

Tax return forms for companies and persons (other than individuals and HUFs) for FY 2018-19

Issued on 10 April 2019

Summary

The government has notified¹ Income Tax Return (ITR) forms² for all taxpayers for the financial year 2018-19. Detailed instructions to fill the form are yet to be issued.

This alert brings out the salient features of the following ITR forms as applicable to taxpayers (other than individuals and HUFs).

ITR form	Applicability
ITR-5	For persons other than individual, HUF, company and person covered by Form ITR-7
ITR-6	Corporate tax return (except for companies claiming exemption under section 11)
ITR-7 ³	Return for taxpayers falling under the following categories: <ul style="list-style-type: none"> • Section 139(4A): Trust or other legal obligation engaged wholly or partly for charitable or religious purposes • Section 139(4B): Political parties • Section 139(4C): Research association, mutual fund, venture capital fund, etc. • Section 139(4D): University, college or other institution or others

¹ Notification no. 32/2019 dated 1 April 2019

² ITR-5, ITR-6 and ITR-7

³ Rule 12 of the Income-tax Rules have been amended to provide that ITR-7 shall not be available to taxpayer covered by section 139(4E) and 139(4F), ie Business Trust and Investment fund

ITR-5: Key changes

Particulars	Changes
Nature of business and manufacturing and trading account	<ul style="list-style-type: none"> • If more than one business or profession, three main activities/products⁴ to be provided; additionally, information on trade name of business to be given • Profit and loss account divided into manufacturing account, trading account, and profit and loss account
Profit and loss account	<ul style="list-style-type: none"> • Profit on conversion of inventory to capital asset under 28(via) required to be disclosed • The form prescribes computation of business income for cases falling under presumptive taxation⁵
Other information	<ul style="list-style-type: none"> • Amount of disallowance⁶ of expenses incurred for earning exempt income required to be disclosed • Marked-to-market loss or other expected loss as computed in accordance with the Income Computation and Disclosure Standards
House property	<ul style="list-style-type: none"> • PAN/TAN of tenant made compulsory if tax deducted u/s 194-IB or 194-I
Business and Profession Income	<ul style="list-style-type: none"> • Profit and gains from life insurance business referred to in section 115B and profit from activities covered under Rules 7, 7A, 7B(1), 7B(1A) and 8 of the Income-tax Rules, 1962 required to be disclosed • Disclosure of amount of expenditure debited to profit and loss account which relates to earning exempt income (other than section 14A)
Capital gains	<ul style="list-style-type: none"> • Details of pass-through income in the nature of short- and long-term capital gains to be disclosed • Rate of tax under the relevant double taxation avoidance agreement (DTAA) required to be disclosed • Separate computation mechanism provided in case of long-term capital gains (LTCG) from the sale of equity

⁴ Other than those declaring income under sections 44AD, 44ADA and 44AE

⁵ Under section 44AD, section 44ADA and section 44AE

⁶ Under section 14A

Particulars	Changes
	share or a unit on which securities transaction tax (STT) is paid
Other sources	<ul style="list-style-type: none"> Quarter-wise accrual/receipt of income from other sources required to be furnished
Donations details ⁷	<ul style="list-style-type: none"> Bifurcation between donation made through cash or other mode to be provided
Exempt income	<ul style="list-style-type: none"> Details of agricultural land sought in case income from agriculture exceeds INR 5 lakh Details of income not chargeable to tax under DTAA to be disclosed
Others	<ul style="list-style-type: none"> Information regarding partnership firms of which the taxpayer is a partner required to be disclosed Information regarding turnover/gross receipt reported in GST returns required to be disclosed

ITR-6: Key changes

Particulars	Changes
General information	<ul style="list-style-type: none"> Date of commencement of business required to be mentioned Information regarding the taxpayer being located in an International Financial Services Centre (IFSC) and earning income in convertible foreign exchange being sought Details of immediate and ultimate parent company, viz., country of residence, registration number or any UIN allotted in the country of residence, required to be mentioned in case of a foreign company Start-ups, recognised by the Department for Promotion of Industry and Internal Trade (DPIIT), required to report date of filing Form 2 and certificate number issued to it by the DPIIT and the Inter-Ministerial Board

⁷ Schedule 80G, 80GGA (scientific research and rural development) and research associations

