TAX AMENDMENTS TO FILE INCOME-TAX RETURN FOR AY 2013-14

Income Tax (3rd amendment) Rules, 2013

The Central Board of Direct Taxes recently has amended certain provisions of the Income-tax Rules concerning filing of the Income-tax Return. The Income-tax (3rd Amendment) Rules, 2013 which have been issued vide Notification No. 34/2013 dated 1.5.2013 provides for amendments in Rule 12 of Income-tax Rules, 1962.

The applicability of different Income Tax Returns (ITR) is in tabulated form with details given below the table, followed by important points to be remembered while filling ITR.

Form	Applicability
ITR - 1 Sahaj	Individuals having i. Salary Income ii. Income from house property iii. Income from other sources (except income from lottery or from horse races) The following can't file return in ITR 1, i. If any income from Capital Gains ii. If any loss under the head Income from Other Sources, iii. If exempt income (income not chargeable to tax) exceed Rs.5,000. iv. If such person has assets (including financial interest in any entity) located outside India or such person has signing authority in any account located outside India. v. If claiming any double taxation tax relief under sections 90 or 90 A or 91 of the Income-tax Act, 1961.
ITR – 2	For Individuals and HUFs not having Income from Business or Profession and can't file return in ITR 1
ITR – 3	For Individuals/HUFs being partners in firms and not carrying out business or profession under any proprietorship
ITR - 4S Sugam	Sugam - Presumptive Business Income tax Return in terms of section 44AD and section 44AE of income tax act.
ITR- 4	For individuals and HUFs having income from a proprietary business or profession
ITR – 5	For firms, AOPs and BOIs

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I. Key amendment relating to Form SAHAJ (ITR 1)

1. The person having loss under the head other sources cannot file return of income in Form SAHAJ (ITR 1). Further following persons cannot file return of income in form SAHAJ (ITR 1) and Form SUGAM (ITR 4S):
   i. Resident other than not ordinarily resident having asset located outside India or having signing authority in any account located outside India.
   ii. Person who has claimed tax treaty benefit under Section 90 or 90A of the Act or has availed the relief from double taxation under Section 91 of the Act.
   iii. Person who does not have income chargeable to tax exceeding INR 5,000.

2. In case of refund, it was mandatory till last year to mention the bank account number and the MICR code. The following amendments have now been made to ITR 1:
   i. It is mandatory to submit bank details in all cases (irrespective of refund or not).
   ii. Instead of MICR code, the form now requires quoting of IFSC Code. IFSC Code is an 11 character code for identifying bank branches participating in online fund transfers. This code is unique for each bank branch.

II. Key amendment relating to Form ITR 2

1. In the Schedule on Capital Gains, the following amendments have been made:
   i. With respect to non-residents earning any short term capital gain on transfer of shares/units, the capital gain has to be shown separately for Securities Transaction Tax (STT) paid shares/units and otherwise.
   ii. In the schedule on Short Term Capital Gains, the references of sections relating to Long Term Gains have been removed (Sections 54, 54EC, 54ED and 54F of the Act).
   iii. Reference to investment in equity shares of an eligible company to obtain relief from long term capital gains' tax (Section 54GB of the Act) has been included. The PAN of the Company in which the taxpayer invests to avail benefit under Section 54GB of the Act is also required to be quoted.
2. New schedule inserted seeking 'Details of Income accruing or arising outside India'. The said schedule requires details like country code, taxpayer identification number; income earned and identified separately for all five sources of income heads, bifurcation of total income value where the tax treaty is applicable and where it is not applicable.
3. Schedule for 'Details of taxes paid outside India' amended to include relevant article of the tax treaty, tax relief bifurcated into Sections 90/90A of the Act and Section 91 of the Act, total taxes bifurcated where tax treaty is applicable and where it is not applicable
4. In the schedule 'Details of Foreign Assets' the following amendments have been made seeking additional information:
   i. 'Country Name' where the taxpayer is providing details regarding foreign bank accounts, financial interest in an entity, immovable property, any other asset in nature of investment.
   ii. 'Account Number' where the taxpayer is providing details of accounts in which he has signing authority

iii. In case the taxpayer is a trustee in a trust, created under the laws of a country outside India, the taxpayer is required to provide details such as country name and code, name and address of the trust, other trustees, settler and beneficiaries.

III. Key amendment relating to Form ITR 3 and 4

1. A Schedule AL covering the details of personal assets and liabilities in India has been included in ITRs 3 and 4 for financial year 2012-13.
2. The taxpayers having total income in excess of INR 2.5 million would be covered by this reporting requirement. In respect of this an exhaustive list of assets comprising land, building, bank (including all deposits), shares and securities, insurance policies, loans and advances given cash in hand, jewelry, bullion , archaeological collections, drawings, painting, sculpture or any work of art, vehicles, yachts, boats and aircrafts is provided.
3. Further, the value has to be reported at cost. The taxpayers can report any liability against these assets in the schedule.

IV. Important points to be considered while filing income tax returns for the AY 2013-14:

1. **Form SAHAJ / SUGAM not to be used** in the follow below circumstances
   (a) Resident other than non-ordinarily resident in India having any **asset** (including financial interest in any entity) located **outside India.**
   (b) Resident other than non-ordinarily resident in India has signing authority in any **account** located **outside India.**
   (c) Individuals having **loss** under the head Income from **Other sources.**
   (d) Individuals claiming **double taxation relief** under section 90/90A/91.
   (e) Individuals having **income not chargeable to tax exceeding Rs 5000**. It means if any individual have any exempt income like dividend or interest more than Rs 5000, than he shall not file the above forms, rather he has to file form 2/4.

2. **Audit Report** as per section 115AB or 92E or 115JB or **44AB** of the income tax act 1961 is to be furnished **electronically** with the income tax return.

3. **E- Filing of return is compulsory for income more than Rs.5 lakhs** -----All persons other than companies and persons filing Form No 7 like trusts are required to furnish income tax return electronically under digital signature or transmitting the data in return electronically and thereafter submitting ITR V, if their net taxable income after deductions exceeds Rs.5 lakhs**.** It means if taxable income for all persons other than companies and persons filing form no 7 is less than 5 lakhs, than no income tax return is to be filed subject to some fulfillment of certain conditions.

4. New "**schedule AL**" has been attached to the ITR 3 and ITR 4 which is now to be filled up relating to the assets and liabilities of an individual or HUF if **income** exceeds **Rs.25 lakhs.**
5. Last year individuals and Hindu Undivided Families having total income in excess of Rs. 10 lakhs were required to furnish the Income-tax Return electronically under Digital

Signature or transmitting the data in the Return electronically and thereafter submitting the verification of the Return in Form ITR V. Now as a result of the amendment not merely individuals or Hindu Undivided Families but all persons other than companies and persons filing Form No. 7 (like Educational Institutions, Trusts etc.) if their income exceeds Rs.5 lakhs would be required to furnish the Return for the Assessment Year 2013-14 electronically under Digital Signature or transmitting the data in the Return electronically and thereafter submitting ITR V.

6. All those tax payers who are claiming relief of tax in terms of section 90 or 90A or 91 of the Income-tax Act and are filing their Income-tax Return for the AY 2013-14 and subsequent years will now be required to furnish their Income-tax Return electronically under Digital Signature or transmitting the data in the Return electronically and thereafter submitting the verification of the Return in Form ITR V.

(Source: Notification No. 34/2013 dated 1.5.2013 issued by the Central Board of Direct Taxes)