

**Technical Guide**  
**on**  
**Understanding**  
**Income Tax Return Forms**  
**For AY 2018-19**



**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
**New Delhi**

# **Technical Guide on Understanding Income Tax Return Forms for AY 2018-19**



**Direct Taxes Committee**  
**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
**New Delhi**

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## Foreword

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Taxation is a core competence area for many of our members. With the financial understanding and knowledge of laws our members are exceedingly doing well in the taxation related work. It is also a highly dynamic subject as changes are quite frequent and regular. The dynamism brings newer challenges and enhances interest in the subject.

With the increasing complexity in taxation laws, their different interpretations, scope for litigations, the scope of Chartered Accountancy services has also increased manifold. With a view to cope with these challenges emerging in the area of taxation, Chartered Accountants must keep on enhancing their professional competencies to reach newer heights of success.

The CBDT has recently notified the new ITR Forms applicable for AY 2018-19 vide notification no. 16/2018, dated 03.04.2018. These ITR Forms contain significant changes which need due analysis. The fraternity inter alia enhances tax compliances in an effective manner.

I am glad that the Direct Taxes Committee has brought such a beneficial publication in such a short span of time to enable members to understand new ITR forms.

I would like to compliment the efforts and contribution of CA. Tarun Jamnadas Ghia, Chairman Direct Taxes Committee, CA. Sanjiv Kumar Chaudhary, Vice-Chairman, Direct Taxes Committee, CA. Sanjay Kumar Agarwal and all members of Direct Taxes Committee in initiating and finalizing this publication.

I am confident that the Direct Taxes Committee would keep up the good work of enhancing the knowledge & expertise of the members in the field of taxation.

Date: 11<sup>th</sup> June, 2018  
Place: New Delhi

**CA. Naveen N.D. Gupta**  
**President, ICAI**



# Preface

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Direct Taxes continues to be a pre dominant area of interest to the chartered accountants including those in practice as also to a great extent those in employments. Voluminous and frequent changes in the compliances have made direct tax compliance including filling in and filing of income tax returns a specialised task and need to be taken seriously as such. The chartered accountants, imbued with combination of knowledge of provisions of income tax law and e aspects and continuing updations duly supported by CPE programmes, have emerged as a predominant professional class inter alia in the income tax compliances, planning and litigations.

Recently, the CBDT has notified new Income Tax Return Forms applicable for the Assessment Year 2018-19 vide notification no. 16/2018, dated 03.04.2018.

As you all are aware the ICAI has always been proactive in disseminating the knowledge and sharpening the skills of its members. In furtherance of such purpose, the Direct Taxes Committee of ICAI has come out with this publication to guide the members on the key changes made in the ITR Forms applicable for AY 2018-19 and also to augment their knowledge on the rationale behind various changes that have been made.

Through this publication, an effort has been made to enable the members to grasp and understand the significant changes, their implications, procedural aspects concerned with filling in various columns of such returns. An effort has been made to keep the language simple and supported by due examples. The authorities in charge of systems have also gone through the technical contents to enhance usefulness of the publication.

We are confident that the team work of co authors CA. Avinash Rawani, CA. Vinay Kawdia, CA. Sanjay Kumar Agarwal and CA. Tarun Jamnadas Ghia in bringing out this publication in a short span will prove to be quite useful to the membership and stakeholders and will add to the goodwill of the ICAI. We are sure this publication will help the members in discharging their professional commitments in a more confident and timely manner.

**CA. Tarun Jamnadas Ghia**  
**Chairman**  
**Direct Taxes Committee, ICAI**

**CA. Sanjiv Kumar Chaudhary**  
**Vice Chairman**  
**Direct Taxes Committee, ICAI**

Date: 11<sup>th</sup> June, 2018  
Place: New Delhi



## Message of Pr. DGIT (Systems), CBDT

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Income Tax Department has been a key partner in nation building through their progressive tax policies, efficient tax administration and effective compliance management.

Income Tax Department is constantly reviewing its policies, operating approach and procedures for being responsive and adaptive to the changing business and legislative environment and to achieve the said objectives, the Department is working hand in hand with the stakeholders and partners.

The Department has introduced various initiatives such as the increased coverage of E-filing of Income Tax Returns & Forms, Compliance Portal, E-assessment program, the Centralised Communication Scheme etc., in order to inculcate greater transparency and accountability.

Recently, the Income Tax Department has notified the Income Tax Return Forms & their utilities applicable for AY 2018-19. We have tried to make the forms simple and user friendly. Also, the CBDT has expanded the scope of disclosure requirements in the ITR Forms to ensure greater transparency and lesser litigation.

I am very happy that the Institute of Chartered Accountants of India is bringing out this publication for taxpayers and Members which includes all the recent changes in the ITR forms and the rationale behind those changes to facilitate accurate Income Tax Return filing. Most of the key issues have been highlighted and solutions presented in a logical manner. I wish to acknowledge the sincere contribution of the Members of Direct Taxes Committee of ICAI and the officials of the Committee for their unstinted efforts in bringing up such a useful publication for the benefit of the members.

I hope taxpayers and Members make full use of this booklet to prepare and submit the Income Tax Return early. I am sure that together with the support of tax professionals, the Department can go a long way in providing world class taxpayer service. I wish ICAI all the best in this fruitful endeavour.

Date: 11<sup>th</sup> June, 2018  
Place: New Delhi

**Shri. Harish Kumar**  
**Pr. DGIT(Systems), CBDT**





# Technical Guide on Understanding Income Tax Return Forms for AY 2018-19

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## **1. INTRODUCTION**

Section 139(1) of the Income-tax Act, 1961 (hereinafter referred to as “Act”) mandates each person to file/submit the Return of Income on or before the due date prescribed under the Act, based on the irrespective category and status. The due dates and return of income to be filed is based on the nature of income, applicability of the audits and other provisions of the Act. The reporting of income to be declared is the criteria for selection of the prescribed ITR and submission of the form online as per the amended provisions of the Act. The Act prescribes that every individual or HUF or AOP or BOI or AJP having income exceeding the specified basic exemption limit as per the applicable Finance Act, before availing the deductions under Chapter VIA to file and submit the return of income. For firms and companies, the Act mandates for compulsory filing despite having incurred a loss. CBDT prescribes the reporting of income in the requisite prescribed formats notified under Rule 12 of the Income-tax Rules, 1962.

Vide Notification No. G.S.R. 332(E) dated 3rd April, 2018, the CBDT has, in exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961, notified new Income Tax Returns, which are applicable for the Assessment Year 2018-19. These Income Tax Return Forms have been made available on the website of Income tax Department. It may be noted that there has been no change in the number of forms in comparison to the previous Assessment Year i.e. AY 2017-18. The ITR forms have been modified not only to bring the forms in line with the amendments applicable to A.Y. 2018-19, but also to get the additional information directly from the assessee which can be used for precise processing of returns u/s 143(1) and more informed selection of cases for scrutiny. The declarations made by the assessee in the ITR form can now be cross checked and verified with the information collected from the other tax authorities/departments, to ensure that the income earned does not escape tax.

## 2. NEW ITRs'-A BIRD'S EYE VIEW

Particulars	ITR-1	ITR-2	ITR-3	ITR-4	ITR-5	ITR-6	ITR-7
Status of Assessee	Resident Individual	Individual and HUF	Individual and HUF	Individual and HUF	Other than Individual & HUF, Company & Person not liable to file ITR-7 i.e. Firms, AOP, BOI and LLP	Companies other than those claiming exemption under Section 11	Trust, Political parties Persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) or 139(4E) or 139(4F)
Nature of Income	Salary, One House Property, Other Income (i.e. Interest) and total income upto Rs 50 Lakhs	All Income except Business Income and those Individual & HUF who are not eligible to file ITR-1	All Incomes including Business Income	Presumptive Income	All Income other than income claimed exempt under Section 11	All Income	All Income

Particulars	ITR-1	ITR-2	ITR-3	ITR-4	ITR-5	ITR-6	ITR-7
E-Filing Mandatory	Yes (Exemptions in certain cases)	Yes	Yes	Yes (Exemptions in certain cases)	Yes	Yes	Yes
Exemptions from E-Filing	Super Senior Citizens, Income below 5 Lakhs and No Refund	-	-	Super Senior Citizens, Income below 5 Lakhs and No Refund	-	-	-
Digital Signature Mandatory/ Optional	Optional	Optional	Optional	Optional	Mandatory in Audit Cases	Mandatory	Mandatory for Political Parties

Note: The options available for e-verification of the ITRs' where digital signature is not mandatory are:-

- Through Net Banking or Demat Account, if the bank account is linked with mobile and the bank is scheduled or nationalized bank;
- Through Aadhar OTP;
- Those assesseees who have income below Rs. 5 Lakhs, has the option to e-verify through email OTP and Mobile OTP;
- By sending the ITR-V signed physically through Post at CPC, Bengaluru.

### 3. APPLICABILITY OF ITRs' FOR A.Y. 18-19- NATURE OF INCOME WISE ANALYSIS

#### INDIVIDUAL AND HUF

NATURE OF INCOME	ITR 1 (only Resident IND)	ITR 2	ITR-3	ITR-4
Income from salary/pension (for ordinarily resident person)	YES	YES	YES	YES
Income from salary/pension (for RNOR & NR person)	-	YES	YES	YES
Income or loss from one house property (excluding brought forward & carried forward losses)	YES	YES	YES	YES
Income or loss from more than one house property	-	YES	YES	-
Agricultural income exceeding Rs. 5,000	-	YES	YES	-
Total income exceeding Rs. 50 lakhs	-	YES	YES	YES
Income from other sources (other than winnings from lottery and race horses or losses under this head)	YES	YES	YES	YES
Income from other sources (including winnings from lottery and race horses or losses under this head)	-	YES	YES	-
Capital gains/loss on sale of Capital assets	-	YES	YES	-
Interest, salary, share of profit, etc. received by a partner from a partnership firm.	-	-	YES	-
Income from business or profession (Non Speculative)	-	-	YES	-
Income from presumptive business	-	-	YES	YES
Income from Speculative Business and other special incomes	-	-	YES	-
Income from an agency business or income in the nature of commission or brokerage	-	-	YES	-

NATURE OF INCOME	ITR 1 (only Resident IND)	ITR 2	ITR-3	ITR-4
Income from foreign sources/ assets/any account outside India	-	YES	YES	-
Claim of relief of tax under sections 90, 90A or 91	-	YES	YES	-
Dividend income exceeding Rs. 10 lakhs taxable under Section 115BBDA	-	YES	YES	-
Voluntary offer of income under Sections 68, 69, 69A, etc. [taxable at 60% u/s 115BBE)	-	YES	YES	-
Income to be apportioned under Section 5A (Relating to clubbing of Income for Portuguese Citizens)	-	YES	YES	YES
Adjustments of Brought Forward Losses of earlier years	-	YES	YES	-

#### OTHER ASSESSEES (OTHER THAN INDIVIDUAL & HUF)

STATUS OF ASSESSEE	ITR 4	ITR 2	ITR-3	ITR-4
Firm (excluding LLPs) opting for presumptive taxation scheme	YES	YES (Op- tional)		
Firm (including LLPs), AOP, BOI, AJP and Local Authority		YES		
Companies other than companies claiming exemption under Sec. 11			YES	
Persons required to furnish return under:				YES

Changes in ITRs' are generally offshoots of various amendments by relevant Finance Act, Taxation Laws Amendment Act, CBDT circulars /Notifications etc. Further, certain contrary judicial rulings also prompt the Government to amend the concerned provisions of the Act and resultant ITR schema. The key amendments in the law and the rationale behind all such amendments, judicial rulings overruled, etc. are discussed hereunder.



