

New ITR forms for individuals and HUFs for AY 2018-19

Summary

The Central Board of Direct Taxes (CBDT) has notified¹ new Income Tax Return (ITR) forms² for the Assessment Year 2018-19. Detailed instructions to fill the form and the utility for the same are yet to be notified. All the forms are to be filed electronically, except in specified cases where the taxpayer has an option to file in paper form. The new ITR forms seek to achieve the government's dual intent of rationalising the ITR forms, while at the same time capturing certain additional information from taxpayers.

Forms applicable to individuals and HUFs

Form No	Applicability
ITR-1 (Sahaj)	For Individual 'ordinary resident' having income from salaries, up to one house property, other sources (Interest etc.) and having total income up to INR 50 lakh.
ITR-2	For Individuals and HUFs not having income from profits and gains of business or profession.
ITR-3	For individuals and HUFs having income from profits and gains of business or profession.
ITR-4 (Sugam)	For presumptive income from business or profession.

¹ Notification no. 16/2018 dated 03rd April 2018

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

ITR-1 (Sahaj)

Change in applicability

- Applicability has been restricted to individuals who are **Resident and Ordinary Residents** with income from salaries, one house property, other sources and whose total income is up to INR 50 lakh.
- Non Residents and Not Ordinary Residents will not be eligible to file tax returns in ITR-1.

Key changes

- Additional details to be provided in case of income from salary and house property:
 - Salary – break-up to be provided for taxable allowances, perquisite value, profits in lieu of salary and deduction u/s 16.
 - House property – gross rent, local taxes paid, standard deduction and interest on housing loan to be mentioned.

Other changes

Particulars/Schedule	Changes
Part D: Computation of Tax Payable	<ul style="list-style-type: none">• New column introduced for fees on late filing of income-tax return.
Part E: Other Information-Schedule TDS	<ul style="list-style-type: none">• Tenant's name and PAN to be mentioned for TDS on rent received exceeding INR 50,000 per month. This is in line with requirement in section 194-IB.

ITR-2

Change in applicability

- Non Residents and Not Ordinary Residents to file ITR 2 irrespective of amount of total income.

Key changes

- Additional details to be provided in case of income from salary and house property:
 - Salary – break up to be provided for taxable allowances, perquisite value, profits in lieu of salary and deduction u/s 16.

- House property – Gross rent, local taxes paid, standard deduction and interest on housing loan.
- Details of deduction claimed against capital gains under each of the sections to be provided separately.
- Allows non-residents to furnish details of any one foreign bank account's swift code and IBAN to receive refund.

Other changes

Particulars/ Schedule	Changes
Part A: Gen – Residential status	<ul style="list-style-type: none"> ● Option to claim benefit u/s 115H in relation to the investment income derived from any foreign exchange asset is provided.
Part B: TTI (Computation of tax on total income)	<ul style="list-style-type: none"> ● Includes fee for default in furnishing return of income u/s 234F.
Schedule TDS	<ul style="list-style-type: none"> ● Tenant's name and PAN to be mentioned for TDS on rent received exceeding INR 50,000 per month. This is in line with requirement in section 194-IB.
Schedule CG (Capital Gains)	<ul style="list-style-type: none"> ● Changes made to report fair value of consideration for unquoted shares u/s section 50CA. ● Additional information to be reported on long term capital gain not chargeable to tax or chargeable at special rates in India as per DTAA. Applicable to both resident and non-resident taxpayers.
Schedule OS (Other Sources)	<ul style="list-style-type: none"> ● Income received u/s 56(2)(x) without consideration or inadequate consideration to be reported ● Income from carbon credits included in line with section 115BBG. ● In case of income from the activity of owning & maintaining race horses, 'amounts not deductible u/s 58' and 'profits chargeable to tax u/s 59' to be reported.

ITR-3

Key changes

- Revised form seeks CGST, IGST, SGST and UTGST amounts along with any credit outstanding.
- More detailed information to be disclosed in Schedule BP on any 'effect on the profit because of deviation' as per Income Computation Disclosure Standards (ICDS).

