

Changes in income tax returns for AY 2018-19

CA. D K Bholusaria

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It is suggested that to avoid any doubt the user should cross check the correctness of text, contents and the law with the original documents and to dispel confusion should seek professional help/opinion.

Section 139 changes

Changes in Section 139(4C)

Addition to list of section 139(4C):

- a. Persons referred in section 10(23AAA)
 - a. Beneficiary of funds established for welfare of employees/dependents. Eg. Superannuation
- b. Investor protection fund – 10(23EC) or 10(23ED)
- c. Core settlement guarantee fund – 10(23EE)
- d. Board or authority – 10(29A)
 - a. Coffee Board, Rubber Board, Tea Board, Tobacco board etc.

Loss / Belated / Revised return

Belated return

u/s
139(4)

Belated Revised return now be filed before the end of relevant assessment year.

Belated return for AY 2018-19 can be filed up to 31st March 2019.

Revised return

u/s
139(5)

Revised return now be filed before the end of relevant assessment year or before the completion of assessment. Even belated return can be revised.

For AY 2018-19, revised return can be filed up to March 31, 2019.

Rule 12 changes

Forms for non-business assessee Individuals **(only Ordinary Resident)**

Category	Form	Mode
Salary or Family Pension And/or One House Property Income w/o b/f loss or w/o c/f Loss And/or Income from Other Sources w/o Lottery or Race Horse Income And w/o Loss under any head of income And Total Income < 50 Lacs 🔄 capital gain is missing		
Total Income > 5 Lac	1	E-file
Claiming refund		E-file
Total income <= 5 Lac and not claiming refund		Any Mode

Form 1(Sahaj) is the simplest form but with lots of riders

Following Ordinary residents are also not allowed to file ITR-1

- has assets (including financial interest in any entity) located outside India;
- has signing authority in any account located outside India;
- *has income from any source outside India*
- *has income to be apportioned in accordance with provisions of section 5A (i.e. Portuguese Civil Code)*
- has claimed any relief of tax under section 90 or 90A or deduction of tax under section 91
- has agricultural income, exceeding five thousand rupees
- has income taxable under section 115BBDA
- has income of the nature referred to in section 115BBE

Migration from ITR-1 to ITR-2

- Now Non-residents and RNORs are not eligible to file ITR-1
- House property should not have loss b/f as well c/f now. C/f condition is new from AY 2018-19.
- Except above practically there is no change in rule 12
- Basically lots of non-business Individual assesseees are being pushed from ITR-1 to ITR-2

Forms for non-business assesseees

Individual and HUFs

Category	Form	Mode
All Individuals <ul style="list-style-type: none"> - With no income under head of PGBP. Earlier it was proprietary business only. - Not eligible to file ITR-I 		
All HUFs with no business income		
Total Income > 5 Lac	2	E-File
Claiming refund		E-file
Total income <= 5 Lac and not claiming refund		Any Mode

- ☞ Form 2 is also a residual form for non-business income assessee, and can be used for all situations
- ☞ **Change: Assesseees having income only from Partnership Business are not eligible to file this form.**

Forms for Business Assessee

Individuals, HUFs and Firms (not LLP)

– Only presumptive business income

Category	Form	Mode
Must have Income under the head PGBP <ul style="list-style-type: none"> Such business income must be computed under any presumptive income section viz., 44AD/44ADA/44AE And/or Salary or Family Pension And/or One House Property Income And/or Income from Other Sources 		
Total Income > 5 Lac	4	E-File
Claiming refund		E-file
Total income <= 5 Lac and not claiming refund		Any Mode

☞ Section 44ADA inserted w.e.f. AY 2017-18 for Professionals like Cas.

☞ **No change per se for AY 2018-2019**

Forms for Business Assessee

Individuals and HUFs

– Non presumptive business income

Category	Form	Mode
Must have income/loss under the head PGBP And Not earning any presumptive income u/s 44AD/44ADA/44AE And/or Income/loss from any other head OR Not eligible to file ITR-4		
Total Income > 5 Lac	3	E-File
Claiming refund		E-file
Total income <= 5 Lac and not claiming refund		Any Mode

- ☞ Section 44ADA inserted w.e.f. AY 2017-18
- ☞ If such assessee's accounts are required to be audited then only e-filing with digital signature is permissible
- ☞ **No change per se for AY 2018-2019**

Forms for Business Assessee Companies

Category	Form	Mode
All Companies <i>excluding</i> section 8 company on which section 139(4A~4F) applies	6	E-file With digital signatures only

☞ No change per se for AY 2018-2019

Forms for Business Assessee Trusts etc.

