

Welcome



# *A Workshop on ITR Filing*

*Series-I: ITR-1 & ITR-2 on 17<sup>th</sup> July 2022*



*“Behind Every Successful Business Decision, there is always a **CMA**”*



## Introduction to ITR Filing

- ❖ Why we need to file Income Tax Return:
- ❖ To inform the Income Tax Department about our
  - ✓ Income
  - ✓ Expenses
  - ✓ High value transactions like Capital Gains etc.,
  - ✓ Chapter VI-A Deductions
  - ✓ Exemptions
  - ✓ Rebate
  - ✓ Relief
  - ✓ Tax Payable
  - ✓ TDS
  - ✓ TCS

## **Benefits of Filing & Payment of Income Tax : To the Society**

- ✓ Funding of public infrastructure
- ✓ Development and welfare projects
- ✓ Defense expenditure
- ✓ Research & Development
- ✓ Salaries to Government employees
- ✓ Operations & administration of the government entities
- ✓ Public transportation
- ✓ Unemployment benefits
- ✓ Pension schemes
- ✓ Law enforcement
- ✓ Public health
- ✓ Public Education
- ✓ Public utilities such as water, energy, and waste management systems

## **Benefits of Filing Income Tax Return: To the Assessee**

- ✓ Loan approvals
- ✓ Visa applications:
- ✓ Self-employed individuals
- ✓ Government tenders:
- ✓ Carrying forward of losses:
- ✓ Claiming tax refunds:
- ✓ High-cover life insurance:

## Who has to file the ROI ?

- ❖ **Every Company & Firm (including LLP):**
  - ✓ Irrespective of Income / loss mandatorily they have to file the ROI on or before the due date specified u/s 139(1)
- ❖ **Other Assessee:** (Individual/HUF/AOP/BOI/AJP/LA):
  - ✓ Whose **Total Income before giving Chapter VI-A Deductions & Exemptions u/s 54,54B,54D,54EC,54G,54GA & 54GB** exceed Maximum amount not chargeable to income tax **{GTI >BEL}**

## Let's discuss Q & A

1. Mr. Venkat age is 30 years whose Gross Total Income is Rs 2,50,000/- does Venkat required to file IT Return ?
2. During the FY 2021-22, M/s ABC Partnership firm suffered with a loss of Rs 1,00,000, does it require to file?
3. Mr Ram Gopal aged 85 years whose Gross Total Income is Rs 4,95,000/- does he require to file ?
4. XYZ Pvt Ltd earned net profit of Rs 10,000/- from the business, does it require to file ROI ?
5. Mr. X whose Gross Total Income is Rs 3,50,000 and he has deductions under LIC premiums & Tax saving investments of Rs 1,50,000, does he required to file ITR ?



## Who is Compulsory required to file ROI ?

- ❖ **RBOR:** Compulsory required to file ROI (irrespective of his income/loss)
- If he is a beneficial owner for any asset located outside India, including Financial interest (or)
- he has a signing authority in any account located outside India (including a Bank account)

### ❖ **Remaining / Other Assesses:**

- As per law he doesn't require to file ITR but, as per the seventh proviso to S.139(1) if

(i) He has deposited an amount **more than 1 Crore** in aggregate in one or more **current account** maintained with a banking company or a co-operative bank; (or)

(ii) He has incurred **foreign travel expenditure** of **more than Rs 2,00,000/-** for himself or any other person (or)

(iii) He had incurred expenditure of an amount or aggregate of the amounts exceeding **Rs 1,00,000/-** towards **consumption of electricity**; (or)

(iv) fulfils such other conditions as may be prescribed.