#### **4. KEY AMENDMENTS BY F.A. 2017 / CBDT CIRCULARS / NOTIFICATIONS ETC. NECESSITATING CHANGES IN ITR SCHEMA FOR A.Y. 18-19**

- Basic exemption limit is Rs. 2,50,000/- for A.Y. 18-19 (same as A.Y. 2017-18). However, tax rate for slab of income from Rs.2,50,001/- to Rs.5,00,000/- is reduced to 5% - (It was 10% for A.Y. 17-18).
- Tax rebate u/s 87A is reduced to Rs.2,500/- from Rs.5,000/- per year for taxpayers (only for individual resident in India) with total income up to Rs.3,50,000 /- (Rs.5,00,000 for A.Y. 17-18).
- **Capital gain in respect of Land and Building:** Holding Period for an asset to become Long Term Capital Asset has been reduced from 3 years to 2 years. Base year has been shifted from 01/04/1981 to 01/04/2001 with new cost inflation indices from year 2001-2002. **[Section 2(42A)r.w. Not. No. S.O. 1790(E) dt. 05.06.2017]**
- Surcharge at 10 percent of tax levied on rich taxpayers (i.e Individual/ HUF/ AOP/ BOI/ AJP) with income exceeding Rs.50 Lakh but upto Rs.1 Crore. The rate for surcharge for the super-rich, with income above Rs.1 Crore remains at 15%.
- Corporate tax rate for the A.Y. 18-19 for companies with annual turnover up to Rs.50 crores (in F.Y. 2015-16) is reduced to 25%.
- In case IND-HUF carrying on business / profession, turnover limit under section 44AA (2) for non-maintenance of books of accounts, the limit is increased to Rs 25 Lacs and income limit increased to Rs. 2.5 Lacs.
- Time period for revision of ROI reduced to one year (from 2 years) from the end of relevant financial year or before completion of assessment, whichever is earlier. For eg. ROI for A.Y. 18-19 filed on or before 31.03.19 can be revised up to 31.03.19 presuming that the assessment is yet to be completed **[Section 139(5)]**.
- From A.Y. 2018-19, if return of income is not filed within the due date prescribed u/s 139, late fee of Rs.5,000 shall be payable for delay up to 31st December and Rs.10,000 in any other case. Such fee will be restricted to Rs.1, 000 for small taxpayers with income up to Rs.5 lakh **[Section. 234F]**.

- Section 12A registered trusts to loose exemption u/s 11, if ROI filed after due date u/s 139(4A) w.e.f. AY 18-19. [**Section 12A(1)(ba)**]
- Where section 12AA registered trust modifies its object clause, an application is to be made within 30 Days to Pr. CIT or CIT for approval in Form No. 10A. [**Section 12A(1)(ab)**]
- Cash donations made to charitable trusts/institutions exceeding Rs.2000 will not be eligible for deduction under section 80G.
- Any corpus donation made out of its income by section 12AA registered trust to another section 12AA registered trust shall not be treated as application of income for charitable or religious purposes. [**Explanation 2 below Section 11(2)**]
- Loss under the head House Property can be set off against income under other heads of income to the extent of Rs. 2 lakhs only. [**Section. 71(3A)**]
- All assets which were earlier eligible for depreciation at rate above 40%, rate now restricted to 40%. [Rule 5 of I.T. Rules]
- Deduction for first time investors in listed equity shares or listed units of equity oriented funds under the Rajiv Gandhi Equity Savings Scheme under section 80CCG of IT Act 1961 is withdrawn from FY 2017-18. If an individual has already claimed deduction under this scheme before April 1, 2017, they shall be allowed to avail a deduction for the next two years.
- Section 50CA (introduced by Finance Act, 2017) deals with the transfer of unquoted shares and provides that for the purpose of Section 48, consideration for transfer of such shares shall be deemed to be the fair market value calculated as per Rule 11UA and 11UAA as on the valuation date if the sale consideration is less than its Fair Market Value.
- Finance Act, 2017 has widened the scope of provisions dealing with the taxability of gifts. A new clause (x) was inserted in Sec 56(2) whereby any sum or property received without any consideration or inadequate consideration (in excess of INR 50,000) shall be taxable as 'Income from other sources'. This clause is applicable to all taxpayers. However, certain sums of money have been kept out of the scope of section 56(2)(x). Earlier this provision was applicable only to an Individual and HUF up to A.Y. 17-18.

- Section 115BBDA provides for levy of additional tax on dividend income received from domestic companies, if it exceeds Rs. 10 lakhs in aggregate. Earlier this section was applicable only to 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) (iv)/(v)/(vi)/(via) and a trust registered under Section 12A or 12AA.
- Section 10(38) has been amended to provide that exemption under this section for income arising on transfer of equity share acquired or on after 01-10-2004 shall be available only if the transaction of acquisition of share is chargeable to STT [Class of acquisition transactions which are not chargeable to STT and to which the section applies has been notified by Not. No. 43/2017 dt. 05.06.17].
- Section 58 of the Income-tax Act has been amended so as to provide that the provisions of section 40(a)(ia) of the Income-tax Act shall, so far as they may be, apply in computing income chargeable under the head "Income from other sources" as they apply in computing income chargeable under the head "Profit and gains of Business or Profession".
- A new section 115BBG has been introduced to provide that any income from transfer of carbon credits shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess). No expenditure or allowance shall be allowed from such income.
- A political party will lose its tax exemption if donation exceeding Rs. 2,000 is received other than by an account payee cheque or draft or ECS or electoral bonds. Further, political parties filing return u/s 139(4B) are required to file the same on or before due date specified u/s 139 of the Act. [**Section 13A**]
- ***Increase in time limit to carry forward MAT and AMT credit [Sections 115JAA and 115JD]:*** Currently, Section 115JAA allows carry forward of MAT credit up to ten assessment years. The time period is proposed to be increased to fifteen assessment years.

Similar amendment is proposed in section 115JD so as to allow carry forward of AMT Credit up to fifteen assessment years in case of non-corporate assessee.

- ***Increase in deduction for provision for bad and doubtful debts[Section 36(1)(viiia)]:*** Banks or Co-operative banks are allowed to claim deduction in

respect of provision for bad and doubtful debts, *inter-alia*, up to 7.5% of their total income before making any deduction under Chapter VIA. The above limit has been increased to 8.5% w.e.f. A.Y. 18-19.

- In order to disincentivise cash transactions, section 40A of the Income-tax Act has been amended to provide for the following:
  - (i) To reduce the threshold of cash payment to a person from twenty thousand rupees to ten thousand rupees in a single day;
  - (ii) To expand the specified mode of payment under respective subsection of section 40A of the Income-tax Act to by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account. **[Section 40A(3)]**
  
- Section 43B of the Income-tax Act has been amended to provide that any sum payable by the assessee as interest on any loan or advances from a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year. **[Section 43B]**

## 5. RATIONALE BEHIND THE SELECT AMENDMENTS - CBDT CIRCULAR NO. 2 OF 2018 DT. 15.02.18 AND CERTAIN CONTRARY JUDICIAL RULINGS

**Late Fee u/s 234F:** In view of the non-intrusive information-driven approach for improving tax compliance and effective utilization of information in tax administration, it is important that the returns are filed within the due dates specified in section 139(1) of the Income-tax Act. Further, the reduced time limits provided for making of assessment are also based on pre-requisite that returns are filed on time. In order to ensure that return is filed within due date, a new section 234F has been inserted in the Income-tax Act to provide for fee for delay in filing returns.

Consequentially, it is also provided that the provisions of section 271F of the Income-tax Act in respect of penalty for failure to furnish return of income shall not apply in respect of assessment year 2018-19 and onwards.

**Reduction in time to file revised return u/s 139(5):** In order to expedite scrutiny assessments, it is critical that the returns for an assessment year also freeze by the end of the assessment year. Therefore, the provisions of sub-section (5) of section 139 of the Income-tax Act have also been amended to provide that the time for furnishing of revised return shall be available up to the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

**Profit on transfer of unquoted shares-Section 50CA:** In order to ensure that the full value of consideration is not understated, the Income-tax Act also contains provisions for deeming of full value of consideration in certain cases such as deeming of stamp duty value as full value of consideration for transfer of immovable property in certain cases.

In order to rationalise the provisions relating to deeming of full value of consideration for computation of income under the head "capital gains", a new section 50CA has been inserted in the Income-tax Act so as to provide that where consideration for transfer of share of a company (other than quoted share) is less than the Fair Market Value (FMV) of such share determined in accordance with the prescribed manner, the FMV shall be deemed to be the full value of consideration for the purposes of computing income under the head "Capital gains".

**Disallowances under the head other sources for TDS defaults-Section 58:** Section 58 of the Income-tax Act specifies the amounts which are not deductible in computing the income under the head "Income from other sources".

For computing income under the head “Profits and gains of business or profession”, a disallowance is made for non-deduction of tax from payment to resident also. With a view to improve compliance of provisions relating to tax deduction at source (TDS), section 58 of the Income-tax Act has been amended so as to provide that the provisions of section 40(a)(ia) of the Income-tax Act shall, so far as they may be, apply in computing income chargeable under the head “Income from other sources” as they apply in computing income chargeable under the head “Profit and gains of business or Profession”.

***Restriction on set-off of loss from House Property-Section 71(3A):*** In line with the international best practices, a new sub-section (3A) has been inserted in the section 71 to provide that set-off of loss under the head Income from house property against any other head of income shall be restricted to two lakh rupees for any assessment year. However, the unabsorbed loss shall be allowed to be carried forward for set-off in subsequent years in accordance with the provisions of the Income-tax Act.

***Taxation of dividend income - Section 115BBDA:*** Before amendment, the provisions contained in section 115BBDA of the Income-tax Act specified that income by way of dividend in excess of Rs. 10 lakh shall be chargeable to tax at the rate of 10% on gross basis in case of a resident individual, Hindu undivided family or firm.

With a view to ensure horizontal equity among all categories of tax payers deriving income from dividend, section 115BBDA has been amended so as to specify that the provisions of said section shall be applicable to all resident assessee except domestic company and certain funds, trusts, institutions, etc.

***Deemed gifts-Section 56(2)(x):*** In order to prevent the practice of receiving the sum of money or the property without consideration or for inadequate consideration, a new clause (x) has been inserted in sub-section (2) of section 56 of the Income-tax Act so as to provide that receipt of the sum of money or the property by any person without consideration or for inadequate consideration in excess of Rs. 50,000 shall be chargeable to tax in the hands of the recipient under the head “Income from other sources”. Earlier, the scope of section was limited to such receipts only in the hands of Individual and HUF [S. 56(2)(vi) up to A.Y. 17-18]. The scope of exceptions has also been widened by including the receipt by certain trusts or institutions and receipt by way of certain transfers not regarded as transfer under section 47 of the Income-tax Act.

