



## Changes in the ITR Forms AY 2017-18

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### Background

The year 2016-17 saw a lot of steps taken by the Government of India to ensure that black money is subject to taxes and the revenue of the government is secured. This is also reflecting in the new Income Tax return forms applicable for FY 2016-17 (AY 2017-18) that have been prescribed.

Rule 12 of the Income Tax Rules, 1962 is amended every year to make changes to the Income Tax Return Forms. Such amendment for the current year was notified on 30<sup>th</sup> March 2017.

### Highlights of the changes

- Quoting of the Aadhaar Number or the enrollment ID in case an application has been made for the Aadhaar, in the ITR has been **made mandatory** by the Finance Act, 2017.
- A new column has been inserted in ITR Forms to report cash deposits in banks aggregating to above Rs.2 lakhs during the demonetization period, i.e., from November 9<sup>th</sup>, 2016 to December 30<sup>th</sup>, 2016.
- Form ITR1 has been simplified with fewer columns, removing the columns that are not used by most of the assesseees.
- Form ITR-2A has been discarded and now all assesseees (other than those earning salary income and business income) have to file ITR-2 only.
- Taxpayers earning income from business or profession are now required to file ITR-3 instead of old ITR-4.
- Form ITR-4S which was earlier used by the taxpayers opting for presumptive taxation is replaced with 'ITR-4 SUGAM'. Also, a new column has been inserted in this return to mention digital receipts since the rate of presumptive income is 6% in case of digital receipts.
- In case of persons whose total income during the year exceeds Rs.50 Lakhs, in addition to the cost, information such as address of the property in case of immovable property and the description of the movable assets have to be provided. Also included are fields for disclosure of 'Interest held in the assets of a firm or AOP as a partner or member' by the assessee.
- There was a separate ITR applicable for tax payers having only income from Partnership Firm or AOP. This has been discontinued.
- An option to file return in paper form in case of the following assesseees filing ITR-1 or ITR-4 (SUGAM) is also provided:
  - a. An individual of the age of **80 years or more** at any time during the previous year;
  - b. An individual or HUF whose income does not exceed **five lakh** rupees and who has **not claimed any refund** in the return of income.
- A detailed summary of the applicability of each form is tabulated below:

### Applicability of the ITR Forms:

#### > Individual and HUF:

Nature of income	ITR - 1 (SAHAJ)	ITR - 2	ITR - 3	ITR - 4
Income from salary	✓	✓	✓	✓
Income from one house property (excluding losses)	✓	✓	✓	✓
Income or losses from more than one house property		✓	✓	
Agricultural income exceeding Rs. 5,000		✓	✓	
Total income exceeding Rs 50 lakhs		✓	✓	✓
Dividend income exceeding Rs10 lakhs taxable under Section 115BBDA		✓	✓	
Unexplained credit or unexplained investment taxable at 60% under Sections 68, 69, 69A, etc.		✓	✓	
Income from other sources (other than winnings from lottery and race horses or losses under this head)		✓	✓	
Income from other sources (including winnings from lottery and race horses)	✓	✓	✓	✓
Capital gains/loss on sale of investments/property		✓	✓	
Share of profit of partner from a partnership firm			✓	
Income only from presumptive business				✓
Income from business or profession (including presumptive income)			✓	
Income from foreign sources or Foreign assets or having Signing authority in any account outside India		✓	✓	
Claiming relief of tax under sections 90, 90A or 91		✓	✓	

#### > Other Assessees:

Nature of income	ITR - 5	ITR - 6	ITR - 7
Firm (including limited liability partnership firm)	✓		
Association of Persons (AOP)	✓		
Body of Individuals (BOI)	✓		
Companies other than companies claiming exemption under Sec. 11		✓	
Persons including companies required to furnish return under:			✓
(1) Section 139(4A) - Trust, Societies etc.			
(2) Section 139(4B) - Political parties			
(3) Section 139(4C) - Research institute, Mutual funds etc			
(4) Section 139(4D) - University, college etc, who are covered elsewhere			

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