



UPDATES ON INCOME TAX RETURN FOR AY 2020-21



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Changes in ITR forms for FY 2019-20 (AY 2020-21)

Executive Summary:

The Central Board of Direct Taxes has notified the new Income Tax returns on 29-05-2020 for the financial year 2019-20. The return of income shall be filed on or before the due date. In the awake of CoVID-19, the due date for filing the return has been extended till 30th November 2020. In this article we shall see the major changes made in the ITR forms by the CBDT along with type of form to be used by each person for filing his return of income.

Various Forms notified by CBDT through Notification No.31/2020.

The various forms prescribed for filing the return of income are mentioned below along with details of its applicability for the AY 2020-21.

ITR Form No	Applicability	Not Applicable
ITR 1 Sahaj	For individuals being resident (other than not ordinarily resident) having a) Total income of less than Rs.50 Lakhs, b) Income from salaries, c) One house property, d) Income from other sources and e) Agricultural Income up to Rs.5,000	For an individual who is either Director in a company or has invested shares in unlisted equity shares.
ITR 2	For Individuals and HUFs not having income from profits and gains of business or profession	
ITR 3	For individuals and HUFs having income from profits and gains of business or profession	
ITR 4 Sugam	For Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs.50 lakh and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE	For an individual who is either Director in a company or has invested shares in unlisted equity shares.
ITR 5	For persons other than- (i) individual,	

ITR Form No	Applicability	Not Applicable
	(ii) HUF, (iii) company (iv) person required to file Form ITR-7	
ITR 6	For Companies	Companies claiming exemption under section 11
ITR 7	For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) only	

Note: ITR 1 & 4 is **not** applicable for an individual who-

- a. has assets (including financial interest in an entity) located outside India; or
- b. has signing authority in any account located outside India; or
- c. has income from any source outside India; or
- d. has income under the head “Income from Other Sources” in the nature of: -
 - i. winnings from lottery;
 - ii. activity of owning and maintaining race horses;
 - iii. income taxable at special rates under Section 115BBDA or Section 115BBE; or
- e. has any brought forward loss or loss to be carried forward under any head of income; or
- f. is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee.

Changes made:

1. The following changes have been made in **all the above-mentioned forms**:
 - a. The assessee has now been given an option to choose multiple bank accounts for refund. However, the refund will be credited to one of those accounts as decided by CPC after the return is processed.

- b. The forms now require the assessee's to provide the Document Identification Number (DIN) of the notice in response to which the return is being filed.
 - c. The forms are amended allowing to quote Aadhaar in place of PAN and thus the schedules are being substituted with PAN/Aadhaar wherever its PAN. This change is in consequent to the amendment made in The Finance (No.2) Act, 2019. A new sub section 139A (5E) was inserted allowing the interchangeability of Aadhaar with PAN
- 2.** The return forms ITR 1, ITR 2, ITR 3 & ITR 4 has been amended to include the below points to the form.
- a. Whether you are filing return of income under **Seventh proviso to section 139(1)** but otherwise not required to furnish return of income?
If yes, please furnish following information
 - b. Whether any deposit has been made for an amount or aggregate of amounts > **than Rs.1 Crore in one or more current account** maintained with a banking company or co-operative bank?
 - c. Whether any expenditure was incurred for an amount or aggregate of amount **exceeding Rs. 2 lakhs for travel** to a foreign country for yourself or for any other person?
 - d. Whether any expenditure was incurred for an amount or aggregate of amount **exceeding Rs. 1 lakh on consumption of electricity** during the previous year?

The above additional points are consequent to the insertion of seventh proviso to section 139(1) vide Finance Act (No.2) 2019 that mandates filing return of income if the person during the previous year falls under any of the above categories.

- 3.** In ITRs 1 to 6 a new schedule '**Schedule DI – Details of Investment**' has been added in the following manner. This schedule has 3 parts A, B & C.