Consequential amendments have also been made under section 49 of the Income-tax Act for determination of cost of acquisition and section 2(24) of the Income-tax

Act to include sum of money or value of property referred to in section 56(2)(x) of the Income-tax Act in the definition of income.

**Rulings no longer relevant:** Any sum exceeding Rs. 50,000/- can fall within ambit of section 56(2)(vi) only if it is received by an individual or HUF; where assessee was an AOP, sum of Rs. 1.60 crore received by it without consideration could not be included in its total income within the framework of section 56(2)(vi) [Now 56(2)(x)] [Mridu Hari Dalmia Pariwar Trust vs. AO [2016] 179 TT] 577 (Delhi), etc.]

**Exemption of LTCG u/s 10(38):** Clause (38) of Section 10 of the Income-tax Act, before amendment by the Finance Act, 2017, provided that the income arising from a transfer of long term capital asset, being equity share of a company or a unit of an equity oriented fund, shall be exempt from tax if the transaction of sale is undertaken on or after 1st October, 2014 and is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No.2) Act, 2004.

It has been noticed that exemption provided under section 10(38) is being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. With a view to prevent this abuse, section 10(38) has been amended to provide that exemption under this section for income arising on transfer of equity share acquired or on after 01-10-2004 shall be available only if the acquisition of share is chargeable to STT. However, the exemption shall continue in genuine cases where the STT could not have been paid like acquisition of share in IPO, FPO, bonus or right issue by a listed company, acquisition by non-resident in accordance with FDI policy, etc. [Refer Not. No. 43/2017 dt. 05.06.17]

**Rulings overruled by this amendment:** Where assessee having purchased shares in physical form, converted them in Dematerialisation form and thereupon sale of those shares was carried out through recognized stock exchange after paying securities transaction tax, said transactions were to be regarded as genuine in nature and, therefore, assessee's claim for exemption under section 10(38) was to be allowed. [ITO v. Ajay Shantilal Lalwani [2012] 52 SOT 101 (URO) (Pune), ITO v. Smt. Aarti Mittal [2014] 149 ITD 728 (Hyd.), Etc.]

**Income from transfer of carbon credits-Section 115BBG:** In order to bring clarity on the issue of taxation of income from transfer of carbon credits and to encourage measures to protect the environment, a new section 115BBG has been inserted in the Income-tax Act so as to provide that where the total income of the assessee includes any income from transfer of carbon credit, such income shall be taxable at the concessional rate of ten per cent (plus applicable surcharge and cess) on

the gross amount of such income. No expenditure or allowance in respect of such income shall be allowed under the Income-tax Act.

***Rulings no longer relevant:*** Since carbon credit was generated out of environmental concerns and it was not having character of trading activity, receipt from sale of carbon credit was capital receipt and not business income. [CIT v. Subhash Kabini Power Corporation Ltd. [2016] 69 taxmann.com 394 (Kar.), *CIT v. My Home Power Ltd.* [2014] 46 taxmann.com 314 (AP), *DCIT v. Kalpataru Power Transmission Ltd.* [2017] 162 ITD 18 (Ahd.) etc.]

***Change or modifications of object by charitable institutions-Section 12A(1)(ab):*** The provisions of section 12AA of the Income-tax Act provide for registration of the trust or institution which entitles them to the benefit of sections 11 and 12. Section 12AA also provides the circumstances under which registration can be cancelled, one such circumstance being satisfaction of the CIT that its activities are not genuine or are not being carried out in accordance with its objects subsequent to grant of registration. However, before amendment by the Act, there was no explicit provision in the Income-tax Act which mandates said trust or institution to approach for fresh registration in the event of adoption or undertaking modifications of the objects after the registration has been granted.

Therefore, section 12A of the Income-tax Act has been amended to provide that where a trust or an institution has been granted registration under section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996] and, subsequently, it has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, it shall be required to obtain fresh registration by making an application within a period of thirty days from the date of such adoption or modifications of the objects in the prescribed form and manner.

Further, amendment to section 12A of the Income-tax Act has been made so as to provide for additional condition that the person in receipt of the income chargeable to income-tax shall furnish the return of income within the time allowed under section 139 of the Income-tax Act.

***Ruling affirmed by the said amendment:*** Mumbai Tribunal held that when there was change in objects of assessee-society which had been granted registration under section 12A, it couldn't claim automatic benefits under sections 11 and 13 for those altered objects unless said changes were vetted by revenue authorities. [*Board of Control for Cricket in India v. ITO 136 ITD 301 (Mum.)*]



**No exemption for corpus donation by exempt entities to other exempt entities- Explan. 2 to Section 11(2):** Earlier, donation given by these exempt entities to another exempt entity, with specific direction that it shall form part of corpus, was though considered application of income in the hands of donor trust but was not considered as income of the recipient trust. Trusts, thus, engaged in giving corpus donations without actual applications.

Therefore, a new Explanation has been inserted to section 11 of the Income-tax Act so as to provide that any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1) of section 11, being contributions with specific direction that they shall form part of the corpus of the trust or institution, shall not be treated as application of income.

A proviso has also been inserted in clause (23C) of section 10 of the Income-tax Act so as to provide similar restriction as above on the entities exempt under sub-clauses (iv), (v), (vi) or (via) of said clause in respect of any amount credited or paid out of their income.

**Transparency in political fundings-Section 13A:** The provisions of section 13A of the Income-tax Act provide inter alia that political parties that are registered with the Election Commission of India are exempt from paying income-tax. To avail the exemption, the political parties are required to submit a report to the Election Commission of India as mandated under sub-section (3) of section 29C of the Representation of the People Act, 1951 (43 of 1951) furnishing the details of contributions received by a political party in excess of Rs. 20,000 from any person. However, before amendment by the Act, there was no restriction of receipt of any amount of donation in cash by a political party. Further, before amendment by the Act, filing of the return was not a condition precedent for availing exemption under the said section.

In order to discourage the cash transactions and to bring transparency in the source of funding to political parties, section 13A of the Income-tax Act has been amended so as to provide for additional conditions for availing the benefit of the said section which are as under:

- (i) No donations of Rs.2000/- or more is received otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bonds.
- (ii) Political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (4B) of section 139 on or before the due date under section 139 of the Income-tax Act.

## 6. CHANGES IN THE REQUIREMENTS AND DISCLOSURE OF THE INFORMATION

<b>ITR-1 :</b>	<i>For individuals being a resident other than not ordinarily resident having Income from Salaries, one house property, other sources (Interest etc.) and having total income up to Rs. 50 lakh:</i>
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For Assessment Year 2018-19, a one page simplified ITR 1 (Sahaj) has been notified. In ITR 1 of A.Y.2018-19, certain details relating to salary and income from house property have to be mandatorily filled in the form itself.

- In case of salary, the details relating to salary (excluding all allowances, perquisites and profits in lieu of salary), allowances not exempt, value of perquisites, profits in lieu of salary and deductions under section 16 have to be filled up to arrive at the income chargeable under the head “Salaries”.
- Likewise, in case of income from house property, the details relating to gross rent received/receivable and taxes paid to local authorities have to be filled up to arrive at the annual value. Thereafter, deductions @ 30% of annual value and interest payable on borrowed capital has to be filled up to arrive at the income chargeable under the head “Income from house property”.

Only an Individual, who is an ordinarily resident in India, can file income-tax return in Form ITR-1.

<b>ITR-2 :</b>	<i>For Individuals and HUFs not having income from profits and gains of business or profession:</i>
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Income from Business or Profession is no more reportable in this return and accordingly all the relevant schedules for reporting have been deleted and further the assessee's opting for presumptive tax regime also cannot use this return. Last year (i.e. A.Y.2017-18), individuals and HUFs in receipt of salary, bonus, commission or remuneration from a firm in which they are partners, or in receipt of interest on capital from the firm, could also file ITR 2. This year, such persons have to file ITR 3.

<b>ITR-3 :</b>	<i>For individuals and HUFs having income from profits and gains of business or profession:</i>
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Income from Business or Profession (either from presumptive or normal) earned by an Individual or HUF can be reported in this return.

For presumptive income though there is a separate return prescribed but the Assessee has the option to use this form also.

Other changes are reported in the common clauses.

<b>ITR-4 :</b>	<i>For presumptive income from Business and Profession by Individuals, HUF and Firms :</i>
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ITR 4 (SUGAM) can be used by eligible assesseees having presumptive income from business or profession. Thus, eligible assesseees having only presumptive income under section 44AD, 44ADA or 44AE, under the head "Profits and gains of business or profession" have to file return in ITR 4. In addition, they may have salary income, income from one house property and income from other sources. (Except winning from lotteries etc).

In addition to the other changes reported, the information relating to the Goods & Service Tax is required to be given, if the assessee is registered with the Goods & Service Tax Authorities. The details sought are as under:

1. Information relating to the GST Number and the Turnover/Gross Receipt as per GST return filed. It should be ensured that the details provided are verified correspondingly with GST Returns, if applicable and also with Form 26AS.
2. Further, as regards financial particulars of the business, ITR 4 for A.Y.2017-18 sought only information relating to amount of a) total sundry debtors, (b) total sundry creditors, (c) total stock-in-trade and (d) cash balance. The new ITR 4 for A.Y.2018-19, in addition to sundry creditors, seeks details of partners/members own capital, secured and unsecured loans, advances and other liabilities. The total capital and liabilities would be the sum of the figures of the above assets.

Likewise, in addition to the three items of assets which are required to be disclosed in ITR 4 for A.Y.2017-18, ITR 4 for A.Y.2018-19 seeks details of balance with banks, loans and advances and other assets. The total assets would be the sum of the figures of the above assets.

The required details have been depicted below:

<b>FINANCIAL PARTICULARS OF THE BUSINESS</b>			
NOTE-For E11 to E25 furnish the information as on 31st day of March, 2018			
E11	Partners/ Members own capital	E11	
E12	Secured loans	E12	
E13	Unsecured loans	E13	
E14	Advances	E14	
E15	Sundry creditors	E15	
E16	Other liabilities	E16	
E17	Total capital and liabilities (E11+E12+E13+E14+E15+E16)	E17	
E18	Fixed assets	E18	
E19	Inventories	E19	
E20	Sundry debtors	E20	
E21	Balance with banks	E21	
E22	Cash-in-hand	E22	
E23	Loans and advances	E23	
E24	Other assets	E24	
E25	Total assets (E18+E19+E20+E21+E22+E23+E24)	E25	
<b>NOTE</b> ▶ Please refer to instructions for filling out this schedule (E15, E19, E20, E22 are mandatory and others if available)			

However Explanation (f) to section 139(9) mandates reporting of only turnover/ gross receipts, gross profit, expenses, net profit, total debtors, creditors, stock in trade and cash balance as at the end of financial year, for the return to treated as valid return of income.

<b>ITR-5 :</b>	<i>For persons other than - (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7:</i>
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There are no other changes in the ITR -5 form other than the common clauses added in the form, as discussed in the latter part of this publication.

<b>ITR-6 :</b>	<i>For Companies other than companies claiming exemption under section 11:</i>
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In addition to the other reporting changes, the following additional information needs to be reported:

1. For Ind AS Compliant companies, Balance Sheet and Profit and Loss account information has to be furnished separately in newly inserted Part A-BS-Ind AS and Part A-P& L - Ind AS.

