Which ITR Should I File? ITR-1 or ITR-2??

There is number of question raised in forum regarding which ITR Form is applicable to me? ITR1 or ITR2.
Let me give you the position of law in simple words:

ITR–1 Form:

ITR–1 Form is to be used by an Individual having income from following sources:

1. Income from Salary/ Pension
2. Income from One House Property (not being brought forward losses from previous years)
3. Income from Other Sources (not being income from lottery or race horses)

Note:

a. In case any income of spouse, minor child, etc. gets clubbed with the income of the assessee, then ITR–1 can be used only if the clubbed income falls into the above income source.
b. ITR 1 is only for individuals, HUF's cannot use the ITR1.

Who cannot use the ITR–1 Form???

ITR–1 Form should not be used by an Individual if his total income consists of:

1. Income from more than one house property
2. Income from Winnings from lottery or income from Race horses
3. Income (not exempt from tax) under Capital Gains
4. Income exceeding Rs. 5,000 from agricultural business
5. Income exceeding Rs. 5,000 from Exempt Income (In other words, if assessee claims exemption in respect of any income under sections 10, 10A, 10AA, etc.)
6. Income from Business or Profession
7. Losses which has to be carried forward
8. Person claiming relief of foreign tax paid under section 90, 90A or 91
9. An individual who is a resident having assets (including financial interest in any entity) located outside India or signing authority in any account located outside India. In these cases, Income tax Assessee has to use either ITR 2 or ITR4.

Who can use ITR 2 for filing income tax return ???

ITR 2 is used by an individual or a Hindu Undivided Family whose total income comprises following income:

1. Income from Salary / Pension
2. Income from House Property
3. Income from Capital Gains
4. Income from Other Sources
5. Income from Winning of Lottery
6. Income from Race Horses

Moreover, if the income of spouse, minor child, etc. is to be clubbed with the income of the assessee, then ITR 2 can be used if such income falls in any of the above categories.

I hope this will help you. Have nice day. ☺

Regards,
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