

Tax return forms for individuals and HUFs for FY 2018-19

Issued on 10 April 2019

Summary

The Central Board of Direct Taxes (CBDT) has notified¹ the Income Tax Return (ITR) forms² for the financial year 2018-19. Detailed instructions to fill the forms are yet to be issued. It is mandatory to file the ITR forms electronically, except in case of individuals over the age of 80 years, who may file paper returns.

This alert summarises the key changes introduced in the following ITR forms as applicable to the individuals and Hindu Undivided Families (HUFs).

ITR form	Applicability
ITR-1 (SAHAJ)	Resident and Ordinarily Resident (ROR) individuals having total income up to INR 50 lakh, having income from salaries, one house property, other sources and agricultural income up to INR 5,000
ITR-2	Individuals and HUF not having income from profits and gains of business or profession
ITR-3	Individuals and HUFs having income from profits and gains of business or profession
ITR-4 (SUGAM)	Individuals, HUFs and firms (other than LLPs) being a resident having total income up to INR 50 lakh and having income from business and profession computed under the Presumptive Taxation Scheme ³

¹ Notification no. 32/2019 dated 01st April 2019

² ITR-1 (Sahaj), ITR-2, ITR-3, ITR-4 (SUGAM)

³ Section 44AD, section 44ADA and section 44AE

ITR-1 (SAHAJ): Key changes

Applicability

Rule 12 of the Income-tax Rules, 1962 has been amended to provide that the following ordinarily resident individuals shall not be eligible to file return in Form ITR-1:

- A person who is a director in any company
- A person who has held any unlisted equity share at any time during the year
- A person who has claimed any deduction for earning income from other sources⁴
- A person who is assessable for any income on which tax has been deducted at source in the hands of any other person

Key changes in information disclosure requirement

- **Salary:** Allowances which have been claimed as exempt⁵ (eg, house rent allowance, leave travel allowance, etc.) are required to be shown separately. Further, deductions for professional tax, entertainment allowance and standard deduction claimed⁶ are also required to be disclosed separately.
- **House property:** Taxpayers are required to select the house as 'self-occupied', 'let-out' or 'deemed to be let out'. Any arrears of rent/unrealised rent received during the year are also required to be disclosed separately.
- **Income from other sources:** The option to claim deduction⁷ under the head 'income from other sources' has been restricted to family pension only.

ITR-2: Key changes

Applicability

Rule 12 of the Income-tax Rules, 1962 has been amended to provide that certain ordinarily resident individuals, ie persons who are holding directorship in any company or have invested in unlisted equity shares or have claimed deduction towards expenses incurred for earning income under the head 'other sources', are required to file a more comprehensive Form ITR-2 irrespective of their total income.

⁴ Other than specified deduction for family pension

⁵ Under section 10 of the Act

⁶ Under section 16 of the Act

⁷ Under section 57 of the Act. The section provides for deduction of expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning any income

Key changes in information disclosure requirement

- **Residential status:** Detailed disclosure introduced for individual taxpayers to assess their residential status in India:
 - Individuals who qualify as ‘ordinary resident’ or as ‘not-ordinary resident’ are required to provide information for their period of stay in India during the year and preceding 10 years
 - Non-resident individuals who are Indian citizens or person of Indian origin are required to disclose their period of stay in India for the year and preceding four years.
 - Non-resident individuals are also required to mention their country of residence, along with their taxpayer identification number in such jurisdiction.
- **Directorship details:** Individuals who are directors in any company are required to provide the company name, company’s Permanent Account Number (PAN), Director Identification Number (DIN) and information on whether the company’s shares are listed or unlisted.
- **Investment in unlisted equity shares:** Individuals holding unlisted equity shares at any time during the year are required to disclose name of the company, company’s PAN, number of shares held, shares acquired/sold during the year along with their cost of acquisition/sale consideration.
- **Alternate Minimum Tax (AMT):** Separate schedule introduced for calculating AMT liability and its credit⁸.
- **Foreign assets and income from any source outside India:** Details of foreign depository accounts, foreign custodial accounts, foreign equity and debt interest and foreign cash value insurance contract or annuity contract are required to be disclosed.

