

WHAT TAXPAYERS SHOULD KNOW ABOUT THE CHANGES IN FORMS FOR FILING RETURNS



POWER
POINT

PRABHAKAR K S

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mlntmoney@livemint.com

The last date to file income tax return (ITR) for the current assessment year 2022-23 is 31 July. In the last few years, the introduction of a new e-filing portal, Taxpayer Information Summary (TIS) and Annual Information Statement (AIS), along with the existing Form 26AS, have made ITR filing easier but ITR forms are made more exhaustive every year to increase the scope of reporting of various incomes. It would do well for taxpayers to know the various changes introduced in the ITR forms this year.

ITR-1 or Sahaj: It can be filed by a resident and ordinarily resident individual with total income of up to ₹50 lakh from salary, pension, one residential property, other sources excluding lottery winnings, and agricultural income of up to ₹5,000. This year onwards, ITR 1 seeks breakup of the salary income into salary, perquisites and exemptions. A taxpayer is also required to furnish the details of income earned from 'retirement benefit accounts' maintained in foreign countries such as Canada, the UK, the US

and Northern Ireland.

ITR-2: This is applicable to individuals and HUFs (Hindu Undivided Families) with income above ₹50 lakh and without any income from profits and gains of business or profession. The nature of incomes to be disclosed include all incomes from ITR 1 and income from more than one house property, including brought forward loss, capital gains or loss on sale of investments, dividend income exceeding ₹10 lakh and agricultural income exceeding ₹5,000.

The reporting of interest accrued on provident fund, deferred tax on ESOP, date of purchase and sale of land or building, buyers details, address of the property transferred, disclosure of FMV of capital assets, consideration received in a slump sale, year-wise 'cost of improvement', 'cost of acquisition' and the 'indexed cost of acquisition'. All these changes are reflected in ITR 3, 5 and 6 also.

ITR-3: This is applicable to an individual or a HUF having income from 'profits and gains of business or profession'. All the incomes covered under ITR 1 and 2 are valid for this form as well except when an individual is a partner. In addition to aforesaid changes, adjustments of unabsorbed depreciation, disclosure of significant economic presence in India, amount of primary adjustment where such excess money has not been repatriated within the prescribed time, separate disclosure of interest and dividend incomes are also to be disclosed.

ITR-4 or Sugam: Applicable to those individuals, HUFs and firms having total income upto ₹50 lakh and those businesses or



professions who have specifically opted for Presumptive Taxation Scheme. Changes include disclosures with respect to alternative tax regime availed under section 115 BAC.

ITR-5: This is applicable to companies, including LLP (limited liability partnership) firms, AOP (association of persons), BOI (body of individuals), artificial juridical person, cooperative society and local authority. The new changes include disclosures with respect to computation of adjusted total income under Alternative Minimum Tax (AMT) regime, exempt income received from venture capital funds, investment funds, etc.

ITR-6: This is for companies, excluding those claiming exemption under Section 11. This year onwards, disclosures with

respect to computation of adjusted total income under Minimum Alternate Tax regime, investment made in an unincorporated entity with its PAN, applicability of section 92E, amount of share in the profit and capital balance as of 31 March needs to be made.

ITR-U: To reduce the tax litigation and provide an opportunity to correct the bonafide mistakes that occurred while filing returns, the Union Budget 2022 has introduced a new concept of 'updated return'. The new scheme will allow filing of an

updated return within 24 months from the end of the relevant assessment year with applicable late fee. For instance, taxpayers can now file updated return for the assessment year 2020-21 and 2021-22 and correct previously filed returns. However, filing of nil return, increase in refund or reduction of tax liability is not allowed.

AIS: This is the second year of AIS that gives a comprehensive statement of the taxpayer's financial transactions carried out during a financial year. Currently, 53 categories of financial transactions, including salary, interest, dividend, insurance commission, etc., are reflected in AIS. The TIS is a simpler version of AIS and reflects the original as well as revised values (i.e., value processed after the taxpayer's feedback is received). Those revised values in TIS is pre-filled in the taxpayers' yet to file draft returns.

Prabhakar KS is founder CEO, Shree Tax Chambers.

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