*{Added in FA 2019}*

## Due Dates for “Filing ROI” u/s 139(1)

- ❖ Transfer Pricing Audit u/s 92E - 30<sup>th</sup> Nov of AY
- ❖ Company
- ❖ Tax Audit cases
- ❖ Partner of firm (where firm a/c's are Tax Audit)
- ❖ Others: 31<sup>st</sup> July of AY

31<sup>st</sup> Oct of AY

{LA Finance Act, 2020}

### Note:

- Tax Audit: Due Date is 30<sup>th</sup> Sep AY

## **Powers of CBDT u/s 119**

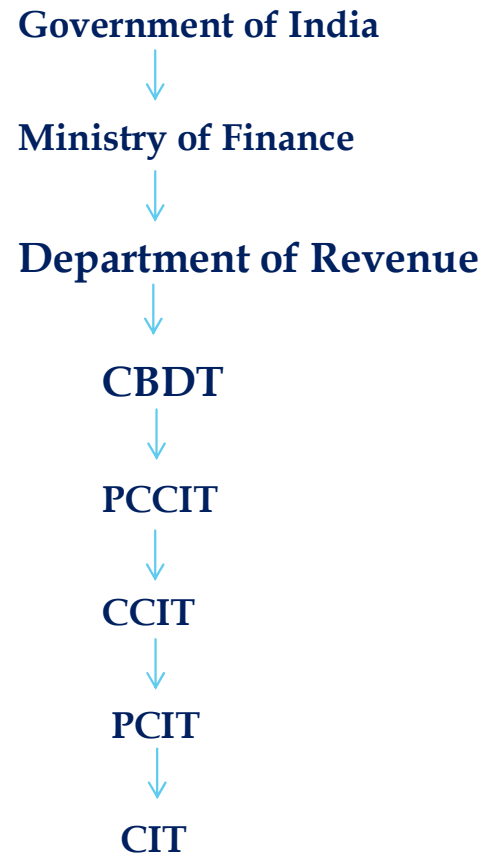
**U/s 119 CBDT has an exclusive powers to issue**

- ✓ Notifications
- ✓ Circulars
- ✓ Guidelines
  - From time to time
  - To clarify and remove the doubts of “Both”
- ✓ Assessee and
- ✓ A.O

### **Note:**

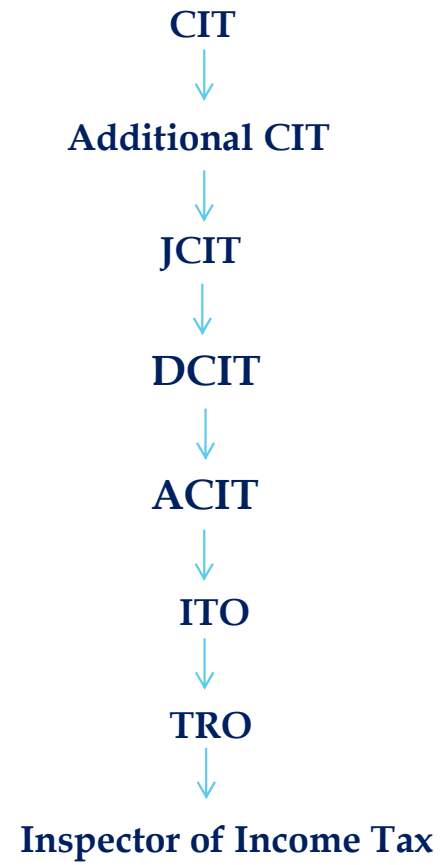
- ✓ Circulars issued by the CBDT is binding on AO but not on Assessee
- ✓ If it is favorable Assessee can adopt the same

## Administration/ Hierarchy of Direct Taxes : Code - C PC PC AJD AI TI





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## Key aspects needs to consider while filing ITR

- ❖ **Form-16** : Given by the Employer
- ❖ **Form-26AS** : Downloaded from IT Portal
- ❖ **AIS**: Annual Information Statement: Feedback can be submitted (optional)
- ❖ **TIS**: Tax Payer Information Summary
- ❖ **Bank Statements**: Verify Credit amounts like High value deposits, Rental receipts, any other incomes etc.,
- ❖ **Capital Gain Statement**: Obtain from share broker like Share khan, Zerodha etc.,
- ❖ **Mutual Fund**: Summary Statement for the FY

