

Welcome

A Workshop on ITR Filing

Series-II: ITR-3 & ITR-4 on 23rd July 2022



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

Due Dates for “Filing ROI” u/s 139(1)

- ❖ Transfer Pricing Audit u/s 92E - 30th Nov of AY
- ❖ Company
- ❖ Tax Audit cases
- ❖ Partner of firm (where firm a/c's are Tax Audit)
- ❖ Others: **31st July of 2022**

31st Oct of AY

{LA Finance Act, 2020}

Note:

- Tax Audit: Due Date is 30th Sep AY

Key aspects needs to consider while filing ITR

- ❖ **Form-16** : Given by the Employer
- ❖ **Form-16A**: Given by the TDS Deductee
- ❖ **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
- ❖ **Interest & Principal** repayment Certificate from Bank

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)

(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

ITR-3 : Additional Conditions for Applicability

If the total income chargeable to tax does not exceed the basic exemption limit but any of the following conditions are satisfied, then the taxpayer needs to file **ITR-3**:

- ✓ The taxpayer holds the position of a **director** in a Company
- ✓ Taxpayer holds an Investment in **unlisted equity shares** at any point of time during the financial year
- ✓ The taxpayer is a **partner** in a firm and has income from the firm
- ✓ Deposit of amount or aggregates of amount exceeds **Rs 1 crore** in one or more current accounts held by the taxpayer
- ✓ The taxpayer incurs an expense for **travel to a foreign country** for yourself or any other person. The total amount of expense exceeds Rs. 2 lakhs
- ✓ The taxpayer incurs an expense on the **consumption of electricity** of an amount exceeding Rs. 1 lakh.
- ✓ Tax Payer **can also file income from salary or pension, house property, and other sources** along with income from business and profession under ITR-3

ITR-4: Presumptive Taxation Scheme – S.44AD

COMPUTATION OF PRESUMPTIVE BUSINESS INCOME UNDER SECTION 44AD				
S. No.	Name of Business	Business code	Description	
(i)				
E1	Gross Turnover or Gross Receipts			
	a	Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or prescribed electronic modes received before specified date		E1a
	b	Any other mode		E1b
E2	Presumptive Income under section 44AD			
	a	6% of E1a or the amount claimed to have been earned, whichever is higher		E2a
	b	8% of E1b or the amount claimed to have been earned, whichever is higher		E2b
	c	Total (a + b)		E2c
	NOTE—If Income is less than the above percentage of Gross Receipts, it is mandatory to have a tax audit under 44AB & other ITR as applicable has to be filed			

ITR-4: Presumptive Taxation Scheme – S.44ADA

COMPUTATION OF PRESUMPTIVE INCOME FROM PROFESSIONS UNDER SECTION 44ADA			
S. No.	Name of Business	Business code	Description
(i)			
E3	Gross Receipts		E3
E4	Presumptive Income under section 44ADA (50% of E3) or the amount claimed to have been earned, whichever is higher NOTE—If Income is less than 50% of Gross Receipts, it is mandatory to have a tax audit under 44AB & other ITR as applicable has to be filed		E4

ITR-3

Who **cannot** file ITR 3 for the AY2020-21?

- An individual taxpayer and HUF who is eligible to file
- ITR 1 Sahaj,
- ITR 2, or
- ITR 4 Sugam
- **cannot file ITR 3.**
- In such a case the Assessee needs to file ITR 1 Sahaj, ITR 2, or ITR 4 Sugam as applicable according to the conditions.