Particulars	Changes
Balance sheet	<ul style="list-style-type: none"> • Details of sundry debtors, sundry creditors, amount of stock in trade and cash balances required to be mentioned where no books of accounts are maintained
Profit and loss account	<ul style="list-style-type: none"> • Profit on conversion of inventory to capital asset under section 28(via) • Computation of business income for case falling under section 44AE (goods carriage) prescribed
Other information	<ul style="list-style-type: none"> • Amount of disallowance⁸ of expenses incurred for earning exempt income required to be disclosed • Marked-to-market loss or other expected loss as computed in accordance with the Income Computation and Disclosure Standards
House property	<ul style="list-style-type: none"> • PAN/TAN of tenant made compulsory if tax deducted u/s 194-IB or 194-I
Business and profession	<ul style="list-style-type: none"> • Profit and gains from life insurance business referred to in section 115B and profit from activities covered under Rules 7, 7A, 7B(1), 7B(1A) and 8 of the Income-tax Rules, 1962 required to be disclosed • Disclosure of amount of expenditure debited to profit and loss account which relates to earning exempt income (other than section 14A)
Capital gains	<ul style="list-style-type: none"> • Details of pass-through income in the nature of short- and long-term capital gains to be disclosed • Rate of tax under the relevant DTAA required to be disclosed • Separate computation mechanism provided in case of LTTCG from sale of equity share or a unit on which STT is paid
Other sources	<ul style="list-style-type: none"> • Quarter-wise accrual/receipt of income from other sources required to be furnished • The accumulated balance from a recognised provident fund required to be disclosed stating the details of income and tax benefit

⁸ Under section 14A

Particulars	Changes
Details for donations made ⁹	<ul style="list-style-type: none"> • Bifurcation between donation made through cash or other mode also sought
Exempt income	<ul style="list-style-type: none"> • Details of agricultural land sought in case income from agriculture exceeds INR 5 lakh • Details of income not chargeable to tax under DTAA to be disclosed
Dividend Distribution Tax (DDT)	<ul style="list-style-type: none"> • Section under which dividend is declared and details regarding payment of DDT required to be reported
Foreign assets	<ul style="list-style-type: none"> • Details of Foreign Depository Accounts, Foreign Custodial Accounts, Foreign Equity and Debt Interest and Foreign Cash Value Insurance Contract or Annuity Contract required to be disclosed • The reporting of details of foreign bank accounts held deleted
Shareholding of unlisted company	<ul style="list-style-type: none"> • Shareholding details namely PAN, address, type of shares, face value and issue price required to be reported • Equity share application money pending allotment at the end of the previous year sought • Information of shareholder at any time during the year required to be disclosed
Shareholding of start-ups	<ul style="list-style-type: none"> • Like in case of unlisted companies, information of shareholders of start-ups (who have filed declaration in Form 2) required to be disclosed
Schedule GST	<ul style="list-style-type: none"> • Information regarding turnover/gross receipt reported in GST returns required to be disclosed
Assets and liabilities of unlisted companies and start-ups	<p>An unlisted company or a start-up required to furnish details of its assets and liabilities, such as:</p> <ul style="list-style-type: none"> • Assets: House property, equity shares and other securities held by it, capital contribution made in other entity or loans and advances extended, etc.

⁹ Schedule 80G, 80GGA (scientific research and rural development) and research associations

Particulars	Changes
	<ul style="list-style-type: none"> • Liabilities: In the nature of loans, deposits and advances taken from person other than financial institutions

ITR-7: Key changes

- **Applicability:** The Income-tax Rules, 1962 have been amended to provide that Business trusts and Investment funds (as covered by section 139(4D) and section 139(4E) of the Act respectively) shall not be eligible to file return in Form ITR-7.
- **Income and expenditure details:** The form seeks details of income and expenditure statement claiming exemption under various sections. Further, detailed disclosure of revenue expenditure incurred and applied is to be provided.
- **Partners/Members/Trust information:** The form seeks information of the partnership firm if the taxpayer is a partner in a firm.
- **Amount applied for stated objects:** The form seeks details regarding the cost of a new asset for claiming exemption under section 11(1A). It also requires separate disclosure of sources of funds to meet capital expenditure.
- **Other significant changes**
 - The requirement to report aggregate annual receipts of the projects/institution has now been removed.
 - Schedule for minimum alternate tax and alternate minimum tax has been removed.
 - Additional information regarding registration or approval obtained under any other law is sought.
 - Section under which exemption has been claimed will be required to be chosen from a drop-down list.
 - Value of contribution towards the objective is required to be disclosed in case of value of donation/contributions in kind but not converted into investment modes under section 11(5).
 - Disallowance for non-compliance with TDS provisions and cash payment exceeding prescribed threshold are required to be disclosed.

Our comments

The changes in the return form pertaining to taxpayers (other than individuals and HUF) primarily seek to increase the disclosure requirements across a section of taxpayers.

The new disclosure requirements in respect of start-ups, unlisted equity holdings, pass-through income, etc. should enable tax authorities to plug the gaps and monitor tax leakage on account of inadequate data. It is expected that the additional information available with the Tax Department will help the government in moving further on the automated scrutiny processes.

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