Category	Form	Mode
Trusts and organisations referred to section 139(4A) / (4C) / (4D) / (4E) / (4F) including section 25 company on which section 139(4A~4D) applies	7	E-file
All Political parties - Section 139(4B)	7	E-file With digital signatures only

➡ **No change per se for AY 2018-2019**

Trusts / Organisations Covered by ITR-7

1. Charitable or religious trusts u/s 11 or 12
2. Political Parties referred to in section 13A
3. Research association – Section 10(21)
4. News agency - Section 10(22B)
5. Association or institution – Section 10(23A)
6. Person referred to in Section 10 (23AAA)
7. Institutions covered in Section 10 (23B)

Trusts / Organisations Covered by ITR-7

8. Fund or institution – Section 10(23C)(iv)
9. Trust or institution – Section 10(23C)(v)
10. University or other educational institutions – Section 10(23C) (iiiab)/(iiiad)/(vi)
11. Hospital or other medical institutions – Section 10(23C) (iiiac)/(iiiae)/(via)
12. Mutual Fund – Section 10(23D)
13. Securitisation trust – Section 10(23DA)

Trusts / Organisations Covered by ITR-7

- 14. Investor Protection Fund - Section 10 (23EC) or clause (23ED)
- 15. Core Settlement Guarantee Fund – Section 10 (23EE)
- 16. Venture capital company or venture capital fund – Section 10 (23EE)
- 17. Trade union – Section 10(24)(a)/(b)
- 18. Board or Authority – Section 10(29A)
- 19. Infrastructure debt fund - Section 10(47)

Trusts / Organisations Covered by ITR-7

- 20. Body or authority or Board or Trust or Commission (by whatever name called) – Section 10(46)
- 21. University, college or other institution – Section 35(I)(ii)/(iii)
- 22. Business trusts – Section 2(13A)
 - Infrastructure Investment trusts
 - Real Estate Investment Trusts
- 23. Investment fund under section 115UB

Forms for Business Assessee other remaining cases

Category	Audit required	Form	Mode
Firms (not covered by form 4)	No	5	E-file
All LLPs			E-file
Any AOP / BoI	Yes	5	E-file
Any other person not covered specifically else where			With digital signatures only

➡ **No change per se for AY 2018-2019**

Changes in forms

ITR-1

ITR-1

- Earlier ITR-1 was applicable for both Residents, Residents Not ordinarily resident (RNOR) and also Non-residents. Now this form has been made applicable only for ORDINARY resident individuals.
- There is a requirement to furnish a break-up of salary. Until now, these details would appear only in Form 16 and the requirement to disclose them in the return had never arisen. **This is on similar lines of ITR-2.**
- There is also a requirement to furnish a break up of Income under House Property which was earlier mandatory only for ITR -2 and other forms

ITR-1

- Under the Schedule on TDS, there is also an additional field for furnishing details of TDS as per Form 26QC for TDS made on rent. Also, provision for quoting of **PAN of Tenant** for such rent cases has also been made.
- Section 194-IB was introduced w.e.f. June 1, 2018, for payment of rent exceeding 50K per month. *See next slide on section 194-IB.*

Section 194-IB

- Applicable to all Individuals and HUFs
- Whether in business or not
- Rent Payment exceeding 50K per month to Residents (*payment to NR covered by S. 195*)
- If in Business/profession, only if TO during 2016-17 was more than 1Cr/50 Lakhs, you are out of 194-IB. In such cases S. 194-I to apply
- TDS @ 5% of rent paid/credited
- Single return *come* challan – 26QC

ITR-2

ITR-2

- All Non-residents, Residents but ordinary residents (RNOR), if no income from PGBP, to file return in this form only.
- In case of non-residents, details of any one foreign Bank Account may be furnished for the purpose of credit of refund now. You need to provide SWIFT code and IBAN (*International Bank Account Number*).
- 26QC details required here too
- Assesseees with income from partnership business are also out of this form. So schedule IF, BP and consequential references are deleted.