ITR No	Parts
1,4	Part A alone
2	Part A & B alone
3, 5, 6	Part A, B & C

Part A - Investment/ Deposit/ Payments for the purpose of claiming deduction under Chapter VI-A. This part has been divided into two columns wherein in the first column the details of deductions claimed for the FY 2019-20 shall be mentioned and the other column mentioning **deductions attributable to investment/expenditure made between 01.04.2020 to 30.06.2020 out of the first column.**

Part B – Details of eligible amount of deduction available under section 10AA. The details regarding this part is to be provided in the following format. The fourth column regarding compliance between 01-04-2020 to 30-06-2020 is the additional requirement for this year.

Undertaking as per schedule 10AA	Amount of deduction as per schedule 10AA	Date of letter of approval issued in accordance with the provisions of the SEZ Act, 2005	Is this the first year of claiming deduction u/s 10AA AND whether conditions have been complied between 01.04.2020 to 30.06.2020 [Yes/ No]
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Part C - Payment/Acquisition/Purchase/Construction for the purpose of claiming deduction u/s 54 to 54GB – Details for both short term gains and long-term gains should be filled in here. The details of amount utilised out of Capital Gains account should be filled in column and the amount utilised between 01-04-2020 to 30-06-2020 should be filled in the appropriate column.

The above changes are consequent to the extension of time provided by the Ministry of Finance in the awake of CoVID 19.

4. ITRs’ 3, 5 and 6 has been amended to include the following additional information:
 - a. Whether during the year Total sales/turnover/gross receipts of business exceeds Rs. 1 crore but does not exceed Rs. 5 crores? If yes, whether cash receipts or payments including capital nature does not exceed 5 % of the said amount.

This amendment is consequential to the amendment made in Finance Act 2020, where section 44AB has been amended by increasing the threshold limit for tax audits has been increased from Rs.1 crore to Rs.5 crores. However, the increased limit is applicable only if during the previous year **the cash receipts or payments does not exceed 5%** of the total receipts or payments as the case may be.

- b. A new **depreciation rate of 45%** has been added in the block of Plant & Machinery. This is for motor buses, lorries and taxis acquired between 23-08-2019 and 31-03-2020 and put to use on or before 31-03-2020 in the business of running them on hire.
 - c. Schedule OS provides as option to the assessee to separately report income which is chargeable to tax as per DTAA at special rates.
 - d. The Finance (No.2) Act, 2019 has brought substantial changes to the provisions of secondary adjustments. To incorporate the same **a new schedule TPSA** has been introduced for reporting additional income tax paid as per the provisions of secondary adjustment – Section 92CE(2A)
 - e. A new line item stating ‘Any sum payable by the assessee as interest on any loan or borrowing from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company, in accordance with the terms and conditions of the agreement governing such loan or borrowing’ has been added. This is in consequence to amendment made in Section 43B.
5. In ITR 1 & 4 the categories of employer have been amended bifurcating government employment to Central and State and to include “Not Applicable” as a category of employment.
 6. In ITR 4 one new clause has been added as the electronic mode in addition to electronic clearance and reduced the presumptive income from 8% to 6%.
 7. 80CCG has been removed under ‘Schedule VI A’.
 8. In ITR 3 & 6 a separate column has been provided to report disallowance u/s 40(ba).
 9. In ITR 3,5 and 6 there is a new disclosure inserted regarding declaration of income under presumptive income scheme such as section 44AE/44B/44BB/44AD/44ADA/44BBA/44BBB.