2. A new Schedule FD has been added requiring for break-up of payments/ receipt in foreign currency (to be filled up by an assessee who is not liable to get accounts audited u/s 44AB), in the following format:

Schedule FD		<b>Break-up of payments/receipts in Foreign currency</b> (to be filled up by the assessee who is not liable to get accounts audited u/s 44AB)	
Foreign Currency Transaction	SNo.		Amount (in Rs.)
	i	Payments made during the year on capital account	
	ii	Payments made during the year on revenue account	
	iii	Receipts during the year on capital account	
	iv	Receipts during the year on revenue account	
<b>NOTE ►</b>		<i>Please refer to instructions for filling out this schedule.</i>	

3. Corporate Social Responsibility (CSR) expenditure is to be incurred mandatorily under the Companies Act, 2013. This expenditure is not deductible under section 37(1) of the Income-tax Act, 1961. The companies covered under section 135 of Companies Act 2013 are required to disclose CSR expenditure during the year in its Board's report.

A new column has been inserted in ITR 6 to provide details of apportionments made by the companies from the net profit for the CSR activities. It needs to be ensured that the sums reported reconciles with the Financial Statements.

4. MAT Adjustments for Ind-AS Compliant companies, adjustments for permissible deductions/allowances, have now been provided. Changes have also been made in the Schedule MAT wherein information relevant to Ind AS Compliant companies as per sub-section (2A) to (2C) to section 115JB has to be furnished. This will enable correct computation of profits under section 115JB.
5. The new ITR 6 requires every unlisted company to provide details of all beneficial owners who are holding 10% or more voting power (directly or indirectly) at any time during the year 2017-18. These companies are required to provide the name, address, percentage of shares held and PAN of the beneficial owners.

<b>ITR-7 :</b>	<b><i>For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) or 139(4E) or 139(4F):</i></b>
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The corpus donations given to the other charitable trust with similar objects, now will not be entitled for deductions. Further, due to certain mandatory requirements of filing of various forms for claiming exemptions u/s 11 and to ensure that there is no mis-use or evasion of tax by the persons covered in the return, the additional information relating to the compliance of other sections have now been incorporated in the return form. The same are summarized as under:

- a. Form 9A -requires trust to confirm if it has filed Form 9A (in case application of Income of trust falls short of 85% ) and the date of filing of such form.
- b. Additional Declaration required in case of political parties - to confirm if cash donations exceeding Rs 2000/- are received [Section 13A].
- c. Details of fresh registration upon change of objects [Section 12A(1) (ab)]
  - Date of change in objects.
  - Whether application for fresh registration has been made within stipulated time period?
  - Whether fresh registration has been granted?
  - Date of such fresh registration.
- d. Amount utilized during the year for the stated objects out of surplus sum accumulated during an earlier year.
- e. All dividends in excess of Rs. 10 lakhs which are taxable under Section 115BBDA shall be disclosed in the Schedule OS (Income from other sources) and Schedule SI (Income chargeable to tax at special rate).

## 7. COMMON CLAUSES ADDED/MODIFIED IN THE ITR FORMS

### I. Section 234F (All ITR's)

A separate row under 'computation of tax liability' tab has been inserted in all ITR forms requiring furnishing of information pertaining to fee for default in furnishing return of income u/s 234F, leviable in respect of returns filed for A.Y.2018-19 and thereafter.

Late Fee levied in case of non-compliance of Section 139(1) of the Income-tax Act, 1961:

Particulars		Amount
In case of income below 5 lakhs		• Late fee is limited to Rs 1,000
In any other case	• If return filed on or Before December 31	• Rs 5,000
	• If return filed on or after January 1	• Rs 10,000

- Time limit to revise the ITR is reduced to 12 months from existing limit of 24 months from the end of relevant previous year.

II. The information on TDS of current financial year has to be bifurcated into "deducted in own hands" and "deducted in the hands of spouse or any other person as per Rule 37BA(2) claiming of TDS credit as per rule 37BA" (details of Income, TDS, PAN of the person has to be furnished in this case). Likewise, detailed information on similar lines is required in respect of TDS credit claimed. (ITR-2, ITR-3, ITR-4, ITR-5 & ITR-6).

III. Information relating to deemed gifts and deemed capital gains to be separately mentioned [in view of section 56(2)(x)] (ITR-3, ITR-5 & ITR-6).

The Information required to be given is SCH-OS is as under:

- 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.
- IV. Income from transfer of carbon credits under Section 115BBG (ITR-2, ITR-3, ITR-5, ITR-6 & ITR-7) chargeable at special rates.
- V. Income chargeable to tax at Special Rates: (ITR 2, ITR- 3, ITR-5 & ITR-6).

<b>Income chargeable at special rates under DTAA</b>									
Sl. No.	Amount of income	Nature of income	Country name & Code	Article of DTAA	Rate as per Treaty (enter NIL, if not chargeable)	Whether TRC obtained (Y/N)	Section of I.T. Act	Rate as per I.T. Act	Applicable rate [lower of (6) or (9)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
I									
II									
<b>III</b>	<b>Total amount of income chargeable at special rates under DTAA</b>								

- VI. Income not deductible under Section 58 (ITR-2, ITR-3, ITR-5, ITR-6 & ITR-7) on the lines of disallowance under Section 40(a)(ia).
- VII. Profit chargeable under Section 59 (ITR-2, ITR-3, ITR-5, ITR-6 & ITR-7) relating to cessation of liability under Section 41(1) of the Income Tax Act, 1961: As per section 41(1), if a business entity recovers any amount in respect of an allowance or deduction by way of remission or cessation thereof, the amount so received shall be deemed to be the business income and chargeable to tax. There is a similar provision in respect of an expense which had been claimed as deduction against an income chargeable to tax under the head 'Income from other sources'.
- VIII. Break up of Total Expenditure with registered or unregistered entities under GST (ITR-6).



Schedule GST		Break-up of total expenditure with entities registered or not registered under the 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)					
DETAILS OF GST	Sl. No.	Total amount of Expenditure during the year (aggregate of expenditure reported at items 6, 8 to 35, 37 & 38 of Part-AP&L/ P&L - Ind AS)	Expenditure in respect of entities registered under GST				Expenditure relating to entities not registered under GST
	(1)		(2)	Relating to goods or services exempt from GST	Relating to entities falling under composition scheme	Relating to other registered entities	

**NOTE ►** Please refer to instructions for filling out this schedule.

Also following additional information needs to be given for the assesseees registered with GST (ITR-3, ITR-5 & ITR-6):

- Detailed analysis asked with respect to business transactions with registered and unregistered suppliers under GST.
- Details of GST paid and refunded.
- Schedule PL has been modified to include GST related details;
  - Income: GST Received or receivable in respect of Goods Sold or supplied - (Part A- P&L, Point 1C)
  - Expenses: GST paid or payable in respect of Goods and service purchased - (Part A-P&L, Point 7)
  - Expenses: GST paid or payable to Government (excluding taxes on income) - (Part A- P&L, Point 36)
  - Refund of GST not credited to Profit and loss account - (PART A-OI, 5)
  - Amount of credit outstanding in account in respect of GST - (Part A-OI, 12)

IX. Reporting of Capital Gains in case of Transfer of Unquoted shares (ITR-2, ITR-3, ITR-5, ITR-6 & ITR-7).

The following additional information is required to be furnished due to insertion of section 50CA in the Income-tax Act, 1961, (In case securities sold include shares of a company other than quoted shares) -

- a) Full value of consideration received/receivable in respect of unquoted shares.
- b) FMV determined in the prescribed manner.
- c) Full value of consideration adopted as per section 50CA for the purpose of Capital Gains [higher of (a) and (b)].

**X. Expansion of Scope for Reporting of Capital Gains as under for Various Sections (Changes in ITRs 2, 3, 5 and 6):**

In ITR 2, in Schedule CG, detailed information/particulars are required to be furnished while claiming deduction u/s 54/54B/54EC/54EE/54F/54GB/115F.

The additional requirements in A.Y.2018-19 vis-à-vis A.Y.2017-18 are -

- (i) Date of transfer of original asset is also required to be given.
- (ii) In case of section 54GB, the amount utilised for subscription of equity shares of eligible company, the date of subscription, cost of new plant and machinery purchased by the eligible company, the date of purchase of new plant and machinery also need to be given.

Likewise, in ITR 3, detailed information/particulars are required to be furnished while claiming deduction u/s 54/54B/54D/54EC/54EE/54F/54G/54GA/115F.

Similarly, in ITR 5 & 6, detailed information/particulars are required to be furnished while claiming deduction u/s 54B/54D/54EC/54EE/54G/54GA.

Schedule CG		Capital Gains		
<b>A Short-term Capital Gains (STCG) (Items 4, 5 and 8 are not applicable for residents)</b>				
<b>1</b>	<b>From sale of land or building or both</b>			
	a	i	Full value of consideration received/receivable	ai
		ii	Value of property as per stamp valuation authority	aii
		iii	Full value of consideration adopted as per section 50C for the purpose of Capital Gains (ai or aii)	aiii
	b	Deductions under section 48		ai
		i	Cost of acquisition without indexation	bi
		ii	Cost of Improvement without indexation	bii
		iii	Expenditure wholly and exclusively in connection with transfer	biii
		iv	Total (bi + bii + biii)	biv
	c	Balance (aiii - biv)		1c
	d	Deduction under section 54B/54D/ 54G/54GA (Specify details in item D below)		1d
	e	Short-term Capital Gains on Immovable property (1c - 1d)		A1e
	<b>2 From slump sale</b>			
	a	Full value of consideration		2a (5 of Form 3CEA)
b	Net worth of the under taking or division		2b (6(e) of Form 3CEA)	
c	Short term capital gains from slump sale (2a-2b)		A1e	
<b>3 From sale of equity share or unit of equity oriented Mutual Fund (MF) or unit of a business trust on which STT is paid under section 111A or 115AD(1)(ii) proviso (for FII)</b>				
a	Full value of consideration		3a	
b	Deductions under section 48			
	i	Cost of acquisition without indexation	bi	
	ii	Cost of Improvement without indexation	bii	

	iii	Expenditure wholly and exclusively in connection with transfer	biii	
	iv	Total (i + ii + iii)	biv	
	c	Balance (3a - biv)	3c	
	d	Loss to be disallowed u/s 94(7) or 94(8)- for example if asset bought/acquired within 3 months prior to record date and dividend/income/bonus units are received, then loss arising out of sale of such asset to be ignored (Enter positive value only)	3a	
	e	Short-term capital gain on equity share or equity oriented MF (STT paid) (3c + 3d)		A3e
<b>4</b>		<b>For NON-RESIDENT, not being an FII- from sale of shares or debentures of an Indian company (to be computed with foreign exchange adjustment under first proviso to section 48)</b>		
	a	STCG on transactions on which securities transaction tax (STT) is paid		A4a
	b	STCG on transactions on which securities transaction tax (STT) is not paid		A4b
<b>5</b>		<b>For NON-RESIDENTS- from sale of securities (other than those at A3 above) by an FII as per section 115AD</b>		
	a	i	In case securities sold include shares of a company other than quoted shares, enter the following details	
		a	Full value of consideration received/receivable in respect of unquoted shares	
		b	Fair market value of unquoted shares determined in the prescribed manner	
		c	Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b)	ic
	ii	Full value of consideration in respect of securities other than unquoted shares		
	iii	Total (ic + ii)	aiii	
	b	Deductions under section 48		
	i	Cost of acquisition without indexation	bi	
	ii	Cost of improvement without indexation	bii	

