

## **Key Changes in the Income Tax Return (“ITR”) Forms and e-Filing requirements**

The CBDT vide Notification No. 41/2015 dated 15 April 2015 has notified ITR 1, ITR 2 and ITR 4S for Assessment Year (“AY”) 2015-16 and has made amendment to Rule 12 of the Income tax Rules, 1962 which shall be applicable to AY 2015-16. Due to significant changes notified in the Income tax Returns, the same is currently being reviewed by the CBDT. The Key changes in the new ITR Forms and e-filing requirements proposed by the CBDT notification are as follows –

### **1) Mandatory e-filing of ITR**

- Till AY 2014-15, individuals or HUFs, who were otherwise not liable to file return of income electronically, could claim tax refund by filing return of income in physical form.
- However, the new provision makes it mandatory for every taxpayer to file return of income electronically so as to claim refund of tax from the department.
- As per the new provision every individual or HUF whose total income exceeds five lakh rupees or who is required to file return in Form ITR-3 or ITR-4 shall file return of income electronically.

### **2) Filing of Return of Income by Super Senior Citizens**

- Prior to the notification, every super senior citizen (being an individual of 80 years or more) is required to file return of income electronically, if his total income exceeds five lakh rupees.
- The new Rules provide an option to the super senior citizens, whose total income exceeds five lakh rupees or who is claiming income-tax refund, to file return of income in physical form, provided return is furnished in ITR- 1 or ITR- 2.

### **3) Details of all bank accounts**

Under new ITR 1, ITR 2 and ITR 4S, an assessee is required to report details of all bank accounts held by him in India at any time (including opened/closed ones) during the previous year. Following details shall be reported in respect of each bank account held by assessee in India:

- a) IFSC Code of the Bank
- b) Name of the Bank
- c) Name of joint holders (if any)
- d) Account Number
- e) Account Balance as on 31<sup>st</sup> March of the previous year

### **4) Details about foreign travelling (ITR 2)**

If assessee has travelled overseas, the details about such travelling should be furnished in the return form. The details to be furnished in the return shall be:

- a) Passport details
- b) Country visited during the year and number of visits
- c) If assessee is a resident, amount incurred from own sources in relation to such travel

**5) Reporting of Aadhar Number (ITR 1, 2, 4S)**

The new ITR forms require assessee to provide his Aadhaar Number (if assessee has obtained the same)

**6) Date of Formation by HUF (ITR 2, 4S)**

Under new ITR forms, an HUF is required to report date of its formation.

**7) Reporting of amount that has remained unutilized in capital gains account scheme (ITR 2)**

- Under new ITR form, requisite details are required to be provided in respect of amount so deposited in Capital Gains Account Scheme.
- The details which are required to be provided if amount is deposited in capital gains account scheme are as follows:
  - a. Previous year in which asset is transferred
  - b. Section under which exemption is claimed
  - c. Year in which new asset is acquired
  - d. Amount utilized out of capital gains account scheme to acquire new asset
  - e. Amount that has remained unutilized in capital gains account scheme or amount which is not used for making investment in specified new asset

**8) Returns filed pursuant to order of CBDT under Section 119 (ITR 1, 2, 4S)**

If the CBDT extends the due date of filing of return of income due to the genuine hardships faced by the assessee or due to natural calamities or any other reason, and if assessee is filing return of income pursuant to such order of CBDT under Section 119(2)(b) of the Income tax Act, 1961, it shall tick the check-box [under Section 119(2)(b)] introduced in the new ITR forms.

**9) Details about the income taxable under DTAA (ITR 2)**

If capital gain or residuary income of assessee is taxable as per provisions of the DTAA entered into between India and a foreign country, of which the assessee is a resident, following details shall be furnished in the new return forms:

- a. Name of the Country
- b. Relevant Article of the DTAA
- c. Rate of tax under DTAA (applicable in case of residuary income)
- d. Confirmation if TRC has been obtained
- e. Corresponding section of the Act which prescribe the rate of tax (applicable in case of residuary income)
- f. Amount of income

Further, the special tax rate on capital gain or residuary income and tax on such income as per DTAA shall be disclosed separately in Schedule SI.