ITR-2: Rule 37BA

- Where under any provisions of the Act, the whole or any part of the income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or any part of the tax deducted at source, as the case may be, shall be given to the other person and not to the deductee.
- Now provision made for this in Schedule TDS of ITR.
- Also see notification no. 28/2009 dt. 16/03/2009

ITR-2

- In schedule HP, you may now choose “Self-occupied” as well.
- Earlier only “Let out” or “Deemed let out” options were available.

ITR-3

ITR-3

- Under General Information, a field relating to Section 115H has been added which relates to benefit being availed under certain cases even after the taxpayer becomes a resident.
- Fields under Schedule PL have been modified to include GST related details
- w.e.f. AY 2018-19, depreciation has been limited to a maximum of 40% for all class of assets. Consequential amendments in relevant schedules (*Notification no 103/2016 dated Nov 7, 2016*)

GST related changes - PL

Item 1(c): Duties, taxes and cess *received* or *receivable* in respect of goods and services *sold* or *supplied* –

Item 7: Duties and taxes, *paid or payable*, in respect of goods and services *purchased* –

Item 36: Rates and taxes, paid or payable to Government or any local body (excluding taxes on income) –

- Central Goods & Service Tax (CGST)
- Integrated Goods & Services Tax (IGST)
- Union Territory / State Goods & Services Tax (SGST)
- Cess

GST related changes - PL

- Section 145A substituted retrospectively from AY 2017-18 by Finance Act 2018, because of ICDS
- Reference may be made to clause (ii) of amended Section 145A.
- New clause has reference to both goods and services now. Earlier only “goods” were referred in section 145A.
- Knight Franks (I) (P) Ltd. (Mumbai HC) {72 *taxmann.com* 300 [2016]} no more relevant.
- Inclusive method v/s exclusive method of accounting to be considered.

GST related changes – Sch. OI

5. Amounts not credited to the profit and loss account, being -

a...

b. the proforma credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax, or **refund of GST**, where such credits, drawbacks or refunds are admitted as due by the authorities concerned

12. Amount of credit outstanding in the **accounts** in respect of –

- Central Goods & Service Tax (CGST)
- Integrated Goods & Services Tax (IGST)
- Union Territory / State Goods & Services Tax (SGST)
- Cess

Schedule OI - Section 43

10. Any amount disallowed under section 43B in any preceding previous year but allowable during the previous year -

...

...

g. Any sum payable to the Indian Railways for the use of railway assets

...

Schedule OI - ICDS

25. Increase in profit or decrease in loss on account of ICDS adjustments and deviation in method of valuation of stock

(Column 3a + 4d of Part A - OI)

ITR-4

Section 44AD (5)

(5) Notwithstanding anything contained in the foregoing provisions of this section,

- *an eligible assessee*
- *to whom the provisions of sub-section (4) are applicable and*
- *whose total income exceeds the maximum amount which is not chargeable to income-tax,*
- ***shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and***
- *get them audited and furnish a report of such audit as required under section 44AB.*

Section 44AA(2)

(2) Every person carrying on business or profession *not being a profession referred to in sub-section (1)* shall,

(iv) where the provisions of sub-section (4) of section **44AD are applicable in his case** and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,

keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act:

Section 44ADA(4)

(4) Notwithstanding anything contained in the foregoing provisions of this section,

- an assessee who claims that his profits and gains from the profession
- are lower than the profits and gains specified in sub-section (1) and
- whose total income exceeds the maximum amount which is not chargeable to income-tax,
- **shall be required to keep and maintain such books of account and other documents as required under sub-section (1) of section 44AA and**
- **get them audited and furnish a report of such audit as required under section 44AB.**

Section 44AA (1)

- **44AA.** (1) Every person carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette shall keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act.