	iii	Expenditure wholly and exclusively in connection with transfer	biii	
	iv	Total (i + ii + iii)	biv	
	c	Balance (5aiii - biv)	5c	
	d	Loss to be disallowed u/s 94(7) or 94(8)- for example if security bought/acquired within 3 months prior to record date and dividend/income/bonus units are received, then loss arising out of sale of such security to be ignored (Enter positive value only)	5d	
	e	Short-term capital gain on sale of securities (other than those at A3 above) by an FII (5c +5d)		A5e
<b>6</b>	<b>From sale of assets other than at A1 or A2 or A3 or A4 or A5 above</b>			
	a	In case assets sold include shares of a company other than quoted shares, enter the following details		
	i			
	a	Full value of consideration received/receivable in respect of unquoted shares		
	b	Fair market value of unquoted shares determined in the prescribed manner		
	c	Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b)	ic	
	ii	Full value of consideration in respect of assets other than unquoted shares		
	iii	Total (ic + ii)	aiii	
	b	Deductions under section 48		
	i	Cost of acquisition without indexation	bi	
	ii	Cost of Improvement without indexation	bii	
	iii	Expenditure wholly and exclusively in connection with transfer	biii	
	iv	Total (i + ii + iii)	biv	
	c	Balance (6aiii - biv)	6c	

		In case of asset (security/unit) loss to be disallowed u/s 94(7) or 94(8)- for example if asset bought/acquired within 3 months prior to record date and dividend/income/bonus units are received, then loss arising out of sale of such asset to be ignored (Enter positive value only)	6d						
	e	Deemed short term capital gains on depreciable assets (6 of schedule- DCG)	6e						
	f	Deduction under section 54D/54G/54GA	6f						
	g	STCG on assets other than at A1 or A2 or A3 or A4 or A5 above (6c + 6d + 6e -6f)		A6g					
	c	Balance (6aiii - biv)	6c						
<b>7</b>	<b>Amount deemed to be short term capital gains</b>								
a	Whether any amount of unutilized capital gain on asset transferred during the previous years shown below was deposited in the Capital Gains Accounts Scheme within due date for that year? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable. If yes, then provide the details below								
	Sl.	Previous year in which asset transferred	Section under which deduction claimed in that year	New asset acquired/constructed Year in which asset acquired/constructed	Amount utilised out of Capital Gains account	Amount not used for new asset or remained unutilized in Capital gains account (X)			
	i	2014-15	54D/54G/54GA						
	ii	2015-16	54B						
b	Amount deemed to be short term capital gains u/s 54B/54D/54G/54GA, other than at 'a'								
	Total amount deemed to be short term capital gains (Xi + Xii + b)								
<b>8</b>	<b>Amount of STCG included in A1-A7 but not chargeable to tax or chargeable at special rates as per DTAA</b>								
Sl. No.	Amount of income	Item No. A1 to A7 above in which included	Country name & Code	Article of DTAA	Rate as per Treaty (enter NIL, if not chargeable)	Whether TRC obtained (Y/N)	Section of I.T. Act	Rate as per I.T. Act	Applicable rate [lower of (6) or (9)]

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
I										
II										
a	Total amount of STCG not chargeable to tax as per DTAA									A8a
b	Total amount of STCG not chargeable to tax or chargeable at special rates as per DTAA									A8b
<b>9</b>	<b>Total Short-term Capital Gain (A1e+ A2c+ A3e+ A4a+ A4b+ A5e+ A6g+A7 -A8a)</b>									<b>A9</b>
<b>B</b>	<b>Long-term capital gain (LTCG) (Sub-items 5, 6 &amp; 7 are not applicable for residents)</b>									
<b>1</b>	<b>From sale of land or building or both</b>									
a	i	Full value of consideration received/ receivable							ai	
	ii	Value of property as per stamp valuation authority							aii	
	iii	Full value of consideration adopted as per section 50C for the purpose of Capital Gains (ai or aii)							aiii	
b	Deductions under section 48									
	i	Cost of acquisition with indexation							bi	
	ii	Cost of Improvement with indexation							bii	
	iii	Expenditure wholly and exclusively in connection with transfer							biii	
	iv	Total (bi + bii + biii)							biv	
c	Balance (aiii - biv)									
d	Deduction under section 54/54B/54D/54EC/54EE/54F/54G/54GA/54GB (Specify details in item D below)									
e	Long-term Capital Gains on Immovable property (1c - 1d)									B1e
<b>2</b>	<b>From slump sale</b>									
a	Full value of consideration							2a	(5 of Form 3CEA)	
b	Net worth of the under taking or division							2b	(6(e) of Form 3CEA)	
c	Balance (2a - 2b)							2c		

	d	Deduction u/s 54EC/54EE / 54F (Specify details in item D below)	2d	
	e	Long term capital gains from slump sale (2c-2d)		B2e
<b>3</b>		<b>From sale of bonds or debenture (other than capital indexed bonds issued by Government)</b>		
	a	Full value of consideration	3a	
	b	Deductions under section 48		
		i Cost of acquisition without indexation	bi	
		ii Cost of improvement without indexation	bii	
		iii Expenditure wholly and exclusively in connection with transfer	biii	
		iv Total (bi + bii +biii)	biv	
	c	Balance (3a - biv)	3c	
	d	Deduction under sections 54EC/ 54EE / 54F (Specify details in item D below)	3d	
	e	LTCG on bonds or debenture (3c - 3d)		B3e
<b>4</b>		<b>From sale of, (i) listed securities (other than a unit) or zero coupon bonds where proviso under section 112(1) is applicable (ii) GDR of an Indian company referred in sec. 115ACA</b>		
	a	Full value of consideration	4a	
	b	Deductions under section 48		
		i Cost of acquisition without indexation	bi	
		ii Cost of improvement without indexation	bii	
		iii Expenditure wholly and exclusively in connection with transfer	biii	
		iv Total (bi + bii +biii)	biv	
	c	Balance (4a - biv)	4c	
	d	Deduction under sections 54EC/ 54EE / 54F (Specify details in item D below)	4d	
	e	Long-term Capital Gains on assets at B4 above (4c - 4d)		B4e
<b>5</b>		<b>For NON-RESIDENTS- from sale of shares or debenture of Indian company (to be computed with foreign exchange adjustment under first proviso to section 48)</b>		



	a	LTCG computed without indexation benefit	5a	
	b	Deduction under sections 54EC/54EE/54F (Specify details in item D below)	5b	
	c	LTCG on share or debenture (5a-5b)		<b>B5c</b>
<b>6</b>		<b>For NON-RESIDENTS- from sale of, (i) unlisted securities as per sec. 112(1)(c), (ii) bonds or GDR as referred in sec. 115AC, (iii) securities by FII as referred to in sec. 115AD</b>		
	a	i	In case securities sold include shares of a company other than quoted shares, enter the following details	
		a	Full value of consideration received/receivable in respect of unquoted shares	
		b	Fair market value of unquoted shares determined in the prescribed manner	
		c	Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b)	ic
		ii	Full value of consideration in respect of securities other than unquoted shares	
		iii	Total (ic + ii)	aiii
	b		Deductions under section 48	
		i	Cost of acquisition without indexation	bi
		ii	Cost of improvement without indexation	bii
		iii	Expenditure wholly and exclusively in connection with transfer	biii
		iv	Total (bi + bii + biii)	biv
	c		Balance (6aiii - biv)	6c
	d		Deduction under sections 54EC/54EE/54F (Specify details in item D below)	6d
	e		Long-term Capital Gains on assets at 6 above in case of NON-RESIDENT (6c - 6d)	<b>B6e</b>
<b>7</b>			<b>From sale of foreign exchange asset by NON-RESIDENT INDIAN (If opted under chapter XII-A)</b>	
	a		LTCG on sale of specified asset (computed without indexation)	7a

	b	Less deduction under section 115F (Specify details in item D below)	7b	
	c	Balance LTCG on sale of specified asset (7a - 7b)		B7c
	d	LTCG on sale of asset, other than specified asset (computed without indexation)	7d	
	e	Less deduction under section 115F (Specify details in item D below)	7e	
	f	Balance LTCG on sale of asset, other than specified asset (7d - 7e)		B7f
<b>8</b>	<b>From sale of assets where B1 to B7 above are not applicable</b>			
	a	In case assets sold include shares of a company other than quoted shares, enter the following details		
		i		
		a	Full value of consideration received/receivable in respect of unquoted shares	
		b	Fair market value of unquoted shares determined in the prescribed manner	
		c	Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b)	ic
		ii	Full value of consideration in respect of assets other than unquoted shares	
		iii	Total (ic + ii)	aiii
	b	Deductions under section 48		
		i	Cost of acquisition with indexation	bi
		ii	Cost of improvement with indexation	bii
		iii	Expenditure wholly and exclusively in connection with transfer	biii
		iv	Total (bi + bii + biii)	biv
	c	Balance (8aiii - biv)	8c	
	d	Deduction under section 54D/54EC/54EE /54F/54G/54GA (Specify details in item D below)	8d	
	e	Long-term Capital Gains on assets at B8 above (8c-8d)		B8e

9	<b>Amount deemed to be long-term capital gains</b>										B9	
	Whether any amount of unutilized capital gain on asset transferred during the previous year shown below was deposited in the Capital Gains Accounts Scheme within due date for that year? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable. If yes, then provide the details below											
a	Sl.	Previous year in which asset transferred	Section under which deduction claimed in that year	New asset acquired/constructed		Amount not used for new asset or remained unutilized in Capital gains account (X)						
				Year in which asset acquired/constructed	Amount utilised out of Capital Gains account							
	i	2014-15	54/54D/54F/54G/54GA									
	ii	2015-16	54B									
b	Amount deemed to be long-term capital gains, other than at 'a'											
	Total amount deemed to be long-term capital gains (Xi + Xii + b)										B9	
10	<b>-Amount of LTCG included in items B1 to B9 but not chargeable to tax or chargeable at special rates in India as per DTAA</b>											
Sl. No.	Amount of income	Item No. B1 to B9 above in which included	Country name & Code	Article of DTAA	Rate as per Treaty (enter NIL, if not chargeable)	Whether TRC obtained (Y/N)	Section of I.T. Act	Rate as per I.T. Act	Applicable rate [lower of (6) or (9)]			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
I												
II												
a	Total amount of LTCG not chargeable to tax as per DTAA											B10a
b	Total amount of LTCG not chargeable to tax or chargeable at special rates as per DTAA											B10b
11	<b>Total long term capital gain chargeable under I.T. Act [B1e + B2e+ B3e + B4e + B5c + B6e + B7c + B7f + B8e+ B9-B10a] (In case of loss take the figure to 9xi of schedule CFL)</b>											<b>B11</b>