## Types of Income Tax Return Forms:

### ITR-1:

- ✓ Name of the Form: ITR-1 SAHAJ
- ✓ Applicable for Individual only
- ✓ Salary / Pension + 1 HP + Other Sources + Agriculture Income up to Rs 5,000/-

*Note: This return is applicable for a Resident Individual i.e., RBOR, whose total income for the AY 2022-23 does not exceed Rs. 50 lakh and who has income under the following heads:*

- (a) Income from Salary/ Pension; or*
- (b) Income from One House Property; or*
- (c) Interest income and/ or family pension taxable under Other Sources.*

## **ITR: 1**

### **Manner of Filing ITR-1:**

This Return Form can be filed with the Income-tax Department in any of the following ways:-

(1) Electronically on the e-filing web portal of Income-tax Department ([www.incometax.gov.in](http://www.incometax.gov.in))

(or)

(2) in paper form, at the designated offices of Income-tax Department, along with duly signed Form ITR-V.

This mode of furnishing return is permissible only in case of "Super senior citizens" (i.e. an **individual of the age of 80 years or more** at any time during the previous year).



## Types of ITR

### ITR-2:

- ✓ Applicable for Individual & HUF
- ✓ Who is Not eligible to File ITR-1
- ✓ Ind / HUF **NOT** having Income under the head PGBP

## Types of ITR

### ITR-3:

- ✓ Applicable for Individual & HUF
- ✓ Who is Not eligible to File ITR-1, 2 & 4
- ✓ Individual / HUF having Income under the head **PGBP**

### ITR-4:

- ✓ Name of the Form: SUGAM
- ✓ Applicable for Individual / HUF / Firm (Other than LLP)
- ✓ Salary / Pension + 1 HP + Other Sources + Agriculture Income up to Rs 5,000/- + PGBP Income computed u/s 44AD / 44ADA / 44AE

## Types of ITR

### ITR-5: Applicable to

1. Firm
2. Limited Liability Partnership (LLP)
3. Association of Persons (AOP)
4. Body of Individuals (BOI)
5. Artificial Juridical Person (AJP) referred to in clause (vii) of Section 2(31)
6. Local Authority referred to in clause (vi) of Section 2(31)
7. Representative Assessee referred to in Section 160(1)(iii) or (iv)
8. Cooperative Society
9. Society Registered under Societies Registration Act, 1860 or under any other law of any State
10. Trust other than Trusts eligible to file Form ITR-7
11. Estate of Deceased Person
12. Estate of an Insolvent
13. Business Trust referred to in Section 139(4E) and Investment Fund referred to in Section 139(4F)

## Types of ITR

### ITR-6: Applicable to

- ✓ Indian Company
- ✓ Body corporate incorporated by or under the laws of country outside India
- ✓ Any institution, association or body, whether incorporated or not and whether Indian or Non-Indian which is declared by general or special order of the Board, to be Company, etc.

### ITR-7: Applicable to

- ✓ 139(4A) - Income derived from Property held under Trust wholly / in part for charitable or religious purposes
- ✓ 139(4B) - Chief Executive Officer of every Political Party
- ✓ 139(4C) - Various entities like Research Association, News Agency, etc. mentioned in Section 10
- ✓ 139(4D) - University, College or other Institution referred in Section 35



## Let's discuss Q&A

1. Mr. A is a retired Govt employee and he receives pension from the Govt, also he has Bank FD's and earns interest income, which ITR is applicable to Mr. A?
2. Mr. X has income from Salary as well as he is doing part time business, which ITR is applicable to him ?
3. Mr. Y is having income from House Properties and Capital Gains, which ITR applicable ?
4. M/s LMN Pvt Ltd company wants to file ITR and they don't have any income during the FY 2021-22, suggest them whether they need to file IT Return or not? If yest suggest ITR No.?
5. M/s ABC LLP wants to file the IT Return, which ITR is applicable to them?
6. TTD wants to file IT Return suggest the applicable ITR?
7. Mr. K is a Chartered Accountant, which ITR is applicable to him?
8. Mr. X carrying business and his turnover is 1.50 Cr can he adopt presumptive taxation, if yes what are tax rates and which ITR applicable to him?
9. Mr. X is a cost accountant and his gross receipts during the PY is Rs 60,00,000 can he adopt S.44ADA?
10. Mr. Z is a resident of India, he doesn't have any income in India but he is having a Bank account in America?