ITR-4 - Financial Particulars Of The Business

Sl#	Particulars	Amount
E11	Partners/ Members own capital	XX
E12	Secured loans	XX
E13	Unsecured loans	XX
E14	Advances	XX
E15	Sundry creditors	XX
E16	Other liabilities	XX
E17	Total capital and liabilities (E11+E12+E13+E14+E15+E16)	XX
E18	Fixed assets	XX
E19	Inventories	XX
E20	Sundry debtors	XX
E21	Balance with banks	XX
E22	Cash-in-hand	XX
E23	Loans and advances	XX
E24	Other assets	XX
E25	Total assets (E18+E19+E20+E21+E22+E23+E24)	XX

☞ Similar requirements are absent in ITR-3

☞ **Red** items are mandatory and were present in AY 2017-18 as well, others are new as well as optional.

ITR-4 – GST related

- To quote -
 - **GSTR No.** (*per instructions, it means GST Registration No.*). **Only required if you are registered under GST**
 - **Turnover/gross receipts as per actual GST returns filed.**

☞ Similar requirements absent in ITR-3

- What if I have made supplies to other units?
GST works on the concept of “Supply” not sales /gross receipts.
- What if assessee has multiple GSTINs?

ITR-5

ITR-5

- Changes similar to ITR-3 applicable here as well.
 - Depreciation rates
 - Changes in PL related to GST
 - Changes in schedule OI, TDS etc.
- No additional changes for ITR-5