C	Income chargeable under the head "CAPITAL GAINS" (A9 + B11) (take B11as nil, if loss)		C
D	Information about deduction claimed against Capital Gains		
1	In case of deduction u/s 54/54B/54D/54EC/54EE/54F/54G/54GA/115F give following details		
	a	Deduction claimed u/s 54	
	i	Date of transfer of original asset	ai dd/mm/yyyy
	ii	Cost of new residential house	aii
	iii	Date of purchase / construction of new residential house	aiii dd/mm/yyyy
	iv	Amount deposited in Capital Gains Accounts Scheme before due date	aiv
	v	Amount of deduction claimed	av
	b	Deduction claimed u/s 54B	
	i	Date of transfer of original asset	bi dd/mm/yyyy
	ii	Cost of new agricultural land	bii
	iii	Date of purchase of new agricultural land	biii dd/mm/yyyy
	iv	Amount deposited in Capital Gains Accounts Scheme before due date	biv
	v	Amount of deduction claimed	bv
	c	Deduction claimed u/s 54D	
	i	Date of acquisition of original asset	ci dd/mm/yyyy
	ii	Cost of purchase/ construction of new land or building for industrial under-taking	cii
	iii	Date of purchase of new land or building	ciii dd/mm/yyyy
	iv	Amount deposited in Capital Gains Accounts Scheme before due date	civ
	v	Amount of deduction claimed	cv
	d	Deduction claimed u/s 54EC	
	i	Date of transfer of original asset	di dd/mm/yyyy
	ii	Amount invested in specified/ notified bonds (not exceeding fifty lakh rupees)	dii

iii	Date of investment		diii
iv	Amount of deduction claimed		div
e	Deduction claimed u/s 54D		
i	Date of transfer of original asset		ei
ii	Amount invested in specified assets		eii
iii	Date of investment		eiii
iv	Amount of deduction claimed		eiv
f	Deduction claimed u/s 54F		
i	Date of transfer of original asset		fi
ii	Cost of new residential house		fii
iii	Date of purchase/construction of new residential house		fiii
iv	Amount deposited in Capital Gains Accounts Scheme before due date		fiiv
v	Amount of deduction claimed		fv
g	Deduction claimed u/s 54G		
i	Date of transfer of original asset from urban area		gi
ii	Cost and expenses incurred for purchase or construction of new asset		gii
iii	Date of purchase/construction of new asset in an area other than urban area		giii
iv	Amount deposited in Capital Gains Accounts Scheme before due date		giv
v	Amount of deduction claimed		gv
h	Deduction claimed u/s 54GA		
i	Date of transfer of original asset from urban area		hi
ii	Cost and expenses incurred for purchase or construction of new asset		hii
iii	Date of purchase/construction of new asset in SEZ		hiii
iv	Amount deposited in Capital Gains Accounts Scheme before due date		hiv
v	Amount of deduction claimed		hv

i		Deduction claimed u/s 115F (for Non-Resident Indians)					
	i	Date of acquisition of original asset		ii	dd/mm/yyyy		
	ii	Cost of purchase/ construction of new land or building for industrial undertaking		iii			
	iii	Date of purchase of new land or building		iiii	dd/mm/yyyy		
	iv	Amount deposited in Capital Gains Accounts Scheme before due date		iv			
	j	Deduction claimed u/s 54D					
		Total deduction claimed (1a + 1b + 1c + 1d + 1e + 1f + 1g + 1h+1i)		1j			
	ii	Amount invested in new specified asset or savings certificate		iii			
	iii	Date of investment		iiii	dd/mm/yyyy		
	iv	Amount of deduction claimed		iv			
2		In case of deduction u/s 54GB, furnish PAN of the company					
<b>E</b>	<b>Set-off of current year capital losses with current year capital gains (excluding amounts included in A8 &amp; B10 which is chargeable under DTAA)</b>						
Sl.		Gain of current year (Fill this column only if computed figure is positive)	Short term capital loss set off	Long term capital loss set off	Current year's capital gains remaining after set off (7= 1-2-3-4-5-6)		
	Type of Capital Gain		15% 30% applicable rate	10% 20%			
		1	2 3	4	6	7	
i	Loss to be set off (Fill this row if figure computed is negative)		(A3e+A4a) A5e	(A1e+A2c+ A4b+A6g +A7+A8b)	(B1e+B2e+ B3e+ B5c+ B7f+B8e +B9)		

ii		15%	(A3e+A4a)																
iii		30%	A5e																
iv	Short term capital gain	applicable rate	(A1e+A2c +A4b+ A6g +A7 +A8b)																
v		10%	(B4e+ + B6e+B7c)																
vi	Long term capital gain	20%	(B1e+B2e +B3e+ B5c + B7f+B8e +B9)																
vii	Total loss set off (ii + iii + iv + v + vi)																		
viii	Loss remaining after set off (i - vii)																		
<b>F</b>	<b>Information about accrual/receipt of capital gain</b>																		
	Type of Capital gain / Date			Upto 15/6 (i)	16/6 to 15/9 (ii)	16/9 to 15/12 (iii)	16/12 to 15/3 (iv)	16/3 to 31/3 (v)											
1	Short-term capital gains taxable at the rate of 15% <i>Enter value from item 5vi of schedule BFLA, if any.</i>																		
2	Short-term capital gains taxable at the rate of 30% <i>Enter value from item 5vii of schedule BFLA, if any.</i>																		
3	Short-term capital gains taxable at applicable rates <i>Enter value from item 5viii of schedule BFLA, if any.</i>																		
4	Long-term capital gains taxable at the rate of 10% <i>Enter value from item 5ix of schedule BFLA, if any.</i>																		
5	Long-term capital gains taxable at the rate of 20% <i>Enter value from item 5x of schedule BFLA, if any.</i>																		
<b>NOTE</b>	Please include the income of the specified persons referred to in Schedule SPI while computing the income under this head																		

XI. Depreciation Schedule in ITR-3, ITR-5 & ITR-6 modified:

CBDT had vide Income-Tax (Twenty Ninth Amendment) Rules, 2016, dated 07-11-2016, restricted the highest rate of depreciation for any block of asset to 40%. i.e. all block of assets which were eligible for depreciation at the rate of 50%, 60%, 80% or 100% would be eligible for depreciation at the rate of 40%.

The following additional information is required to be disclosed in Schedule DPM:

- Depreciation disallowed under section 38(2) of the Income-tax Act, 1961.
- Net aggregate depreciation.
- Proportionate aggregate depreciation allowable in the event of succession, amalgamation, demerger etc.

XII. In case of non-residents, the requirement of furnishing details of any one foreign Bank Account has been included for the purpose of credit of refund. This will ensure that the Non Resident Assesseees can get the refund directly to their account.

XIII. Individual taxpayers who are filing income-tax return in Form ITR 2 or ITR 3 or ITR 4 aren't required to mention the gender, i.e., male or female or transgender, as the column of gender has been removed.

XIV. Income from Transfer of Carbon Credits Applicable for ITR 2, 3, 5, 6, 7.

XV. The new ITR Forms require separate reporting of both profit and loss (and not on net basis) in Part A-OI, Schedule BP (Computation of income from business or profession) and Schedule ICDS. [ITR 3,5 and 6].

XVI. As per section 115B, "where the total income of an assessee includes any profits and gains from life insurance business, the profits of life insurance business is taxable at a special rate of **12.5%**. The profit u/s 115B is taxable in the Schedule SI of ITR-5 & ITR-6.

XVII. By the Finance Act, 2017, w.e.f 01.04.2018, where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, *[or use of electronic clearing*



*system through a bank account, exceeds ten thousand rupees], no deduction shall be allowed in respect of such expenditure. Earlier, the limit of Rs. 20,000 is allowed. The change is made in ITR 3, 5 & 6 now the assessee has one more option of payment i.e. electronic clearing system and the limit of 20,000 is decreased to Rs. 10,000.*

XVIII. The scope of deduction u/s 43B is extended by the Finance Act, 2017, w.e.f. 01.04.2018 which includes:

*“as any sum payable by the assessee as interest on any loan or advances from a scheduled bank [or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank] in accordance with the terms and conditions of the agreement governing such loan or advances, or”*

Now, the deduction is allowed to the assessee for interest payment to the co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank also. Therefore, this particular payment is added to both the clauses “if debited but disallowable” and “disallowed but allowable” in Part A- OI (Other Information) *and the assessee have to fill the column whichever is applicable.* (Applicable for ITR 3, 5 and 6).

## 8. PROCESSING OF RETURNS BY CPC: RELEVANT AMENDMENTS AND CBDT INSTRUCTIONS

- Sub-section (1) of the section 143 provides for mandatory processing of return of income made under section 139, or in response to a notice under sub-section (1) of section 142. Clause (a) of the said sub-section provides that at the time of processing of return, the total income or loss shall be computed after making the adjustments specified in sub-clauses (i) to (vi) thereof. Further, it is necessary to process a return of income and send resultant intimation before expiry of one year from the end of the financial year in which the return was made.

Sub-clause (vi) of clause (a) of sub-section (1) of section 143 of the Act as introduced *vide* Finance Act, 2016, w.e.f. 1-4-2017, while processing the return of income, prescribes that the total income or loss shall be computed after making adjustment for addition of income appearing in Form 26 AS or Form 16A or Form 16 (the three Forms) which has not been included in computing the total income in the return.

However, with a view to restrict the scope of adjustments, Finance Act 2018 inserted new proviso to the said clause to provide that no adjustment under sub-clause (vi) of the said clause shall be made in respect of any return furnished on or after the assessment year commencing on the first day of April, 2018.

- Further, from A.Y. 2017-18, discretion of Assessing Officer in processing returns under scrutiny has been completely removed and therefore, all returns have to be processed as per provisions of section 143(1) of the Act. This is irrespective of the fact whether in cases under scrutiny, the Assessing Officer is contemplating taking recourse under section 241A of the Act to withhold the refund so arising on ground of concern for recovery of revenue.
- The CBDT has launched software for processing of returns on Income-tax Business Application (ITBA) which has been functioning since 31st October, 2017. The returns pushed to the Assessing Officer for processing by the CPC are required to be processed electronically on the ITBA. However, in exceptional circumstances, whenever returns cannot be processed because of technical difficulties in functioning of ITBA, in order to provide an uninterrupted taxpayer service, the Assessing Officer can also manually process the return that is pushed to them by the CPC with prior administrative approval of Pr. CIT. However, before taking up the return for processing manually, the

difficulty being faced in processing the return electronically on ITBA on a case to case basis would be referred to the Pr. DGIT (System,) who shall satisfy himself that due to technical difficulties the return cannot be processed electronically on ITBA within a reasonable period & thereafter, permit manual processing in that case. However, in all such cases, the Assessing Officers have to mandatorily upload the same in the system.[*CBDT letter No.F.NO.225/53/2018/ITA.II, DATED 28-3-2018*]

It has further been clarified that, to avoid any arbitrariness, the returns of Assessment Year 2017-18 and onwards which are pushed by the CPC to the Assessing Officer for processing, shall be handled in a chronological manner.

- ***Bogus claims in ITRs'***: In this connection, the attempt of salaried taxpayers to under-report income or inflate deductions aided and abetted by unscrupulous intermediaries has been noted with concern by CBDT in its recent advisory.