Specific changes in the various schedules forming part of ITR-2

Particulars	Changes
Income from salary	<ul style="list-style-type: none">• Allowances forming part of salary which are exempt in nature required to be shown separately along with the bifurcation for deductions claimed• Mandatory to disclose employer’s Tax Deduction Account Number (TAN)

⁸ Under section 115 JC of the Act

Capital gains	<ul style="list-style-type: none"> The following additional disclosures introduced in case of transfer of immovable property <ul style="list-style-type: none"> Value of property⁹ as per the Stamp Valuation Authority Name, PAN and percentage share of the buyer, and complete address of the immovable property Fields introduced to disclose long-term capital gains from sale of equity shares or units of equity-oriented funds
Other sources	<ul style="list-style-type: none"> The accumulated balance from a recognised provident fund required to be disclosed stating the details of income and tax benefit
Details of donations	<ul style="list-style-type: none"> Amount of donation to be bifurcated for donations made in cash or in other mode
Tax deduction at source	<ul style="list-style-type: none"> TDS credit of other person like spouse can also be claimed as per form 16A issued; PAN of such other person required to be mentioned.
Exempt income	<ul style="list-style-type: none"> In case the net agriculture income for the tax year exceeds INR 5 lakh, additional details like location of agricultural land, measurement of agricultural land, whether owned/leased, whether irrigated or rain-fed required to be furnished
Schedule HP, CG and OS - Reporting of pass-through income	<ul style="list-style-type: none"> Separate fields introduced in these schedules to disclose pass-through income from house property, capital gains and other sources

ITR-3: Key changes

The additional information disclosures introduced in Form ITR-2 pertaining to residential status, directorship held in companies, investment in unlisted equity shares, income from salary, income from house property, income from other sources, etc., have also been appropriately incorporated in Form ITR-3.

Other changes

- In case of an individual who is a partner in a Firm, the name of the Firm and its PAN are required to be disclosed.

⁹ As provided under section 50C of the Act

- The Form bifurcates the existing profit and loss account into trading account, manufacturing account and profit and loss account.
- Details of audit under any other act are required to be disclosed.
- The form seeks details of annual value of outward supplies as per the Goods and Services Tax (GST) returns filed.
- The form prescribes computation of business income for cases falling under presumptive taxation¹⁰.

ITR-4 (SUGAM): Key changes

Applicability

Rule 12 of the Income-tax Rules, 1962 has been amended to provide that the following ordinarily resident individuals shall not be eligible to file ITR-4 (such individuals will be required to file ITR-3):

- A person who holds directorship in a company
- A person who has invested in unlisted equity shares
- A person who has claimed deduction for earning income from other sources (other than specified deduction for family pension)
- A person who is assessable for any income on which tax has been deducted at source in the hands of any other person

Key changes in information disclosure requirement

Particulars/Schedules	Changes
Computation of presumptive income from goods carriages ¹¹	<ul style="list-style-type: none"> • Additional disclosures required in the form: <ul style="list-style-type: none"> – Registration number of goods carriage – Nature of goods carriage, ie., whether owned/leased/hired – Tonnage capacity of goods carriage (in MT)
Information regarding turnover/gross receipt reported for GST	<ul style="list-style-type: none"> • Details sought of annual value of outward supplies as per the GST returns filed (earlier, the amount of turnover/gross receipt as per GST returns was reported).

¹⁰ Under section 44AD, section 44ADA and section 44AE

¹¹ Under section 44AE of the Income- tax Act, 1961

Part B Gross Total Income (income from salary, house property and other income)	<ul style="list-style-type: none">• Additional information disclosures as introduced in Form ITR-2 incorporated in Form ITR-4
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Our comments

The new ITR forms have introduced additional disclosure requirements across the various heads of income for individual. Further, an individual falling in the prescribed category is required to file a more comprehensive Form ITR-2 instead of ITR-1. The government has also sought information on exempt income such as agriculture and accumulated balance in a recognised provident fund.

Individual taxpayers should carefully identify the return forms applicable to them and review the information required to be provided therein to ensure that relevant information is collated well in time to meet the tax return filing due dates.

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