ITR-6

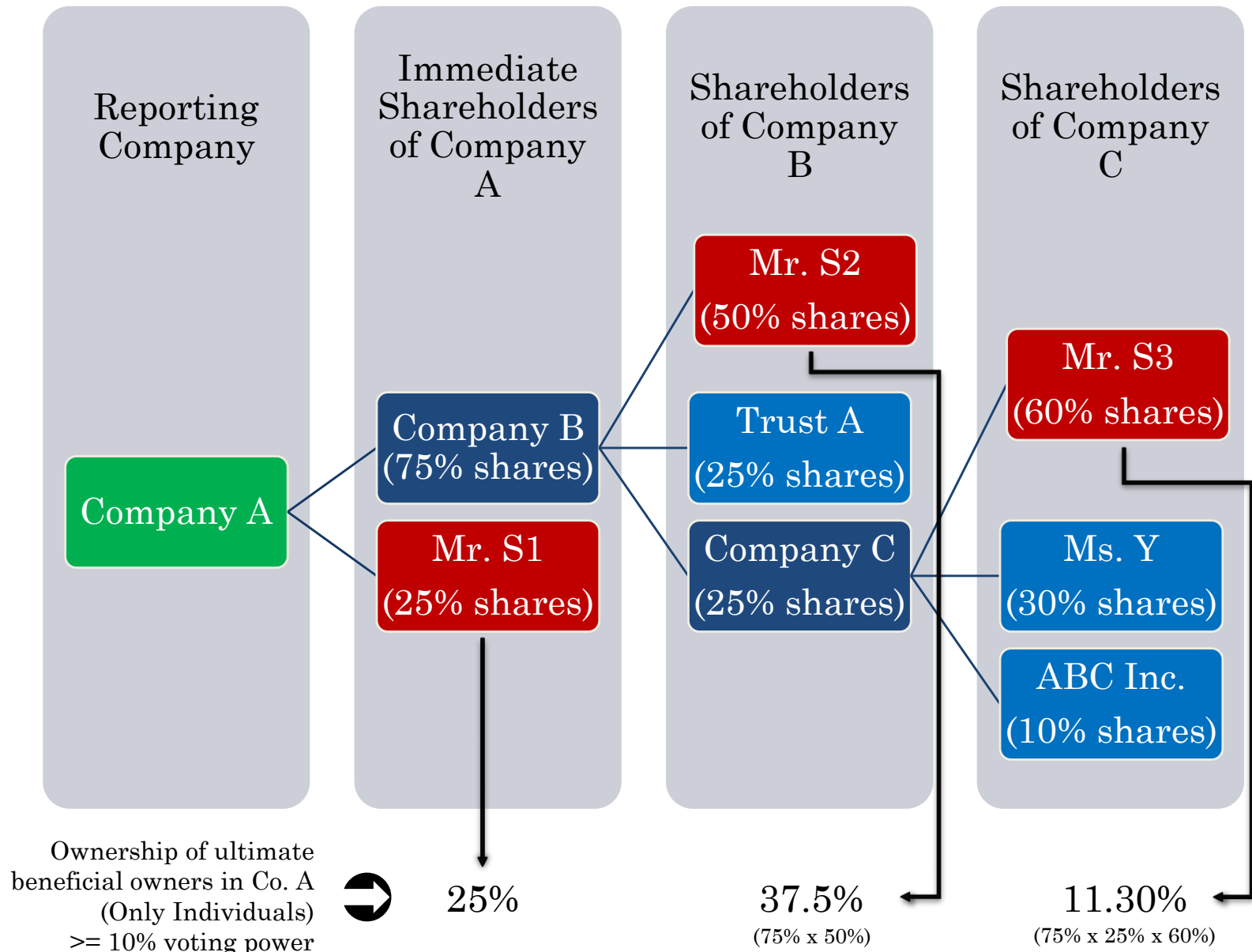
ITR-6 v/s ITR-3 v/s ITR-5

- Changes similar to ITR-3/ITR-5 applicable here as well in ITR-6
 - Depreciation rates
 - Changes in PL related to GST
 - Changes in schedule OI, TDS etc.

ITR-6: Ownership Information

- In case of **unlisted company**,
 - particulars of **natural persons (read Individuals)**
 - who were the ultimate beneficial owners,
 - directly or indirectly, of shares
 - holding not less than 10% of the voting power
 - at any time of the previous year (*if available*)
- ☞ **This is in addition to Shareholders information assesseees have been providing till now.**

Finding Ultimate Beneficial Owners



ITR-6 and IndAS

- Financial statements to be as per IndAS, if applicable -
 - **Part A-BS – Ind AS**
 - **Part A-P&L – Ind AS**
 - *Items that will not be reclassified to P&L*
 - *Items that will be reclassified to P&L*
 - **Change in MAT Schedule** (*as well as in certification u/s 115JB*)