Recently on 18.04.18, CPC has issued an advisory stating that the Income Tax Department has an extensive risk analysis system aimed at identifying persons who are non-compliant and aim to subvert the trust based system envisioned while processing of ITRs at CPC Bangalore. In all such cases of high risk, the Department may examine and verify the details submitted by taxpayers in their ITR, subsequent to processing of returns in CPC.

It is warned in clear terms that if the Department notices any fraudulent claims in the returns, such tax payers may be punishable under various provisions of the Income Tax Act. This may also delay issuance of refunds in such cases.

CBDT has gone one step ahead and warned that Department may also prosecute the intermediaries and abettors under relevant sections of the Income Tax Act and may refer such cases to other law enforcement agencies for appropriate action. Hence, the Department also advises all intermediaries to strictly confine their advice to taxpayers within the four corners of the Income Tax Act.

## 9. PROCESSING OF RETURNS BY CPC : SOME CONCERNS

Processing of returns at CPC is fully system driven. The systems and processing softwares are designed to apply precisely applicable provisions of Act and Rules, while processing the returns. However, there are certain issues faced by taxpayers which need immediate attention and corrective action by CPC.

To note a few:

- Self Assessment Taxes paid in one month but return filed belatedly:- In such case the interest u/s 234A should not be levied after the date of payment of Self Assessment Tax. [*CIT v. Pranoy Roy 309 ITR 231 (SC)*]. However, since in case of Pranoy Roy S.A. tax was paid before due date, CPC levies interest u/s 234A up to the date of filing of return, if the Self Assessment Tax is paid after due date u/s 139(1). Broad view, if taken by CPC in spirit of ratio laid down by Supreme Court, will be in the best interest of justice.
- Post-rule 37BA(3) credit for tax deducted at source and paid to the Central Government shall be given only for the assessment year for which such income is assessable and, accordingly, deductee would have to defer his claim of TDS credit till the revenue recognition in subsequent year/years. To handle the situations and to make sub-rules (3) and (4) of rule 37BA workable, corresponding procedural changes have been made by CBDT in ITRs' w.e.f. A.Y. 2014-15 to allow carry forward of TDS to next Assessment Year and credit of unclaimed TDS brought forward. CPC give credit for the brought forward TDS, provided the processing of the year in which TDS was deducted was done by CPC. This facility is required to be extended by rectification for other cases. Column relating to 'Credit of TDS brought forward', if added in form 26AS, would serve the purpose.
- In case of inter head set off of losses, when loss from one head is allowed to be set off against the income available under more than one heads, there is no priority defined under the Act for set off. In such situation, as per settled legal principles, priority beneficial to assessee should be followed. However, CPC while **processing** returns follows the loss set off priority beneficial to revenue resulting in to disputed demands.

There are various such issues relating to processing of returns by CPC which needs to be addressed by CPC to reduce the litigation and to reduce the infructuous demands.

## **10. PRECAUTIONS TO BE TAKEN AT THE TIME OF FILING OF ITR TO ENSURE CORRECT AND TIMELY PROCESSING OF RETURNS**

- I. Keep monitoring Form 26AS online over TRACES on periodic intervals for early trapping of the inconsistencies therein, if any due to fault of deductor.
- II. Follow the procedural guidelines prescribed by Rule 37BA, wherever necessary.
- III. Reconciliation of disclosed Income with Form 26AS.
- IV. Claims for TDS of earlier years on account of difference in method of accounting i.e. deductor following mercantile and deductee follows cash system. In such cases it should be ensured that the SCHEDULE-TDS is properly filled up specifying that the financial year in which TDS has been deducted by the Deductor.
- V. There should not be under reporting / mis-reporting of Income in Return or claims to avoid penalty u/s 270A.
- VI. Deductions claimed from Capital Gains in earlier years on account of investments (i.e. Capital gains investments in capital gains scheme account for subsequent investment) and no subsequent investments made thereafter in the time specified.
- VII. Claims and deductions under Chapter VIA should not be made out of exempt income/non-taxable income.
- VIII. Voluntary disallowance u/s 14A, if applicable may be computed and shown in the return.
- IX. Voluntary offer of income u/s 68, 69, 69A, 69B, 69C, 69D in ITR to get immunity from penalty u/s 271AAC, etc.

## **11. NEW BUSINESS CODES FOR A.Y. 18-19**

CBDT has changed nature of business codes for income tax return forms from A.Y. 18-19. Before filing of Income tax return, correct business sector along with correct business code has to be selected. List of Business codes for ITR forms for A.Y. 2018-19 is mentioned in annexure attached at the end.

## 12. RECOMMENDATIONS

It is always advisable to select the correct ITR form and file the return. The assessee can also use the higher version of the forms but in that case the requirements mandated in that version has to be given otherwise the return may not be validated on the ITD and may become defective.

It needs to be ensured that if there is a revision of return, the Total Income reported in the Original Return should not be lesser in the Revised Return which may lead to other intricacies. Intimations u/s 143(1), defect notices u/s 139(9), show cause notices u/s 245 for refund adjustments etc. received from CPC should be properly attended on timely basis to avoid further complexities.

The uploading of Return of Income is tracked through IP Address of the filer. Therefore, proper representation and authority from the filer be obtained as per the Standard operating practice prescribed by the ICAI. Further, the provisions of the Information Technology Act, 2000 needs to be considered carefully in the era of E-assessment. It is advisable to update your latest Aadhar linked mobile No. and e-mail id in the profile on e-filing portal as well as in return of income.

Lastly, methodologies in return forms don't prevail over Income Tax Act. Rule 12(1)(a) of Income-tax Rules and Form for filing return of income couldn't go beyond the provisions of the Act. Whenever there is conflict between provisions of the Act and relevant procedural schema in ITR forms, Act shall prevail (*3F Industries Ltd. Vs. Jt.CIT [2014] 44 taxmann.com 200 (Visakhapatnam)*).

## 13. ANNEXURE

### BUSINESS CODES FOR ITR FORMS FOR A.Y 2018-19

Sector	Sub-Sector	Code
<b>AGRICULTURE, ANIMAL HUSBANDRY &amp; FORESTRY</b>	Growing and manufacturing of tea	01001
	Growing and manufacturing of coffee	01002
	Growing and manufacturing of rubber	01003
	Market gardening and horticulture specialties	01004
	Raising of silk worms and production of silk	01005
	Raising of bees and production of honey	01006
	Raising of poultry and production of eggs	01007
	Rearing of sheep and production of wool	01008
	Rearing of animals and production of animal products	01009
	Agricultural and animal husbandry services	01010
	Soil conservation, soil testing and soil desalination services	01011
	Hunting, trapping and game propagation services	01012
	Growing of timber, plantation, operation of tree nurseries and conserving of forest	01013
	Gathering of tendu leaves	01014
	Gathering of other wild growing materials	01015
	Forestry service activities, timber cruising, afforestation and reforestation	01016
	Logging service activities, transport of logs within the forest	01017
	Other agriculture, animal husbandry or forestry activity n.e.c	01018
	<b>FISH FARMING</b>	Fishing on commercial basis in inland waters
Fishing on commercial basis in ocean and coastal areas		02002
Fish farming		02003
Gathering of marine materials such as natural pearls, sponges, coral etc.		02004
Services related to marine and fresh water fisheries, fish hatcheries and fish farms		02005
Other Fish farming activity n.e.c		02006



Sector	Sub-Sector	Code
<b>MINING AND QUARRYING</b>	Mining and agglomeration of hard coal	03001
	Mining and agglomeration of lignite	03002
	Extraction and agglomeration of peat	03003
	Extraction of crude petroleum and natural gas	03004
	Service activities incidental to oil and gas extraction excluding surveying	03005
	Mining of uranium and thorium ores	03006
	Mining of iron ores	03007
	Mining of non-ferrous metal ores, except uranium and thorium ores	03008
	Mining of gemstones	03009
	Mining of chemical and fertilizer minerals	03010
	Mining of quarrying of abrasive materials	03011
	Mining of mica, graphite and asbestos	03012
	Quarrying of stones (marble/granite/dolomite), sand and clay	03013
	Other mining and quarrying	03014
	Mining and production of salt	03015
	Other mining and quarrying n.e.c	03016
<b>MANUFACTURING</b>	Production, processing and preservation of meat and meat products	04001
	Production, processing and preservation of fish and fish products	04002
	Manufacture of vegetable oil, animal oil and fats	04003
	Processing of fruits, vegetables and edible nuts	04004
	Manufacture of dairy products	04005
	Manufacture of sugar	04006
	Manufacture of cocoa, chocolates and sugar confectionery	04007
	Flour milling	04008
	Rice milling	04009
	Dal milling	04010
	Manufacture of other grain mill products	04011
	Manufacture of bakery products	04012
	Manufacture of starch products	04013

Sector	Sub-Sector	Code
	Manufacture of animal feeds	04014
	Manufacture of other food products	04015
	Manufacturing of wines	04016
	Manufacture of beer	04017
	Manufacture of malt liquors	04018
	Distilling and blending of spirits, production of ethyl alcohol	04019
	Manufacture of mineral water	04020
	Manufacture of soft drinks	04021
	Manufacture of other non-alcoholic beverages	04022
	Manufacture of tobacco products	04023
	Manufacture of textiles (other than by handloom)	04024
	Manufacture of textiles using handlooms (khadi)	04025
	Manufacture of carpet, rugs, blankets, shawls etc. (other than by hand)	04026
	Manufacture of carpet, rugs, blankets, shawls etc. by hand	04027
	Manufacture of wearing apparel	04028
	Tanning and dressing of leather	04029
	Manufacture of luggage, handbags and the like saddler and harness	04030
	Manufacture of footwear	04031
	Manufacture of wood and wood products, cork, straw and plaiting material	04032
	Manufacture of paper and paper products	04033
	Publishing, printing and reproduction of recorded media	04034
	Manufacture of coke oven products	04035
	Manufacture of refined petroleum products	04036
	Processing of nuclear fuel	04037
	Manufacture of fertilizers and nitrogen compounds	04038
	Manufacture of plastics in primary forms and of synthetic rubber	04039

Sector	Sub-Sector	Code
	Manufacture of paints, varnishes and similar coatings	04040
	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	04041
	Manufacture of soap and detergents	04042
	Manufacture of other chemical products	04043
	Manufacture of man-made fibers	04044
	Manufacture of rubber products	04045
	Manufacture of plastic products	04046
	Manufacture of glass and glass products	04047
	Manufacture of cement, lime and plaster	04048
	Manufacture of articles of concrete, cement and plaster	04049
	Manufacture of Bricks	04050
	Manufacture of other clay and ceramic products	04051
	Manufacture of other non-metallic mineral products	04052
	Manufacture of pig iron, sponge iron, Direct Reduced Iron etc.	04053
	Manufacture of Ferro alloys	04054
	Manufacture of Ingots, billets, blooms and slabs etc.	04055
	Manufacture of steel products	04056
	Manufacture of basic precious and non-ferrous metals	04057
	Manufacture of non-metallic mineral products	04058
	Casting of metals	04059
	Manufacture of fabricated metal products	04060
	Manufacture of engines and turbines	04061
	Manufacture of pumps and compressors	04062
	Manufacture of bearings and gears	04063
	Manufacture of ovens and furnaces	04064
	Manufacture of lifting and handling equipment	04065
	Manufacture of other general purpose machinery	04066

