

Tax Wire



Changes in the ITR Forms AY 2018-19

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Background

Income Tax filings in India are based on self-assessment mechanism. Meaning, every person earning income in India and who is required to file tax returns, is required to compute his income and tax thereon. He needs to remit the tax and then file the said return with the income tax authority within the said date.

In order to ensure relevant data based on needs that arises every year is collected, 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 3rd April 2018. Such returns are applicable for tax return filings related to incomes earned in FY 2017-18 (April 2017- March 2018).

Highlights of the changes

I. General requirement

- Non-residents and Not ordinary residents cannot file ITR -1.
- In case of non-residents, details of any one foreign Bank Account may be furnished for the purpose of credit of refund.
- In the Profit & loss account statement presentation in the ITR, owing to introduction of GST, new columns to report CGST, SGST, IGST and UTGST paid by, or refunded to, assessee during the Financial Year has been added.
- Depreciation on plant & machinery is restricted to a maximum cap of 40% by CBDT vide its notification dated 7th November, 2016. Hence, the columns with 50%, 60%, 80% and 100% are removed. Further, a new column is being inserted with Nil rate to furnish the value of the land. The column to enter the details of additions/deletions

to land has been blocked. It needs to be seen if the closing value column would allow a manual entry or would be a summation.

- A little more detailed reporting of impact of ICDS on profit and loss has been introduced. Reporting to be done in the other information schedule, computation of income from business or profession schedule and a dedicated ICDS schedule in ITR 3, 5 and 6.
- Insertions/changes made by the Finance Act, 2017 have been incorporated in the ITR forms. Some of the major provisions are:
 - a. Particulars about the money, immovable property or any property other than the immovable property received without consideration or for an inadequate consideration in excess of INR 50,000 as per section 56(2)(x) have to be disclosed by every person.
 - b. In the case of transfer of shares of a company (other than the quoted shares) full value of consideration and fair market value to be furnished in order to apply the provisions of section 50CA.
 - c. New column has been inserted to give details of fees payable u/s 234F for delay in filing of ITR .

II. Salary and House property income

- More details to be provided under the heads salary and house property as compared to previous years.

III. Small businesses

➤ Presumptive income scheme returns:

- For persons declaring the income under presumptive basis, new columns have been inserted to provide information regarding turnover/gross receipts as per the GST returns filed. The department is trying to ascertain the data relating to GST also to be made available in tax return itself.
- For such tax payers, the return also requires detailed financial particulars of the business to be mentioned, providing breakup of the assets and liabilities. This in a way goes contrary to the presumptive income scheme, where maintenance of books of accounts is not mandatory. The way the details have been sought for can be provided only when books of accounts are maintained without which it becomes a difficult proposition. By asking for these details, it defeats the scheme and its purpose.

IV. Company assesses

- Separate Balance Sheet and Profit & Loss account schedules have been provided in ITR 6 for companies to whom IND-AS applies.
- Companies who are not liable to get their books of accounts audited u/s 44AB have to provide the breakup of payments and receipts in foreign currency during the year.
- Companies who are not liable to get their books of accounts audited u/s

44AB are required to provide details information of expenses from registered and unregistered dealers in GST from the date of commencement of GST till 31st March 2018.

- A new column has been inserted in ITR Form 6 to provide details of apportionments made by the companies from the net profit for the CSR activities.

Advith comments

- With tax administration giving lot of importance to data collection and mining, filing of tax returns is gaining more and more relevance and importance. There used to be a time when IT return filing by non-corporates was only being looked at as unnecessary custom at the end of each year. Such times have changed. ITR is the first step of self-assessment, where each tax payer assesses his income, pays tax and furnishes his return with the tax authority. Such activity with penalties being imposed for delayed filing, should be looked at very carefully by each and every tax payer to ensure the correct and timely disclosure happens with the tax authority.
- The inclusion of GST related disclosure makes the tax authority's intention clear that they wish to reconcile incomes and expenses as reported for GST returns and for IT returns.
- Providing Balance sheet and Profit & loss account for Ind AS related companies separately, is welcome.
- 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 (SUGAM)
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, 69B, 69C, 69D 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 (Including partnership Firm but excluding LLPs)				✓
Income from business or profession			✓	
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, News Agency, Mutual Funds, Venture Capital Company/Fund etc.			
(4) Section 139(4D) - University, College etc.other than those covered above			
(5) Section 139(4E) - Every business trust other than those covered above			
(6) Section 139(4F) - Every investment fund referred to in section 115UB			

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