CHANGES IN INCOME TAX RETURN FORMS RELEVANT FOR A.Y.2018-19

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ASSESSMENT YEAR 2018-19

Matters which you must understand before filing of ITR forms for AY 2018-19

A. ITR-1:- 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 upto Rs. 50 lakh:

S. No.	Particulars of Changes	Detail of Changes
1.	More Detail of Salary and House Property Income	In last assessment years an assessee was only required to mention the taxable figure of salary income and income from house property in these ITR forms. From AY 2018-19 new ITR forms require the individual assessee to provide detailed calculation (salary structure) in case of salary & house property income. (This change in also applicable for ITR-4)
2.	Removal of 'Gender' from personal information	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. (This change in also applicable for ITr-2, ITR-3 and ITR-4)

B. ITR-2:- For Individuals and HUFs not having income from profits and gains of business or profession:

S. No.	Particulars of Changes	Detail of Changes
1.	Capital Gains in case of transfer of unquoted shares	The Finance Act, 2017 introduced a new Section 50CA with effect from Assessment Year 2018-19. This new provision provides that if unlisted shares are transferred at a price which is less than its FMV, the sales consideration shall be deemed to be the price as calculated by a Merchant Banker or a CA on the valuation date. It would now be mandatory for the investors to obtain the valuation report in case of sale of unquoted shares. To ensure that investors correctly report the capital gains from unlisted shares, the new ITR Forms require the FIIs and other assessees to provide the following information in respect of unlisted shares: **(1)** Actual Sale Consideration **(2)** FMV (calculated as per prescribed manner) **(3)** Deemed full value of consideration (Higher of 1 and 2) (This change also applicable for ITR -3, ITR-5, ITR-6, ITR-7)

2.	Reporting of sum taxable as Gift	The Finance Act, 2017 had extended the scope of this provision by introducing a new clause, i.e., Section 56(2)(x) which covers all taxpayers within its ambit. Consequently, new columns have been inserted in all ITR forms except ITR 1 and ITR 4 under 'Schedule OS' to report any income as specified in Section 56(2)(x). (This change also applicable for ITR -3, ITR-5, ITR-6, ITR-7)
3.	Information relating to capital gains exemption to be furnished in detail	The new ITR Forms introduce specific columns to report each capital gain exemption separately. Details of each capital gains exemption under Sections 54, 54B, 54EC, 54EE, 54F, 54GB and 115F shall be reported in its applicable column now. Further, a taxpayer availing these capital gains exemptions is required to mention the date of transfer of original capital asset which was missing in earlier ITR Forms. (This change is also applicable for ITR-3, ITR-5, ITR-6)
4.	Disallowance of expenses in case of TDS default	The provisions of Section 40(a)(ia) disallow 30% of certain expenditures if tax is not deducted in respect of those expenditures in accordance with Chapter XVII-B or if tax is deducted but not deposited on or before the due date for filing of return of income. The Finance Act, 2017 introduced the similar disallowance provision in case of income from other sources if tax is not deducted or not deposited in accordance with Chapter XVII-B. A new column has been inserted in the ITR Forms to report such disallowances. (This change is also applicable for ITR-3, ITR-5 and ITR-6)
5.	Taxability on remission of trading liability in case of 'Income from other source'.	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'. The new ITR forms require separate reporting of such remission or cessation, which is taxable as per Section 59, in Schedule OS. (This change is also applicable for ITR-3, ITR-5, ITR-6 and ITR-7)
6.	Details of foreign bank account of non-residents.	The new ITR forms allow non-residents to furnish details of any one foreign Bank Account for the purpose of payment of income-tax refund. (This change is also applicable for ITR-3, ITR-5, ITR-6 and ITR-7)

Other changes in ITR-2 are already consider in Point A.

C. ITR-3:- For individuals and HUFs having income from profits and gains of business or profession

S. No.	Particulars of Changes	Detail of Changes
1.	Revised Depreciation Schedule	The CBDT vide Income-Tax (Twenty Ninth Amendment) Rules, 2016, dated 07-11-2016 had restricted the highest rate of depreciation for any block of asset to 40%. In other words, 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 new ITR Forms have replaced the depreciation column of 50/60/80/100 percent with 40% in case of plant & machinery and Building. New columns have also been inserted to enable the entities to claim proportionate depreciation in the event of business reorganisation, i.e., demerger, amalgamation, etc. Further, a field is added to disclose the disallowance to be made in respect of depreciation under section 38(2) if an asset is not exclusively used for business purpose. (This change is also applicable for ITR-5 and ITR-6)
2.	Impact on profit or loss due to ICDS deviation	In last preceding years ICDS, there is only impact of ICDS was need to disclosed. The new ITR Forms require separate reporting of both profit and loss (and not on net basis) in Schedule OI, Schedule BP (Computation of income from business or profession) and Schedule ICDS. (This change is also applicable for ITR-5 and ITR-6)
3.	Detail of GST	After enactment of GST Act, the new ITR forms have introduced new columns to report CGST, SGST, IGST and UTGST paid by, or refunded to, assessee during the Financial Year. (This change is also applicable for ITR-5 and ITR-6)

Other changes in ITR-3 are already consider in Point A and Point B.