## Income from Salary

- ❖ Section 15 of Income Tax Act, 1961 deals with charging section for Income under the head Salary
- ❖ Income is taxable under this head if there is a **Employer** and **Employee** relationship
- ❖ That is nothing but master and servant
- ❖ As per S.15 Salary is taxable on the basis of due or received whichever is earlier

### Additional Note:

- ❑ Salary received by partner from partnership firm shall be taxable under the head **PGBP**
- ❑ Salary received by MP, MLA, MLC shall be taxable under the head **IFOS**
- ❑ Contract **of** Service - **Salary**
- ❑ Contract **for** Service - **PGBP**
- ❑ Salary forgone is always taxable, since merely it is an application of income
- ❑ Salary surrendered to C/G, shall not be treated as a salary as it is treated diversion of income
- ❑ Any amount received before joining / after cessation of employment treated as profits in lieu of salary & taxable.

## Income from Salary

Statement of salary. Name of the Assessee \_\_\_\_\_ P.Y. 2020-21 A.Y. 2021-22

**Computation of salary.**

Particulars	₹
Basic Salary (Note-1)	xxx
Dearness Allowance (D.A.) (Note - 2)	xxx
Commission (Note-3)	xxx
Bonus (Note-4)	xxx
Advance Salary / Arrears salary (Note-5)	xxx
Gratuity (Note-6)	xxx
Pension (Note-7)	xxx
Leave salary (Note-8)	xxx
Allowances (Note-9)	xxx
Provident Fund (Note-10)	xxx
Voluntary Retirement Compensation (VRS) (Note-11)	xxx
Super Annuation fund (Note -12)	xxx
Retrenchment Compensation (Note-13)	xxx
Perquisite (Note-14)	xxx
<b>Gross Salary</b>	<b>xxxx</b>
<b>Less: Deduction u/s 16 :</b>	
1. Professional Tax (Note-15)	(xxx)
2. Entertainment Allowance (Note-16)	(xxx)
3. Standard deduction (Note-17)	(xxx)
<b>Net Salary</b>	<b>xxxx</b>

## Key changes in ITR - Schedule-FA

- ❖ **Schedule-FA (Foreign Asset):** From Accounting Year to Calendar year [ITR 2, 3, 5 & 6].

Previous Year:	01-04-2021 to 31-03-2022	
Calendar Year:	01-01-2021 to 31-12-2021	
Date of purchase of shares of Amazon Inc USA.	Feb, 2021	Feb, 2022
Is the assessee required to furnish the details regarding the foreign assets acquired In AY 2022-23 ?	YES ( Note-1)	NO( Note-2)

**Note-1:** The assessee is required to furnish the details of Amazon Inc share in ITR applicable for AY 2022-23 even if he has not held the foreign asset in the relevant PY( FY 21-22).

**Note-2:** The shares of Amazon were acquired within the previous year but after the end of the relevant calendar year. Thus, the assessee is not required to furnish the details of Amazon Inc share in ITR applicable for Assessment Year 2022-23. The disclosure requirement for such investment shall arise in the Assessment Year 2023-24 only.

## Key changes in ITR - Schedule of Capital Gains

**Additional disclosures are required in the Schedule of Capital Gains [ITR 2, 3, 5 & 6]**

- ❖ Date of purchase and sale of land/building
- ❖ Country and Zip Code if the property is situated in a foreign country
- ❖ Disclosure of FMV of capital assets and consideration received in a slump sale transaction
- ❖ Separate disclosure of cost of acquisition and indexed cost of acquisition
- ❖ Year-wise details of the cost of improvement to land/building

## Key changes in ITR - Dividend Income

- ❖ **Dividend income taxable as per section 2(22)(e) to be reported separately [ITR 2, 3, 5 & 6]**
- ✓ Any payment by way of loan or advance, by a closely held company, to a shareholder who is the beneficial owner of 10% or more equity capital of the company, or to a concern in which the shareholder has a substantial interest is deemed to be a dividend to the extent it is covered by the accumulated profits, excluding capitalised profits.
- ✓ Until last year, there was no separate disclosure.
- ✓ Total amount of dividend received by a taxpayer clubbed and reported in Schedule IFOS
- ✓ *Change in New ITR Form*
- ✓ The new ITR forms seek separate reporting of dividend income taxable under Section 2(22)(e).