Sector	Sub-Sector	Code
	Manufacture of agricultural and forestry machinery	04067
	Manufacture of Machine Tools	04068
	Manufacture of machinery for metallurgy	04069
	Manufacture of machinery for mining, quarrying and constructions	04070
	Manufacture of machinery for processing of food and beverages	04071
	Manufacture of machinery for leather and textile	04072
	Manufacture of weapons and ammunition	04073
	Manufacture of other special purpose machinery	04074
	Manufacture of domestic appliances	04075
	Manufacture of office, accounting and computing machinery	04076
	Manufacture of electrical machinery and apparatus	04077
	Manufacture of Radio, Television, communication equipment and apparatus	04078
	Manufacture of medical and surgical equipment	04079
	Manufacture of industrial process control equipment	04080
	Manufacture of instruments and appliances for measurements and navigation	04081
	Manufacture of optical instruments	04082
	Manufacture of watches and clocks	04083
	Manufacture of motor vehicles	04084
	Manufacture of body of motor vehicles	04085
	Manufacture of parts & accessories of motor vehicles & engines	04086
	Building & repair of ships and boats	04087
	Manufacture of railway locomotive and rolling stocks	04088
	Manufacture of aircraft and spacecraft	04089
	Manufacture of bicycles	04090
	Manufacture of other transport equipment	04091

Sector	Sub-Sector	Code
	Manufacture of furniture	04092
	Manufacture of jewellery	04093
	Manufacture of sports goods	04094
	Manufacture of musical instruments	04095
	Manufacture of games and toys	04096
	Other manufacturing n.e.c.	04097
	Recycling of metal waste and scrap	04098
	Recycling of non- metal waste and scrap	04099
<b>ELECTRICITY, GAS AND WATER</b>	Production, collection and distribution of electricity	05001
	Manufacture and distribution of gas	05002
	Collection, purification and distribution of water	05003
	Other essential commodity service n.e.c	05004
<b>CONSTRUCTION</b>	Site preparation works	06001
	Building of complete constructions or parts-civil contractors	06002
	Building installation	06003
	Building completion	06004
	Construction and maintenance of roads, rails, bridges, tunnels, ports, harbour, runways etc.	06005
	Construction and maintenance of power plants	06006
	Construction and maintenance of industrial plants	06007
	Construction and maintenance of power transmission and telecommunication lines	06008
	Construction of water ways and water reservoirs	06009
	Other construction activity n.e.c.	06010
<b>REAL ESTATE AND RENTING SERVICES</b>	Purchase, sale and letting of leased buildings (residential and non-residential)	07001
	Operating of real estate of self-owned buildings (residential and non-residential)	07002
	Developing and sub-dividing real estate into lots	07003
	Real estate activities on a fee or contract basis	07004
	Other real estate/renting services n.e.c	07005

Sector	Sub-Sector	Code
<b>RENTING OF MACHINERY</b>	Renting of land transport equipment	08001
	Renting of water transport equipment	08002
	Renting of air transport equipment	08003
	Renting of agricultural machinery and equipment	08004
	Renting of construction and civil engineering machinery	08005
	Renting of office machinery and equipment	08006
	Renting of other machinery and equipment n.e.c.	08007
	Renting of personal and household goods n.e.c.	08008
	Renting of other machinery n.e.c.	08009
<b>WHOLESALE AND RETAIL TRADE</b>	Wholesale and retail sale of motor vehicles	09001
	Repair and maintenance of motor vehicles	09002
	Sale of motor parts and accessories- wholesale and retail	09003
	Retail sale of automotive fuel	09004
	General commission agents, commodity brokers and auctioneers	09005
	Wholesale of agricultural raw material	09006
	Wholesale of food & beverages and tobacco	09007
	Wholesale of household goods	09008
	Wholesale of metals and metal ores	09009
	Wholesale of household goods	09010
	Wholesale of construction material	09011
	Wholesale of hardware and sanitary fittings	09012
	Wholesale of cotton and jute	09013
	Wholesale of raw wool and raw silk	09014
	Wholesale of other textile fibres	09015
	Wholesale of industrial chemicals	09016
	Wholesale of fertilizers and pesticides	09017
	Wholesale of electronic parts & equipment	09018
	Wholesale of other machinery, equipment and supplies	09019
	Wholesale of waste, scrap & materials for recycling	09020

Sector	Sub-Sector	Code
	Retail sale of food, beverages and tobacco in specialized stores	09021
	Retail sale of other goods in specialized stores	09022
	Retail sale in non-specialized stores	09023
	Retail sale of textiles, apparel, footwear, leather goods	09024
	Retail sale of other household appliances	09025
	Retail sale of hardware, paint and glass	09026
	Wholesale of other products n.e.c	09027
	Retail sale of other products n.e.c	09028
<b>HOTELS, RESTAURANTS AND HOSPITALITY SERVICES</b>	Hotels - Star rated	10001
	Hotels - Non-star rated	10002
	Motels, Inns and Dharmshalas	10003
	Guest houses and circuit houses	10004
	Dormitories and hostels at educational institutions	10005
	Short stay accommodations n.e.c.	10006
	Restaurants - with bars	10007
	Restaurants - without bars	10008
	Canteens	10009
	Independent caterers	10010
	Casinos and other games of chance	10011
Other hospitality services n.e.c.	10012	
<b>TRANSPORT &amp; LOGISTICS SERVICES</b>	Travel agencies and tour operators	11001
	Packers and movers	11002
	Passenger land transport	11003
	Air transport	11004
	Transport by urban/sub-urban railways	11005
	Inland water transport	11006
	Sea and coastal water transport	11007
	Freight transport by road	11008
	Freight transport by railways	11009
	Forwarding of freight	11010
	Receiving and acceptance of freight	11011
	Cargo handling	11012
	Storage and warehousing	11013

Sector	Sub-Sector	Code
	Transport via pipelines (transport of gases, liquids, slurry and other commodities)	11014
	Other Transport & Logistics services n.e.c	11015
<b>POST AND TELE - COMMUNICATION SERVICES</b>	Post and courier activities	12001
	Basic telecom services	12002
	Value added telecom services	12003
	Maintenance of telecom network	12004
	Activities of the cable operators	12005
	Other Post & Telecommunication services n.e.c	12006
	<b>FINANCIAL INTERMEDIATION SERVICES</b>	Commercial banks, saving banks and discount houses
Specialised institutions granting credit		13002
Financial leasing		13003
Hire-purchase financing		13004
Housing finance activities		13005
Commercial loan activities		13006
Credit cards		13007
Mutual funds		13008
Chit fund		13009
Investment activities		13010
Life insurance		13011
Pension funding		13012
Non-life insurance		13013
Administration of financial markets		13014
Stock brokers, sub-brokers and related activities		13015
Financial advisers, mortgage advisers and brokers		13016
Foreign exchange services		13017
Other financial intermediation services n.e.c.		13018
<b>COMPUTER AND RELATED SERVICES</b>	Software development	14001
	Other software consultancy	14002
	Data processing	14003
	Database activities and distribution of electronic content	14004



Sector	Sub-Sector	Code
	Other IT enabled services	14005
	BPO services	14006
	Cyber café	14007
	Maintenance and repair of office, accounting and computing machinery	14008
	Computer training and educational institutes	14009
	Other computation related services n.e.c.	14010
<b>RESEARCH AND DEVELOPMENT</b>	Natural sciences and engineering	15001
	Social sciences and humanities	15002
	Other Research & Development activities n.e.c.	15003
<b>PROFESSIONS</b>	Legal profession	16001
	Accounting, book-keeping and auditing profession	16002
	Tax consultancy	16003
	Architectural profession	16004
	Engineering and technical consultancy	16005
	Advertising	16006
	Fashion designing	16007
	Interior decoration	16008
	Photography	16009
	Auctioneers	16010
	Business brokerage	16011
	Market research and public opinion polling	16012
	Business and management consultancy activities	16013
	Labour recruitment and provision of personnel	16014
	Investigation and security services	16015
	Building-cleaning and industrial cleaning activities	16016
	Packaging activities	16017
	Secretarial activities	16018
	Other professional services n.e.c.	16019

Sector	Sub-Sector	Code
<b>EDUCATION SERVICES</b>	Primary education	17001
	Secondary/ senior secondary education	17002
	Technical and vocational secondary/ senior secondary education	17003
	Higher education	17004
	Education by correspondence	17005
	Coaching centres and tuitions	17006
	Other education services n.e.c.	17007
<b>HEALTH CARE SERVICES</b>	General hospitals	18001
	Speciality and super speciality hospitals	18002
	Nursing homes	18003
	Diagnostic centres	18004
	Pathological laboratories	18005
	Independent blood banks	18006
	Medical transcription	18007
	Independent ambulance services	18008
	Medical suppliers, agencies and stores	18009
	Medical clinics	18010
	Dental practice	18011
	Ayurveda practice	18012
	Unani practice	18013
	Homeopathy practice	18014
	Nurses, physiotherapists or other para-medical practitioners	18015
Veterinary hospitals and practice	18016	
Other healthcare services	18017	
<b>SOCIAL AND COMMUNITY WORK</b>	Social work activities with accommodation (orphanages and old age homes)	19001
	Social work activities without accommodation (Creches)	19002
	Industry associations, chambers of commerce	19003
	Professional organisations	19004
	Trade unions	19005
	Religious organizations	19006
	Political organisations	19007

Sector	Sub-Sector	Code
	Other membership organisations n.e.c. (rotary clubs, book clubs and philatelic clubs)	19008
	Other Social or community service n.e.c	19009
<b>CULTURE AND SPORT</b>	Motion picture production	20001
	Film distribution	20002
	Film laboratories	20003
	Television channel productions	20004
	Television channels broadcast	20005
	Video production and distribution	20006
	Sound recording studios	20007
	Radio - recording and distribution	20008
	Stage production and related activities	20009
	Individual artists excluding authors	20010
	Literary activities	20011
	Other cultural activities n.e.c.	20012
	Circuses and race tracks	20013
	Video Parlours	20014
	News agency activities	20015
	Library and archives activities	20016
	Museum activities	20017
	Preservation of historical sites and buildings	20018
	Botanical and zoological gardens	20019
	Operation and maintenance of sports facilities	20020
	Activities of sports and game schools	20021
	Organisation and operation of indoor/ outdoor sports and promotion and production of sporting events	20022
	Other sporting activities n.e.c.	20023
	Other recreational activities n.e.c.	20024
<b>OTHER SERVICES</b>	Hair dressing and other beauty treatment	21001
	Funeral and related activities	21002
	Marriage bureaus	21003
	Pet care services	21004
	Sauna and steam baths, massage salons etc.	21005
	Astrological and spiritualists' activities	21006

<b>Sector</b>	<b>Sub-Sector</b>	<b>Code</b>
	Private households as employers of domestic staff	21007
	Other services n.e.c.	21008
<b>EXTRA TERRITORIAL ORGANISATIONS AND BODIES</b>	Extra territorial organisations and bodies (IMF, World Bank, European Commission etc.)	22001

\*n.e.c. - not elsewhere classified



