10 key changes in IT returns for AY 2018-19

It is already the start of the Returns filing season. Several changes were made by the Finance Act 2017 which will be applicable in the returns which will be filed in the current Assessment Year 2018-19. This article has been written to help you to consider changes that has come to the return forms this year.

1. Surcharge on income over Rs 50 Lacs

A new surcharge @ 10% has been introduced in case of individuals whose Total incomeexceedsRs. 50 Lakhs but is upto Rs. 100 Lakhs

2. Rebate of Section 87A

Till last year, any individual having Total Incomeof less than 5 lakhs were awarded with a rebate of Rs 5000 u/s 87A. However, this rebate amount has now been reduced to Rs 2500 and that too is available only for those individuals whose Total Incomeis up to 3.5 lakhs

Read more about rebate under section 87A: [Section 87A: Income Tax Rebate of Rs. 2500]

3. Changes in Tax rates

- Income falling in the second slab rate of 2.5Lakhs-5Lakhs(3 Lakhs to 5 Lakhs in case of senior citizens) shall be taxed at 5% from current A.Y. onwards.
- Also a lower tax rate of 25% will be applicable on companies whose Gross receipts/Turnover in F.Y. 2015-16 was upto Rs 50 crores only.

4. New Cost Inflation Index table applicable

Finance Act 2017 had shifted the base year from 1981 to 2001 and so accordingly new Cost Inflation Index which was notified will be effective for computation of capital gains incurred in the Financial Year 2017-18.

Read more at: [How does Cost inflation index determine Capital Gains?]

5. Period of holding in case of immovable properties

Period of Holding is computed to categorise the capital gains as long term or short term. Finance Act 2017 had reduced the POH requirement in case of land & building to 24 months from 36 months and so, any immovable property which is sold in 2017-18 will be taxed on long-term basis if it has been held for 24 months and more.

6. Exemption under section 10(38)

A new condition needs to be fulfilled in order to get the benefit of 10(38) exemption in this year's returns.

If the shares were acquired after 1-10-2004, STT (Securities Transaction Tax) should have been paid on them when they were purchased, else no exemption u/s 10(38) shall be available from this year onwards.

7. Loss under head House Property

Earlier Loss u/h House Property could be set off against incomes in other heads without any limit.

Finance Act 2017 has limited this inter-head set off to Rs 2 Lakhs and balance loss will be required to be carried forward to the next year.

8. Disallowance of Cash expenditure

The limit of Sec 40A(3) has been reduced from 20000 to 10000. So if any assessee has made any revenue expenditure of an amount exceeding 10000 in the P.Y. 2017-18, it shall be disallowed.

Similarly, in order to bring capital expenditures in to the ambit, a proviso had been introduced in Sec 43(1), whereby if any person acquires any asset in cash for a sum of more than Rs 10,000 then such item cannot be considered for capital expenditure and consequently no depreciation on the same.

Read more: Cash is not the King now

9. Penalty for furnishing return after the due dates

A new section 234F has been inserted which will impose fees upto Rs 10,000 if the return is furnished after the prescribed due dates.

Section 234F prescribes following fees in case of late filing:

1. After due date but before December 31 2018**- Rs. 5,000**
2. Post December 31**- Rs. 10,000**.
3. If the total income does not exceed Rs. 5 lacs, then the penalty is limited to Rs. 1,000.

Read more about Penalty us 234F: Penalty for delayed filing of Income Tax return for AY 2018-19

10. Revised Returns

Earlier it was permitted to revise the returns filed upto the end of one year from the assessment year.

However, this has now been amended and so the returns filed for the A/Y 18-19 shall be revisable upto 31-03-2019 only.

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