Q&A

1. Mr. A is an employee of TCS, he is regular in doing shares trading like Intra-day / speculation activity, which ITR ?
2. Mr. X has income from Salary as well as remuneration from partnership firm, which ITR is applicable to Mr. A ?
3. M/s ABC Pvt Ltd company doesn'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.?
4. Mr. K is a Cost Accountant also having income from House property which ITR is applicable to him?
5. Mr. X is a Doctor and his gross receipts are Rs 40,00,000 in the FY 2021-22, suggest the best alternative to file the IT return ?
6. What is the maximum amount of deduction can be claimed u/s 80TTB?
7. Mr. X is having housing loan for a self occupied property and **interest** paid for the FY 2021-22 is Rs 2,65,000 & Principal paid Rs 85,000 what is the eligible amount claimed u/s 24?
8. Mr. K is a Chartered Accountant and staying in a rented premises, can he claim House Rent expenses in IT Return ?
9. Mr. A is a salaried employee and occasionally engages in the business of trading, which ITR he needs to file ?
10. Mr. D is an employee of Microsoft and he transferred his Residential HP and got LTCG of Rs 50 Lakhs, what is the tax rate applicable and suggest the tax planning to him?

How to Download **ITR-3** from New Income Tax Portal: www.incometax.gov.in

The screenshot shows the 'Downloads' section of the Income Tax Portal. The page title is 'Downloads' and the breadcrumb is 'Home > Downloads'. On the left, there is a sidebar with three options: 'Income Tax Returns' (selected), 'Income Tax Forms', and 'DSC Management Utility'. The main content area is for the 'Assessment Year 2022-23'. It lists several categories: 'Common Offline Utility (ITR 1 to ITR 4)', 'ITR 1', 'ITR 2', 'ITR 3' (expanded), and 'ITR 4'. Under 'ITR 3', there are links for 'Schema (81 KB)', 'Schema Change Document (Version 1.1) (118 KB)', 'Validations (768 KB)', and 'ITR 3 Notified Form_AY 2022-23 (1622 KB)'. The 'ITR 3 Notified Form_AY 2022-23' link is highlighted in yellow. There are also links for 'Read General Instructions', 'Date of first release of JSON Schema 04-Apr-2022', 'Date of latest release of JSON Schema 20-May-2022', 'Date of first release of validation 22-Apr-2022', and 'Date of latest release of validation 09-May-2022'. The top navigation bar includes 'Home', 'Individual/HUF', 'Company', 'Non-Company', 'Tax Professionals & Others', 'Downloads', and 'Help'. The top right corner has 'Call Us', 'English', 'Login', and 'Register' buttons.

https://www.incometax.gov.in/iec/foportal/downloads/income-tax-returns

e-Filing Anywhere Anytime
Income Tax Department, Government of India

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Home Individual/HUF Company Non-Company Tax Professionals & Others Downloads Help

Home > Downloads

Downloads

- Income Tax Returns
- Income Tax Forms
- DSC Management Utility

Assessment Year *

2022-23 [Read General Instructions](#)

- > Common Offline Utility (ITR 1 to ITR 4)
- > ITR 1
- > ITR 2
- ▼ ITR 3
 - For individuals and HUFs having income from profits and gains of business or profession.
 - [Schema](#) (81 KB)
 - Date of first release of JSON Schema 04-Apr-2022
 - Date of latest release of JSON Schema 20-May-2022
 - [Schema Change Document](#) (Version 1.1) (118 KB)
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 - Date of latest release of validation 09-May-2022
 - [ITR 3 Notified Form_AY 2022-23](#) (1622 KB)
- > ITR 4

ITR-3

ITR-3 Can be filed through

Online

(or)

Offline

Steps:

Fill the Data

Validate each sheet

Save Draft

Then prepare **XML** document &

Upload the XML document in the IT Portal

Verification

Structure of ITR-3 :

PART A- General	Personal Info., Filing Status, Audit Info	Details of Personal Information and filing status
Nature Of Business	Nature Of Business	Nature of business or profession, if more than one trade name
Part A – BS	Part A-BS	Balance Sheet as on 31st Day of March 2020 (fill items 1 to 5 in a case where regular books of accounts are maintained, otherwise fill item 6)
Manufacturing Account	Schedule Manufacturing Account	Manufacturing Account for the financial year 2019-20 (fill items 1 to 3 in a case where regular books of accounts are maintained, otherwise fill items 61 to 64 as applicable)
Trading Account	Schedule Trading Account	Part A-Trading Account -Trading Account for the financial year 2019-20 (fill items 4 to 12 in a case where regular books of accounts are maintained, otherwise fill items 61 to 64 as applicable)
Profit and Loss	Part A-P & L	Profit and Loss Account for the previous year 2019-20(fill items 1 to 52 in a case where regular books of accounts are maintained, otherwise fill item 53)