<b>Schedule OS</b>		<b>Income from Other Sources</b>	
<b>1</b>	<b>Gross income chargeable to tax at normal applicable rates (1a+ 1b+ 1c+ 1d + 1e)</b>	<b>1</b>	
<b>a</b>	<b>Dividends, Gross (ai+aii)</b>	<b>1a</b>	
<b>i</b>	<b>Dividend income other than (ii)</b>	<b>ai</b>	
<b>ii</b>	<b>Dividend income u/s 2(22)(e)</b>	<b>aii</b>	



## Key changes in ITR

- ❖ **Limiting the rate of surcharge on dividend income [ITR 2, 3 & 5]**
- ✓ The Finance Act 2020 abolished the DDT and moved to the traditional system of taxation
- ✓ wherein companies or mutual funds do not pay DDT on dividends and the shareholders or unit-holders are liable to pay tax on such income.
- ✓ Finance Act, 2020 removed the enhanced surcharge on the dividend income.
- ✓ Thus, in case of Individual, HUF, AOP, BOI, or AJP, the surcharge on tax on dividend income shall be levied at the rate of 10% if it exceeds Rs. 50 lakh but does not exceed Rs. 1 crore and at the rate of 15% when it exceeds Rs. 1 crore.

5 Surcharge		Surcharge computed before marginal relief	Surcharge after marginal relief
i	@ 25% of 15(ii) of Schedule SI	5i	ia
ii	@10% or 15% as applicable of 2(ii), 3(ii), 8(ii), 11(ii), 21(ii), 23(ii), Dividend income u/s 115AD(1)(a) of Schedule SI and Dividend income included in Part B TI	5ii	ia
iii	On [(4) – (16(ii), 2(ii), 3(ii), 8(ii), 11(ii), 21(ii), 23(ii) of Schedule SI)]	5iii	
iv	Total ia + iia	5iv	
		5iii	

## Key changes in ITR

**Nature of employment for pensioners is further categorized [ITR 1, 2, 3 & 4]**

In the old ITR forms, in the dropdown of 'Nature of Employment', an individual receiving pension had to choose the option of 'Pensioners'. In new ITR forms, the following options have been incorporated for pensioners:

Pensioners - CG,

Pensioners - SC,

Pensioners - PSU and

Pensioners - Others.

## Key changes in ITR

- ❖ **Mandatory to choose the suitable option in support of residential status in India [ITR 2 & 3]**
- *Resident and Ordinarily Resident*
- You were in India for 182 days or more during the previous year [Section 6(1)(a)];
- You were in India for 60 days or more during the previous year, and have been in India for 365 days or more within the 4 preceding years [section (6)(1)(c)] [where Explanation 1 to section 6 is not applicable];
- You are a citizen of India, who left India, for the purpose of employment, as a member of the crew of an Indian ship and were in India for 182 days or more during the previous year and 365 days or more within the preceding 4 years [Explanation 1(a) of section (6)(1)(c)];
- You are a citizen of India or a person of Indian origin and have come on a visit to India during the previous year and were in India for:
  - 182 days or more during the previous year and 365 days or more within the preceding 4 years; or
  - 120 days or more during the previous year and 365 days or more within the preceding 4 years if the total income, other than income from foreign sources, exceeds Rs. 15 lakh.