**10) Advanced Pricing Agreement (ITR 2)**

- As per provisions of Section 92CD – Effect of Advance Pricing Agreement ('APA'), where any person has entered into an APA and prior to the date of entering into the agreement, any return of income has been furnished under section 139 for any previous year to which such agreement applies, such person shall furnish, within a period of three months from the end of the month in which the said agreement was entered into, a modified return in accordance with the APA.
- Accordingly, ITR forms pertaining to the Assessment Year 2014-15 were amended to allow assessee to tick the relevant check-box in Part A – Gen [ Modified Return - Section 92CD].
- Now, under new ITR forms, assessee would also be required to enter Receipt No. and Date of filing of original return where modified return is furnished under Section 92CD.
- Further, in this case the assessee shall be required to give an additional declaration that it satisfies the terms and conditions of the APA. The assessee shall declare the following in the return:

*"I further declare that the critical assumptions specified in the agreement have been satisfied and all the terms and conditions of the agreement have been complied with. (Applicable, in a case where return is furnished under Section 92CD)"*

**11) Agricultural Income (ITR 2)**

Unlike the existing ITR forms which require assessee to provide figure of net agricultural income which is exempt from tax, the Schedule Exempt Income (EI) in new ITR forms requires assessee to provide following figures separately:

- a) Gross agricultural receipts
- b) Expenditure incurred on agriculture
- c) Unabsorbed agricultural loss of previous eight assessment years
- d) Net agricultural income for the year.

**12) Removal of distinction between heavy and light good carriages (ITR 4 S)**

- The Finance (No. 2) Act, 2014 amended Section 44AE to remove the distinction between heavy goods carriages and light good carriages. From Assessment Year 2015-16, presumptive income in respect of goods carriages is computed at a uniform rate of Rs. 7,500 per month for any goods carriages.
- Therefore, changes have been made in the ITR forms to remove the concept of type of goods carriages and to provide for uniform rate of Rs. 7,500 per month for computation of presumptive income of goods carriages.

**13) Details about foreign assets and foreign income (ITR 2)**

The new ITR forms seek more details about the foreign assets and income from any source outside India. Schedule FA is substituted which requires assessee to provide detailed information about such foreign assets and income. The additional disclosures in the new ITR form shall be as under:

- ***Foreign Bank Account:***
  - a) Status of account holder (i.e., Owner/Beneficial Owner/Beneficiary)
  - b) Date of opening of such bank account;
  - c) Interest accrued in the account; and
  - d) Details about the interest offered to tax in the return.
- ***Financial Interest in a foreign entity:***
  - a) Nature of financial interest (direct, beneficial ownership or beneficiary) in such entity;
  - b) Date since such interest is held;
  - c) Income accrued from such interest;
  - d) Nature of income; and
  - e) Details about the income offered to tax in this return.
- ***Foreign Immovable Property or any other capital asset***
  - a) Whether ownership in such asset is direct or beneficial or as beneficiary;
  - b) Date of acquisition of such asset;
  - c) Income derived from such asset;
  - d) Nature of income; and
  - e) Details about the income offered to tax in this return
- ***Signing authority in any foreign account***
  - a) Whether income accrued in such account is taxable in assessee's hands; and
  - b) If yes then furnish details about the income offered to tax in this return
- ***Trustee or Beneficiary or Settlor in a foreign trust***
  - a) Date since the position of trustee or beneficiary or settlor held in foreign trust;
  - b) Whether income derived from the trust is taxable in assessee's hands; and
  - c) If yes, details about the income offered to tax in this return
- ***Any other income derived from any source outside India***
  - a) Country Name and Code;
  - b) Name and address of the person from whom income is derived;
  - c) Amount of income derived;
  - d) Nature of income;
  - e) Whether income is taxable in assessee's hands; and
  - f) If yes, details about the income offered to tax in this return.