Structure of ITR-3 :

Part A – OI	Part A -OI	Other Information (optional in a case not liable for audit under section 44AB)
Quantitative Details	Part A-QD	Quantitative details (optional in a case not liable for audit under section 44AB)
Schedule S	Schedule S	Details of Salary
House Property	Schedule HP	Details of Income from House Property
BP	Schedule BP	Computation of income from business or profession
DPM – DOA	Schedule DPM, Schedule DOA	Depreciation on Plant and Machinery, Depreciation on other assets
DEP_DCG	Schedule DEP, Schedule DCG	Summary of depreciation on assets, Deemed Capital Gains on sale of depreciable assets
ESR	Schedule ESR	Deduction under section 35
CG	Schedule CG	Details of income under the head Capital Gains
Schedule 112A	Schedule 112A	LTCG on sale of listed equity shares, equity-oriented mutual funds, and business trust

Structure of ITR-3 :

Schedule 115AD(1)(iii) proviso		Non Resident Indian- LTCG on sale of listed equity shares, equity-oriented mutual funds, and business trust
OS	Schedule OS	Income from other sources
CYLA – BFLA	Schedule CYLA, Schedule BFLA	Details of Income after set-off of current years losses, Details of Income after Set off of Brought Forward Losses of earlier years
CFL	Schedule CFL	Details of Losses to be carried forward to future Years
Unabsorbed Depreciation	Schedule UD	Unabsorbed depreciation and allowance under section 35(4)
ICDS	Schedule ICDS	Effect of Income Computation Disclosure Standards on profit
10AA	Schedule 10A, 10AA, 10B,10B	Deduction under section 10A, Deduction under section 10AA
80G	<u>Schedule 80G</u>	Details of donations entitled for deduction under section 80G
80D	<u>Schedule 80D</u>	Details of health insurance for deduction under Section 80D

Structure of ITR-3 :

RA	Schedule 80RA	Details of donations to research associations etc.
80	Schedule 80-IA,IB,IC	Deductions under section 80-IA, Deductions under section 80-IB, Deductions under section 80-IC
VI-A	Schedule VIA	Deductions under Chapter VI-A
SPI-SI-IF	Schedule SPI, Schedule SI, Schedule IF	The income of specified persons (spouse, minor child, etc.) includable in the income of the assessee, Income chargeable to Income tax at special rates IB, Information regarding partnership firms in which you are a partner
AMT	Schedule AMT	Computation of Alternate Minimum Tax payable under section 115JC
AMTC	Schedule AMTC	Computation of tax credit under section 115JD
EI	Schedule EI	Details of Exempt Income (Income not to be included in Total Income)
PTI	Schedule PTI	Pass-Through Income details from business trust or investment fund as per section 115UA, 115UB
TPSA	Schedule TPSA	Schedule for Transfer Pricing Secondary Adjustment

Structure of ITR-3 :

FSI	Schedule FSI	Details of Income from outside India and tax relief
TR_FA	Schedule TR, Schedule FA	Summary of tax relief claimed for taxes paid outside India, Schedule FA Details of foreign assets
Sch 5A	Schedule 5A	Information regarding apportionment of income between spouses governed by Portuguese Civil Code
AL	Schedule AL	Asset and Liability at the end of the year (other than those included in Part A – BS)
DI	Schedule DI	Schedule for Details of investment
GST	Schedule GST	Information regarding turnover/ gross receipt reported for GST
Part B – TI TTI	Part B-TI, Part B-TTI	Computation of total income
IT	Tax Payments	Details of payments of Advance Tax and Self-Assessment Tax
TDS	Tax Payments(TDS1, TDS2, TDS3)	Details of Tax Deducted at Source from SALARY, Details of Tax Collected at Source
Verification	Verification	Verification of the income tax return alternatives

ITR-3 : 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
 - The EVC/OTP should be entered within 60 seconds else, the Income Tax Return (ITR) will be auto-submitted. You can verify the ITR later through your ITR login account. Just login and click on the 'My Account > e-Verify Return' option. You can also verify by sending a signed ITR-V to CPC, Bengaluru.