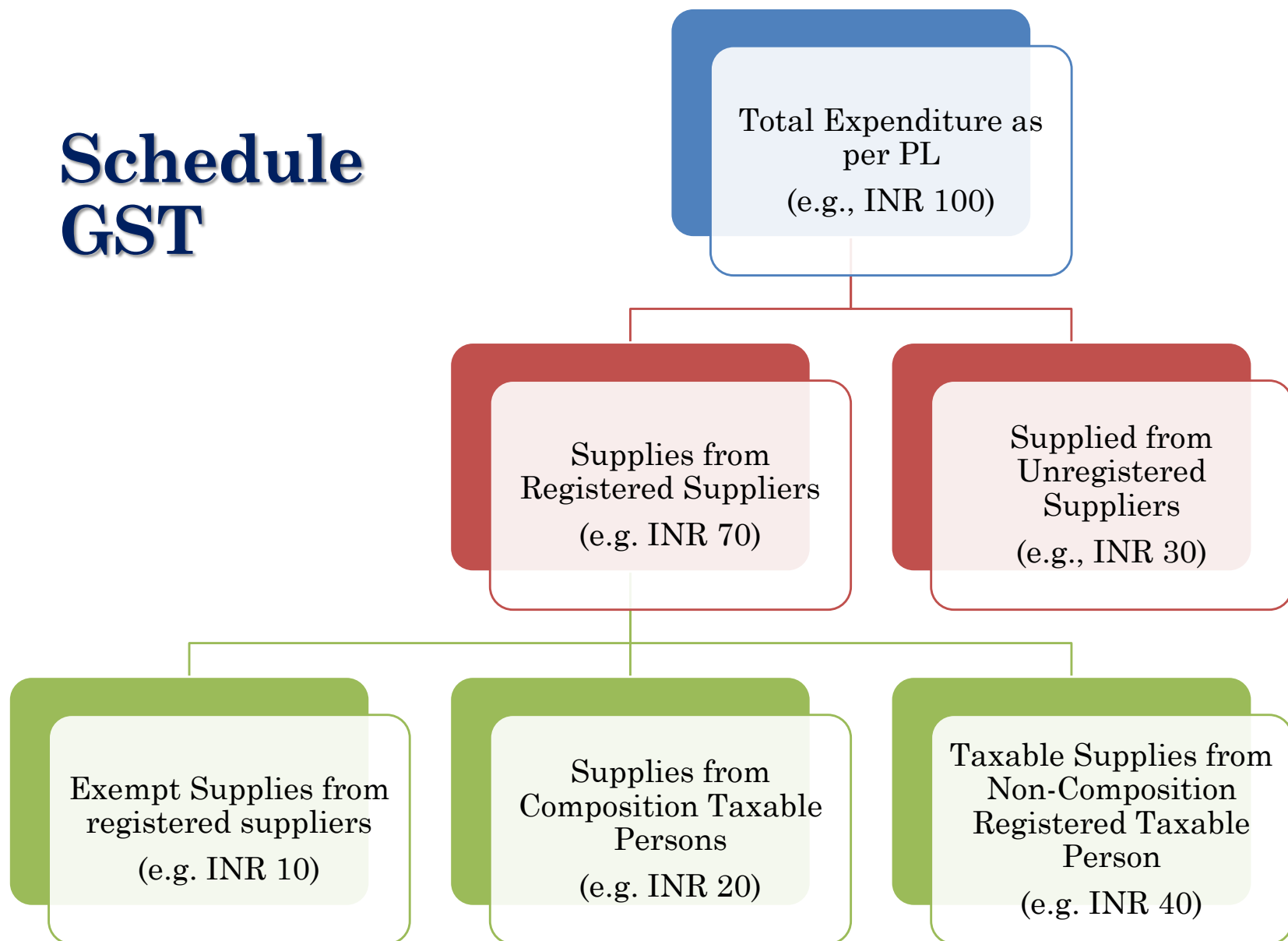
ITR-6: Schedule GST

- Details in respect of expenditure on or after 01st July, 2017 to be filled up by the assessee who is not liable to get accounts audited u/s 44AB.
- Effectively for companies upto 1 cr turnover.
- Break-up of total expenditure with entities *registered or not registered* under the GST to be provided.
- **Reporting Company is registered under GST or not is immaterial.**

Details required by Sch. GST

1. **Total amount of Expenditure during the year as per PL** (aggregate of expenditure reported at items 6, 8 to 35, 37 & 38 of Part-A-P&L / P&L – Ind AS)
2. **Expenditure in respect of *entities* registered under GST**
 1. Relating to goods or services exempt from GST
 2. Relating to entities falling under composition scheme
 3. Relating to other registered entities
 4. Total payment to registered entities (should be sum total of 1, 2 and 3)
3. **Expenditure relating to *entities* not registered under GST**

Schedule GST



Schedule FD

Break-up of payments/receipts in Foreign currency *(for companies with upto 1 cr turnover u/s 44AB)*

1. Payments made during the year on capital account
2. Payments made during the year on revenue account
3. Receipts during the year on capital account
4. Receipts during the year on revenue account

Schedule OS

Income of the nature referred to in section 56(2)(x) which is chargeable to tax

- A. Aggregate value of sum of money received without consideration
- B. In case immovable property is received without consideration, stamp duty value of property
- C. In case immovable property is received for inadequate consideration, stamp duty value of property in excess of such consideration
- D. In case any other property is received without consideration, fair market value of property
- E. In case any other property is received for inadequate consideration, fair market value of property in excess of such consideration

Schedule OS

- **Income u/s 59:** which mention that the provisions of Section 41(1) (Taxability on remission of trading liability) shall apply, so far as may be, in computing the income of an assessee u/s 56, as they apply in computing the income of an assessee under the head of PGBP.
- **Deduction not allowable u/s 58** – With a view to improve compliance of provision relating to TDS, amendment has been made in section 58 to provide that provisions of section 40(a)(ia) will, so far as they may be, apply in computing income from Other Sources as they apply in computing income chargeable under the head of income from PGBP.

