15 Important Changes in New ITR Forms for F.Y. 2018-19

Arjuna (Fictional Character) : Krishna, new ITR forms have been notified by CBDT, what is your view on that?

Krishna (Fictional Character): Arjuna, recently CBDT has notified new changes in the ITR for F.Y. 2018-19 and now the taxpayers will have to give detailed information of their agriculture income, gross profit and net profit from business, directorships in companies, shareholding in unlisted companies, etc.

Arjuna (Fictional Character): Krishna, what are the major changes in these ITR?

Krishna (Fictional Character): Arjuna, 15 important changes in ITR are as follows-

- Where regular books of accounts are maintained, Profit and Loss A/c is bifurcated into Manufacturing, Trading and Profit and Loss A/c in ITR-3, ITR-5, ITR-6. In Manufacturing A/c details of opening inventory of raw material and work in progress, purchases, direct wages, direct expenses, factory overheads and closing stock are to be given and cost of goods produced to be transferred to Trading A/c. In Trading A/c details of Sales, purchases, direct expenses, Opening and Closing stock of finished goods, etc is to be given and gross profit to be transferred to P&L A/c. Indirect incomes and expenses to be reported in P&L A/c. This will disclose gross profit and net profit calculations. The gross profit and net profit as per books of accounts will have to be reconciled with ITR.
- In case the net agriculture income exceeds Rs.5 Lacs, following details to be provided for each agriculture land separately in ITR-2,ITR-3,ITR-5,ITR-6:

1. Name of district along with pin code in which agricultural land is located

2. Measurement of agricultural land in Acre

3. Whether the agricultural land is owned or held on lease

4. Whether the agricultural land is irrigated or rain-fed

From the above information, crop pattern and yield of each agriculture land can be determined.

- Detailed information of shareholders is to be provided by Unlisted Companies and Startups. Further details of Assets and Liabilities along with its purpose is to be provided as follows-

1. Details of building or land appurtenant there to, or both, being a residential house

2. Details of land or building or both not being in the nature of residential house

5. Details of other securities

6. Details of capital contribution to other entity

7. Details of Loans & Advances to any other concern

8. Details of motor vehicle, aircraft, yacht or other mode of transport

9. Details of Jewellery, archaeological collections, drawings, paintings, sculptures, any work of art or bullion

10. Details of liabilities: Details of loans, deposits and advances taken from a person other than financial institution

- Detailed information regarding holding of unlisted equity shares at any time during the year is to be given company wise in ITR-2,ITR-3,ITR-5,ITR-7 :

1. Name and PAN of the company

2. Opening balance – No. of shares and cost of acquisition

3. Shares acquired during the year – No. of shares, date of subscription/purchase, face value, Issue price, Purchase price

5. Closing balance – No. of shares and cost of acquisition

The above information will be crosschecked with data provided by companies. Applicability of taxability u/s 56 can be ascertained.

- Details of directorship in company at any time during the financial year such as Name and PAN of the company, whether its shares are listed or unlisted and Director Identification No. (DIN) are to be furnished in ITR-2 and ITR-3. This will be cross verified with ROC.
- Detailed disclosure for residential status in India is to be provided by individuals in ITR-2 and ITR-3 i.e. stay in India is more than 182 days or more during the year, stay in India is 365 days or more in 4 preceding years, etc. In case of non-resident details of jurisdiction of residence and Taxpayer Identification No. to be provided along with total period of stay in India during the year and during 4 preceding years. It will be helpful in determining correct residential status and hence taxability of residents and non-residents.
- Information regarding Turnover/Gross receipts as per GST return filed such as GSTIN and annual value of outward supplies, which was limited to ITR-4 only now made applicable to ITR-3, ITR-5 and ITR-6.
- The manner of reporting of Salary income has been changed. Earlier only taxable allowances were to be reported. Now gross salary is to be reported and then exempt allowances are to be deducted and taxable salary is to be calculated. Further separate reporting of all deductions u/s 16 is to be done instead of total deduction u/s 16. The disclosure will provide information in line with Form-16.
- Long Term Capital Gains (LTCG) taxable at 10% above Rs 1 lakh from Equity & Equity mutual fundsare to be given in ITR form in effect of new provision introduced w.e.f 1.4.2018 as per section 112A.
- Bifurcation of Donations made in cash or otherwise are to be given for claiming deduction u/s 80G. The donations in cash above Rs.2000 will be disallowed.
- TAN of tenant is to be reported if TDS deducted on rent income. Similarly, PAN/TAN of the buyer to be reported in case of sale of immovable property and TDS is deducted.
- Deduction under section 80TTB is incorporated where Senior Citizens are allowed to take deduction upto Rs.50,000 on bank Interest.
- An individual, who either is a Director in a company or has invested in unlisted equity shares or claiming deduction from income from other sources except standard deduction for family pension, cannot file ITR-1 (Sahaj) or ITR-4 (Sugam).
- Now ITR-4 can be filed only by resident individuals, HUF and Firms having income upto Rs.50 Lacs. Those having income above Rs.50 Lacs will have to file ITR-3 and provide more information.
- From A.Y. 2019-20, only persons above 80 years of age i.e. super senior citizen using ITR-1 or ITR-4 can file paper returns. Rest all are required to file return electronically. Earlier those with income up to Rs. 5Lacs and not seeking a refund could also file in paper form.

Arjuna: Krishna, what should the people learn from these new ITR forms?

Krishna: Arjuna, New computerized scrutiny and verification requires more and more information from taxpayers to check evasion and increase cross verification of economic transactions. Hence new changes in ITR are brought every year. This is a step to move towards 100% e-processing, e-verification and e-assessments.

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