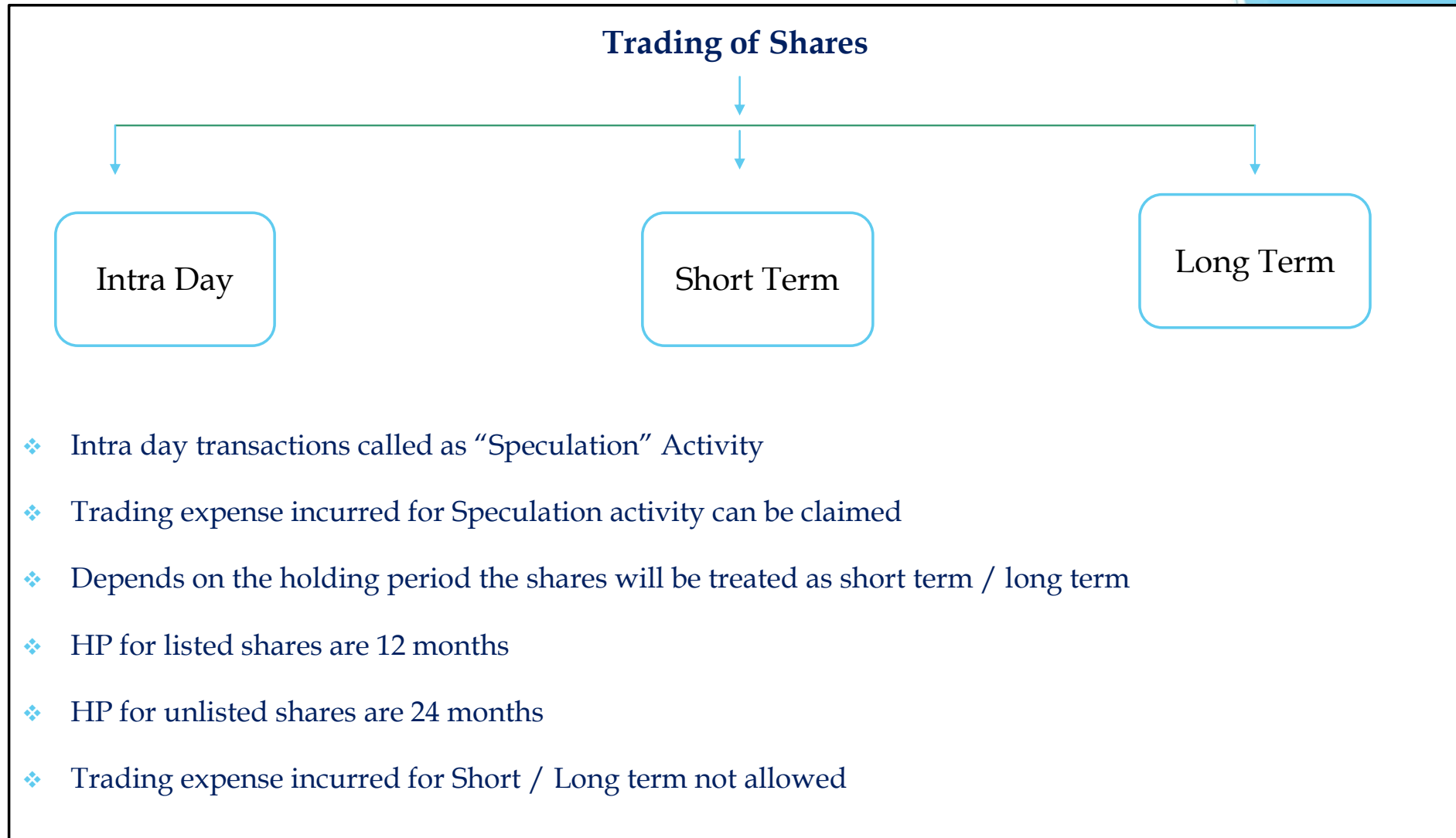
ITR-3 : Q&A

1. Can LLP opt presumptive taxation and file ITR-4
2. For Professionals what is the limit for applicability of Tax Audit?
3. Mr. X is an employee of Infosys and draws a salary of Rs 2.10 Crores p.a, does Tax audit applicable to him?
4. Does dividend income is taxable?
5. Can we claim TCS collected by Auto mobile dealer on purchase of 4 wheeler?
6. In presumptive taxation what are the tax rates applicable for S.44AD
7. In presumptive taxation what are the tax rates applicable for S.44ADA
8. Can we declare salary income in ITR-4
9. What is the meaning of speculative business ?
10. What is the tax rate for STCG covered u/s 111A ?
11. What is the tax rate for LTCG covered u/s 112 & 112A ?

Let us discuss:

1. 80C
2. S.80D
3. 80DD
4. 80G
5. S.10(13A)
6. S.80GG
7. S.80EEA
8. S.80TTA
9. S.80TTB

Let us discuss: Trading on “Shares”



Let us discuss: Trading of “Futures & Options” (F&O)

- ✓ The income from F&O trading should be treated as a “Business Income”.
- ✓ Report F&O income under the head income from business or profession.
- ✓ It is irrespective of the frequency or volume of F&O transactions.
- ✓ The business income is normally divided into speculative and non-speculative income.
- ✓ F&Os are used for hedging and for taking/giving delivery of underlying contracts.
- ✓ Hence, *F&O* income will be considered a *non-speculative business*.
- ✓ Expenses incurred for carrying out F&O transactions, such as Demat charges, electricity expenses, telephone expenses, etc., are eligibl to claim as expenses in P&L A/c.
- ✓ If trading in shares in multiple forms, like intraday trading, F&O, etc., each business income should be separately reported since the tax treatment differs based on the type of deal.

Let us discuss: Trading of “Futures & Options” (F&O)

How to calculate the total turnover:

- ❑ The contract notes issued in every trade specify the value of derivatives bought or sold.
