# **NEW INCOME TAX RETURNS WITH DATA OF FOREIGN RETURN, BUT NOW AGAIN A U-TURN**

Financial year 2014-15 is over. Now Income Tax Return will have to be filed for that year. The Department has notified some of the modified forms for filing Income Tax Return. Which forms have been notified, what are the changes made in it and what is its impact on Taxpayers?

Income Tax Department has specified various types of Forms on the basis of Source of Income and type of Taxpayer. Out of them ITR 1, ITR 2, and ITR 4S forms have been made available. Income Tax Department makes changes in Income tax return for the amendments made in Income Tax Act through Finance Budget and to collect more information from taxpayer so as to avoid Tax Evasion.

 **What are the changes in Income Tax Return which are applicable to all taxpayers?**

 Following are the major changes in Income Tax return applicable to every taxpayer:

*1) Details of All Bank Accounts:* Earlier, Taxpayer had to provide details of only one Bank Account along with IFSC code in the Return. Now details of all Bank Accounts have to be given like Name of Bank, Account No., IFS code, Joint Account Holder and Balance as on 31st March etc. Also details of Account closed in that year will have to be given. Government is making such changes to stop Tax Evasion, to reduce Black Money and to ensure compliance of Law. These Bank Accounts will be cross verified through PAN so Taxpayer has to provide correct information.

*2) Aadhar Card:* Every Assessee has to mention his Aadhar card No. in Income Tax Return. Online verification will be made through Aadhar Card No. and therefore there will be no need to send signed copy of Acknowledgement of Return to Bangalore. For this Government has made available the new option of “Electronic Verification Code.” This EVC code is linked to Aadhar Card. This means it will be essential for the Taxpayer to obtain Aadhar Card. Financial and Government related transaction like Gas Subsidy, Grants, etc. linked with Aadhar card will be cross checked by Income Tax Department.

*3) Super Senior Citizen:* Taxpayers having age more than 80 Years and filing ITR 1 or ITR 2 i.e. not having income from Business or Profession can file income tax return manually. They are not mandatorily required to E-File the return even if they have income above 5 lakhs or are claiming refund in income tax return. Due to this change Government has given relief to Super Senior Citizens from E-filing of Return.

*4) Compulsory E-Filing:* The Taxpayer claiming Refund is required to E-File the Return of Income even though his Income is not exceeding Rs.5 lakh. That means Government has consolidated the Refund processing and has made it online.

**What are the changes made in ITR 4S?**

ITR 4S Sugam Form is for those Taxpayers who show Presumptive Income i.e. they file their Return of Income according to section 44AD or 44AE. Following are the major changes in it:

1) Under section 44AE, Taxability of Income from Heavy goods vehicle and other were bifurcated but now from FY 2014-15 the basic limit for showing the Income is same for all type of vehicles. Accordingly changes are made in Return of Income.

2) If taxpayer is availing Deduction u/s 80G and filling ITR 1 or ITR 4S then he is not required to provide detailed information of Donation given.

**What are the changes made in ITR 2?**

Following are the major changes in ITR 2:

1) While showing Income from House property:
i) Income from let out property and
ii) Income from deemed let out property to be specified.

2) If Taxpayer has deposited under Capital Gain Scheme for unutilized capital gain, then details of Amount utilized and not utilized are to be provided.

3) Taxpayers having Agriculture income will have to give details of Gross Agriculture receipts, expenditure and Unabsorbed Agriculture loss for 8 Years.

4) Details of Foreign trip made for any reason has to be given. He has to mention his Passport No., place of issue, Name of Country, No of times visited, and the details of amount of expenditure made on the foreign trip out of own sources of income.

5) Resident taxpayer will have to give details of income from any source outside India along with foreign assets held at any time during the year. Further details of its taxability and the head of Income in which the said income is included are to be mentioned. Further such taxpayers will have to E-File their income tax return.

**What should the taxpayer learn from the changes in the Income Tax Return?**

It seems that, Government is gathering more and more information from the Taxpayer.

Taxpayer should carefully mention the details of all the Bank Accounts in the Return of Income. Otherwise the taxpayer will have to face the consequences. Also details of Agricultural Income and Foreign trip have to be provided. Correct Information should be given while filing return of Income otherwise for incorrect disclosure along with Tax and interest, penalty will have to be paid. This means Income tax department is collecting more information from Taxpayer to restrict Tax Evasion. But, easy and simple return filing has become complicated.

The Finance Minister has said that changes will be considered to simplify the same. Let’s see what happens, but this has left the taxpayers confused.

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