Other changes

Particulars/ Schedule	Changes
Part A: Gen – Residential status	<ul style="list-style-type: none">• Option to claim benefit u/s 115H in relation to the investment income derived from any foreign exchange asset is provided.
Part A – OI (Other income)	<ul style="list-style-type: none">• In point 9b, the limit of INR 20,000 for amount paid otherwise than by way account payee check has been done away with.
Part B – TI (Total income)	<ul style="list-style-type: none">• Additional disclosure on income from transfer of carbon credits u/s 115BBG.
Part B: TTI (Computation of tax on total income)	<ul style="list-style-type: none">• Non-residents to provide details of any one foreign bank account for the purpose of credit of refund.• New column for section 234F introduced for fees on late filing of income-tax return.
Details of TDS	<ul style="list-style-type: none">• Tenant's name and PAN to be mentioned for TDS on rent received exceeding INR 50,000 per month. This is in line with provisions u/s 194-IB.
Schedule BP (Business profits)	<ul style="list-style-type: none">• Additional disclosure required under relevant clause of section 35AD(5) with respect to taxpayer's business eligible for claiming deduction for expenses of capital nature.

Particulars/ Schedule	Changes
Schedule DPM and DOA (Depreciation on plant & machinery, Depreciation on other assets)	<ul style="list-style-type: none"> • Rate of depreciation rationalized to 15 per cent ,30 per cent and 40 per cent for plant and machinery • Rate for depreciation on buildings at the rate of 100 per cent replaced with 40 per cent <p><i>Change in rate of depreciation in ITR forms is consequent to notification³ released by the Government in 2016.</i></p> <ul style="list-style-type: none"> • Proportionate depreciation allowable in event of succession, amalgamation, demerger etc. to be disclosed.
Schedule CG (Capital gain)	<ul style="list-style-type: none"> • Gain from sale of shares by non-resident (Section 115AD & Section 115AC) to be bifurcated between quoted and unquoted shares. Details of fair market value and value adopted as per Section 50CA need to be separately disclosed for unquoted shares. • Details of deduction claimed against capital gains under each of the sections to be provided separately.
Schedule OS (Other sources)	<ul style="list-style-type: none"> • Income received u/s 56(2)(x) without consideration or inadequate consideration to be reported • Income from carbon credits included in line with section 115BBG. • In case of income from the activity of owning & maintaining race horses, 'amounts not deductible u/s 58' and 'profits chargeable to tax u/s 59' to be reported.
Schedule 10A	<ul style="list-style-type: none"> • The schedule seeking details in respect of units located in Special Economic Zone claiming deduction has been deleted.

³ Notification No. 103/2016 dated 7th November 2016

ITR-4 (Sugam)

Key changes

- Information regarding GSTR No. and turnover/gross receipt reported under GST return to be reported.
- Additional 'financial particulars of business' to be provided in AY 2018-19 vis-à-vis AY 2017-18. Information on Partner/member's own capital, secured/unsecured loans, advances, other liabilities, total capital and liabilities, fixed assets, balance with banks, loan and advances, other assets are required to be disclosed.

Other changes

Particulars/ Schedule	Changes
Part B – Total Income	<ul style="list-style-type: none">• Break-up of salary and income from house property to be provided on the same lines as ITR-1, ITR-2 and ITR-3.
Part D: Tax computation	<ul style="list-style-type: none">• New column for section 234F introduced for fees on late filing of income-tax return.• Foreign bank account details can be furnished by Non-residents for claiming refund of taxes.
Schedule TDS	<ul style="list-style-type: none">• Tenant's name and PAN to be mentioned for TDS on rent received exceeding INR 50,000 per month. This is in line with provisions u/s 194-IB.

Our comments

The government's commitment to enhance taxpayer experience is reflected in the new ITR forms being notified in the first week of April itself. Introducing columns to report GST-related information in case of taxpayers with income from business or profession is a move towards aligning the overall tax data being captured by the government post the GST rollout in July 2017. Permitting non-resident taxpayers to furnish details of any one foreign bank account for credit of refund is a welcome step.



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