## Key changes in ITR

### ❖ Resident but not Ordinarily Resident

- ✓ You have been a non-resident in India in 9 out of 10 preceding years [section 6(6)(a)];
- ✓ You have been in India for 729 days or less during the 7 preceding years [section 6(6)(a)];

### ❖ Non-Resident

- ✓ If individual declares that he is a non-resident in India during the previous year, he has to disclose the following information (same as in old ITR Forms):
- ✓ Jurisdiction(s) of residence during the previous year and Taxpayer Identification Number;
- ✓ If he is a Citizen of India or a Person of Indian Origin (POI), he has to specify:
- ✓ Total period of stay in India during the previous year (in days); and
- ✓ Total period of stay in India during the 4 preceding years (in days).

## Key changes in ITR

### Disclosure for alternative tax regime opted under Section 115BAC [ITR 3 & 4]

- ❑ The following disclosures are required in ITR 3 & ITR 4 in respect of the alternative tax regime under sections 115BAC (new tax regime)
- ❑ Whether the Assessee has opted for an alternative tax regime under Section 115BAC and filed Form 10-IE in AY 2021-22;
- ❑ For the AY 2022-23, the Assessee has to choose from the following options:
  - ✓ Opting in now
  - ✓ Not opting
  - ✓ Continue to opt
  - ✓ Opt out

# How to Download **ITR Form** from New Income Tax Portal: [www.incometax.gov.in](http://www.incometax.gov.in)

The screenshot shows the 'Downloads' page on the Income Tax e-Filing portal. The URL in the browser is [https://www.incometax.gov.in/iec/foportal/downloads/income-tax-returns?field\\_assessment\\_year\\_taxonomy\\_t\\_target\\_id=49](https://www.incometax.gov.in/iec/foportal/downloads/income-tax-returns?field_assessment_year_taxonomy_t_target_id=49). The page features a navigation menu with 'Downloads' highlighted. On the left, a sidebar lists 'Income Tax Returns', 'Income Tax Forms', and 'DSC Management Utility'. The main content area is titled 'Downloads' and includes an 'Assessment Year' dropdown menu set to '2022-23'. Below this, there are expandable sections for 'Common Offline Utility (ITR 1 to ITR 4)', 'ITR 1', 'ITR 2', 'ITR 3', and 'ITR 4'. The 'ITR 2' section is expanded, showing details for individuals and HUFs not having income from business or profession. It lists 'Schema (39 KB)' with a release date of 04-Apr-2022, 'Validations (504 KB)' with a release date of 20-Apr-2022, and 'ITR 2 Notified Form\_AY 2022-23 (1226 KB)'. A 'Read General Instructions' link is also present.

Assessment Year <sup>\*</sup>

2022-23

[Read General Instructions](#)

- > Common Offline Utility (ITR 1 to ITR 4)
- > ITR 1
- ▼ **ITR 2**
  - For Individuals and HUFs not having income from profits and gains of business or profession
  - [Schema](#) (39 KB)  
Date of first release of JSON Schema 04-Apr-2022
  - [Validations](#) (504 KB)  
Date of first release of validation 20-Apr-2022
  - [ITR 2 Notified Form\\_AY 2022-23](#)** (1226 KB)
- > ITR 3
- > ITR 4



## ITR : Verification Process

One can verify the Income Tax Return through any of the following options:

1. I would like to e-Verify
  2. I would like to e-Verify later within 120 days from the date of filing.
  3. I don't want to e-Verify and would like to send a signed ITR-V through normal or speed post to "Centralized Processing Center, Income Tax Department, Bengaluru - 560500" within 120 days from the date of filing.
- Click on the 'Preview and Submit' button to preview and verify all the details before finally submitting ITR 3.
  - Now, 'Submit' the ITR.
  - **Follow the following steps to proceed to E-verification on your return:**
  - On Choosing 'I would like to E-Verify option, you can e-Verify through the following options. All you need to do is enter the EVC/OTP when asked for.
1. EVC generated through bank ATM or Generate EVC option under My Account
  2. Aadhaar OTP
  3. Prevalidated Bank Account
  4. Prevalidated Demat Account



*{Arise, awake and stop not until the goal is reached}  
- Swami Vivekananda*



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