- ❑ However, for accounting purposes, only the difference between sale and purchase value

Example:

- ✓ Mr. X bought one lot of ABC Ltd. at Rs 2 lakh and sold it for Rs 2.6 lakh (Profit = Rs 60,000).
- ✓ Mr. X bought one lot of LMN Ltd. at Rs 5.5 lakh and sold it for Rs 5 lakh (Loss = Rs 50,000)

- ❑ The turnover shall be calculated as $\text{Rs } 60,000 + \text{Rs } 50,000 = \text{Rs. } 1.10 \text{ lakh.}$
- ❑ If any premium is received when writing an option, it must be added to the turnover amount.

- ❑ *Hence, all the positive or negative differences are aggregated to calculate the Turnover.*

Let us discuss: Trading of “Futures & Options” (F&O)

Audit requirements:

- ❖ Carrying on F&O trading, Assessee should get accounts audited if the **turnover exceeds Rs 10 crore** (the digital transactions are 95% or more)
- ❖ Assessee can opt for a presumptive taxation scheme when turnover **does not exceed Rs 2 crores** and declare your taxable income at 6% of the total F&O turnover.

What if there is a net loss from F&O:

- ❖ F&O trading loss is considered a non-speculative business loss.
- ❖ Assessee can adjust it against income from businesses (other than speculative income) or rental or income from other sources.
- ❖ Any unadjusted business loss can be carried forward for **8 subsequent years** and set against the business income.

Let us discuss: Trading of “Futures & Options” (F&O)

Applicable ITR form

- ❑ If Assessee has F&O income, the he must file ITR-3.
- ❑ But, if Assessee follows a presumptive taxation scheme and declares profits at 6% of the total turnover, then ITR-4 needs to be filed.
- ❑ However, which ITR form is applicable will further depend on the other sources of income.
- ❑ For example, if Assessee earns salary income and income from F&O, ITR-3 will apply.
- ❑ Whereas, if there are losses from F&O trading, Assessee can only adjust and carry forward the losses if he files in ITR-3.



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



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