D. ITR-4:- For Presumptive Income from Business & Profession

S. No.	Particulars of Changes	Detail of Changes
1.	Additional details to be furnished by taxpayers opting for presumptive scheme	Earlier Taxpayers opting for presumptive taxation scheme under section 44AD, 44ADA or 44AE were not required to maintain books of account and the old ITR 4 sought only 4 financial particulars of the business, a) total creditors, (b) total debtors, (c) total stock-in-trade and (d) cash balance.

		The new ITR 4 form seeks more financial details of business such as amount of secured/unsecured loans, advances, fixed assets, capital account etc. Further, new ITR 4 seeks GSTR no. of the assessee and turnover as per GST return filed by him.

Other changes in ITR-4 are already consider in Point A, Point B and Point C.

E. **ITR-5**:- For persons other than,- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7 Changes in ITR-5 already consider in Point A, B, C and D.

F. **ITR-6:-** For Companies other than companies claiming exemption under section 11:

S. No.	Particulars of Changes	Detail of Changes
1.	Details of business transactions with registered and unregistered suppliers under GST	A new Schedule has been inserted in ITR 6 which requires every company, who is not required to get its accounts audited under Section 44AB, to provide following details in respect of all transactions entered into during the year with a registered or unregistered supplier under GST: **(A)** Transactions in exempt goods or services **(B)** Transactions with composite suppliers **(C)** Transaction with registered entities and total sum paid to them **(D)** Transaction with unregistered entities
2.	Reporting of CSR appropriations	Corporate Social Responsibility (CSR) expenditures are to be incurred mandatorily under the Companies Act, 2013 and these expenditures are not deductible under section 37(1) of the Income-tax Act, 1961. All the companies which are 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 Form 6 to provide details of apportionments made by the companies from the net profit for the CSR activities.
3.	Break-up of payments / receipts in foreign currency	A new schedule has been inserted in the ITR 6 wherein breakup of payment & receipts in foreign currency are required to be reported by an assessee who is not liable to get its accounts audited under section 44AB. Assessees are required to provide the details of payment made and sum received in foreign currency towards capital and revenue account.

4.	Ownership information in case of unlisted company	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.

Other changes in ITR-6 are already consider in Point A, B, C, D and Point E.

G. ITR-7:- 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):

S. No.	**Particulars of Changes**	**Detail of Changes**
1.	Information related to trust	Charitable or religious trusts filing income-tax return for the Assessment Year 2018-19 in Form ITR 7 shall be required to disclose following additional information: (A) Aggregate annual receipts of the projects / institutions run by the trust. However, the table asking details about the name and annual receipts of institutes covered under Sections 10(23C)(iiiab), (iiiac), (iiiad) and (iiiae) has been removed. (B) Date of registration or approval granted to the trust (C) Amount utilized during the year for the stated objects out of surplus sum accumulated during an earlier year.
2.	Details of fresh registration upon change of objects	Section 12A provides for conditions to be satisfied by a charitable institution for availing of exemption under sections 11 and 12. A new clause (ab) has been inserted in Section 12A(1) with effect from Assessment Year 2018-19 to provide that where a charitable institution has been granted registration and, subsequently, it has adopted or undertaken modification of the objects which do not conform to the conditions of registration, it shall be required to take fresh registration. Consequential changes have been made in the Form ITR 7. A trust will be required to furnish the following details if there is any change in its stated objects: (A) Date of change in objects (B) Whether application for fresh registration has been made within stipulated time period? (C) Whether fresh registration has been granted? (D) Date of such fresh registration.

3.	Taxability of Dividend in excess of Rs. 10 lakhs	Section 115BBDA provides for levy of additional tax on dividend income received from domestic companies, if it exceeds Rs. 10 lakhs in aggregate. When this section was introduced by the Finance Act, 2016, this additional tax was levied only on 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 instructions as referred to in Section 10(23C) and a trust registered under Section 12A or 12AA. The changes made by the Finance Act, 2017 are applicable from the Assessment Year 2018-19. Accordingly, necessary changes have been incorporated in Form ITR 7 which is applicable for Assessment Year 2018-19. 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).
4.	No deduction for corpus donations made to other institutions.	Up to Assessment Year 2017-18, a donation made by a registered trust to another registered trust constituted application of income notwithstanding that the donation was made with a specific direction that it shall form part of the corpus of the donee. The Finance Act, 2017 has inserted a new Explanation 2 with effect from Assessment Year 2018-19 to effect that any donation to another charitable institution registered under section 12AA with a specific direction that it shall form part of the corpus of the donee, shall not be treated as application of income for charitable or religious purposes. The consequential changes have been made in form ITR 7. In Schedule TI(Statement of Income) all the corpus donations made by a trust to another registered trust shall be added back to the taxable income of the donor trust.
5.	Political Parties to confirm if cash donations are received	Registered political parties are exempt from income-tax by virtue of section 13A of Income-tax Act. Earlier there was no restriction on the political parties to receive the cash donations. However, with effect from assessment year 2018-19, Section 13A puts a restriction on political parties against receiving the cash donations in excess of Rs. 2,000. 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.

		The new ITR 7 requires the political parties to provide a declaration by selecting the 'Yes' or 'No' check-box to confirm whether it has received any cash donation in excess of Rs. 2,000. A political party is now required to disclose more information about the auditor who is signing the audit report of the political party.