- 10.**In the ITRs 2, 3 & 5 columns have been inserted for separate reporting of surcharge on income chargeable u/s 111A, 112 and proviso to 115AD(1)(ii)/(iii)
- 11.**In ITR 2,3,5 and 6 the following changes have been made
- A new schedule 'Schedule 112A' has been introduced for capital gains arising from sale of equity share in a company or unit of equity-oriented fund or unit of a business trust on which STT.
 - A new schedule 'Schedule 115AD(1)(b)(iii)' has been inserted which is relating to Foreign Institution Investors for capital gains arising from sale of equity share in a company or unit of equity-oriented fund or unit of a business trust on which STT is paid under section 112A for Foreign Institution Investors
 - In Schedule CFL i.e carry forward of losses, now the loss has been bifurcated into two columns as Normal Loss and PTI. This specification is required for House Property, Short Term Capital Loss and Long-Term Capital Loss.
- 12.**In ITR 2,3,5,6,7 the following changes have been made:
- the '**Schedule PTI**' has been amended to add certain additional disclosures. The Amount of income has been bifurcated into - Current year income, share of current year loss distributed by Investment fund and Net Income/Loss. This schedule is applicable for Pass Through Income details from business trust or investment fund as per section 115UA, 115UB
 - For Non- Resident who are claiming income-tax refund and not having bank account in India an option has been provided to furnish details of one foreign account.
- 13.**In ITRs 2,3 & 7, under Part -A General, details of 'type of company' is to be chosen from the drop down if the assessee is a director in a company or holding unlisted equity shares.
- 14.**In the Schedule FA, details regarding Zip Code is to be given for the various assets held by the assessee.
- 15.**In the ITRs 1 to 6 additional changes have been made to incorporate
- the new Chapter VI A deductions u/s 80EEA and 80EEB.

- b. Separate columns have been provided for claiming deductions u/s 80LA (1) and 80LA(1A).

The above are consequential to the amendments made in Finance (No.2) Act, 2019.

16.In ITRs 5 & 6 the following additional changes have been made:

- a. A separate reporting for life insurance business has been introduced in the Schedule BP. Corresponding changes have been made in other schedules
- b. A separate reporting for income from units of mutual funds purchased in foreign currency by offshore funds is added in Schedule OS.
- c. Changes have been made to provide 'details of Self Occupied property' in ITR 5 & 6 as well now in Schedule HP.

17.ITR 6 has undergone various changes in addition to the above and the same are listed below:

- a. New line item added to disclose the dividend received from specified foreign companies as per section 115BBD.
- b. Amended Schedule SH – 1 specifying that the same is not applicable to companies registered under section 8 of the Companies Act, 2013 (or section 25 of the Companies Act, 1956)
- c. Foreign companies to report income from royalty or FTS chargeable at the rate of 50% in the Schedule OS
- d. Alternate tax regimes were introduced for various specified domestic companies' u/s 115BAA & 115BAB. To incorporate the same the Part A of the form is amended such that the assessee is required to choose whether they are opting for alternate tax regimes.
- e. The Finance Act 2020 amended section 140 to enable any other person as authorised by the board to verify the return of income of a company. Consequentially, ITR has amended the Key Persons schedule to include the details of eligible person who is verifying the return.
- f. Reporting of the company's share in land or building in case of co-ownership is been added.
- g. Certain details to be filled by companies not required to maintain books of accounts has been deleted for IND AS compliant companies as the same are always required to maintain books of accounts.

18. ITR 7 has undergone various changes in addition to the above and the same are listed below:

- a. Columns mentioning details of 'Exemption other than under section 11(a) (if any) and 'Exemption under 112A' in schedule CG has been removed
- b. A new row 'Donation forming part of corpus fund' in the Part-C of Schedule ER has been added to incorporate the amended made in Finance Act 2020
- c. The classification of donation into 'Corpus' and 'Other than corpus' has been modified to 'Donation-other than corpus' consequential to the amended made in Finance Act 2020.
- d. Major changes regarding re-registration of NGO's were introduced in the Finance Act 2020. However due to the present economic crisis, the same were deferred to for implementation from 01-10-2020. However, the ITR has been amended to provide certain additional details regarding reregistration which is required to be filled by assessee who has filed the application for registration under the new provision before filing the return of income
- e. A new point 'Net tax payable on 115TD income including interest u/s 115TE' has been added under Part B – **Computation of tax liability on total income.**

19. Changes made in ITR V – Indian Income Tax Return Acknowledgment - The ITR V has undergone a complete change when compared to previous years.

The details in acknowledgement is being split into 3 sections namely:

- a. Taxable Income and Tax Details - here details of total income, tax payable, taxes paid, and refund details are available.
- b. Dividend Distribution Tax Details – here taxes and interest details relating to dividend are available.
- c. Accreted Income and Tax Detail – here details relevant to Section 115TD and corresponding taxes and interests are available.

Note: Changes relating to REIT, AIF's, Infrastructure Investment Trusts not added to this.

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