ITR-7

Part A- General Info

Details of the projects/institutions run by you-

Following additional details

- a. Aggregate annual receipts, for each project/institution
- b. Date of registration or approval
- c. Instead of “*Section under which exemption claimed*” now you need to provide “**Section under which registered or approved**”

Part A- General Info

Following sections (B, C & D) removed / deleted:

- B. University/ Educational Institution/ Hospital/ Other Institution eligible for exemption u/s 10(23C)(iiiab), 10(23C)(iiiac) 10(23C)(iiiad) and 10(23C)(iii ae)
- C. Whether Registered u/s 12A/12AA?
- D. Whether approval obtained under section 35?

Still, assessee has to file above details in the following tables of Part A -

- Details of the projects/institutions run by you
- Details of registration or approval

Part B – Statement of Income

Old details	New details
If registered under section 12A/12AA, fill out items 1 to 7	If registered under section 12A/12AA or approved under section 10(23C)(iv) / 10(23C)(v) / 10(23C)(vi) / 10(23C)(via) fill out items 1 to 7 (as applicable)

- Scope of income to be included in Part-B of the ITR-7 has been enhanced.
- Now, institutions approved u/s 10(23C)(iv), 10(23C)(v), 10(23C)(vi) and 10(23C)(via) also has to report in the Part-B of ITR 7.

Schedule BP

Title of column A now read as “From business or profession other than speculative business and specified business *including business income as referred to in section 11(4A)*”

- Sec 11(4A) states that the profits and gains from business of trust should not be entitled for exemption u/s 11, hence should be taxable in the hands of the trust. Earlier these words were not mentioned but the income was still taxable under PGBP Head. So its more of a cosmetic change.

☞ The profit and gains of business which is incidental to the attainment of the objectives of the trust is entitled for exemption u/s 11.

Schedule VC

Following additional breakup under A(ii)

A. Local

ii. Other than corpus fund donation

...

(c) Other specific grants

...

In this schedule, any other specific grant is also added in the corpus fund donation while calculating the total voluntary contribution.

Schedule K

**Statement of particulars regarding the
Author(s) / Founder(s) / Trustee(s) /
Manager(s), etc., of the Trust or Institution**

To be mandatorily filled now.

Schedule LA: Political Party

Following info required in case of audited accounts -

- Date of furnishing of the audit report
- Name of the auditor signing the audit report
- Membership No. of the auditor
- Name of the auditor (proprietorship/ firm)
- Proprietorship/firm registration No.
- Permanent Account Number (PAN) of the auditor (proprietorship/ firm)
- Date of audit report

Schedule LA: Political Party

New questions added -

- Whether any donation exceeding two thousand rupees was received otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account or through electoral bond?
- Whether the return of income for the previous year as per provisions of section 139(4B) was furnished within the due date under section 139?

Schedule ET: Electoral Trust

Old Question	New Question
Whether the accounts have been audited?	Whether the accounts have been audited as per rule 17CA(12)?
If yes, date of audit	If yes, date of audit report in Form No.10BC
Whether the report as per rule 17CA(14) furnished to the Commissioner of Income-tax or Director of Income-tax?	Whether record of each eligible political party to whom the distributable contributions have been distributed (including name, address, PAN and registration number of eligible political party) was maintained?
None	Whether the report as per rule 17CA(14) furnished to the Commissioner of Income-tax or Director of Income-tax?

Schedule SI

Income chargeable to tax at special rates

New entries in list -

- 115B (Profits and gains of life insurance business)
- 115BBDA (Dividend Income from domestic company that exceeds Rs.10 Lakh)
- 115BBG (Tax on income from transfer of carbon credits)

Schedule SI

- 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 by levying the additional tax on 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 Finance Act, 2017 had introduced Section 115BBG to provide that any income from transfer of carbon credit shall be taxable at the concessional rate of 10 per cent (plus applicable surcharge and cess). No expenditure or allowance shall be allowed from such income.



Questions?

You may also view
recorded video on
following link:

<http://estv.in/icaai/02052018/index.php>

Thank you !!

Contact us

211-212, Amba Towers
Sector 9, Rohini
Delhi 110085
Ph: +91-11-4563 8630
Mob: +91-9810 575 565
Email: info@intellia.in