

FILING OF
INCOME TAX RETURNS FOR
A.Y. 2008-09

BCAS LECTURE MEETING
20st May 2008

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Procedural aspects of filing **Income-Tax returns**

- **Who** is required to file a return
- **When** is it required to be filed
- **Which form** is required to be used
- **How** is the return to be submitted
- Details required in the New Return Forms
- **Who** is required to sign & verify the return
- Miscellaneous

Features of ITR for AY 0809

- ▶ Annexure less – No TDS Certificates, but can use extra sheets if space not enough
- ▶ Designed for electronic capturing of data & Filing
- ▶ Specific to AY 0809
- ▶ Special Transactions to be stated - AIR
- ▶ Several errors from ITRs of AY 0708 removed and additions made

Who is required to file a return

- ◆ **Mandatory**

For individuals whose income exceeds the prescribed limits

- For the A.Y 08-09 the limits are:
 - a. Rs 110,000 – Individuals except women, NR senior citizens
 - b. Rs 145,000 in case of women
 - c. Rs 195,000 in case of senior citizens (above 65 years of age)

Threshold of Basic exemption limit is to be determined on the basis of total income calculated before giving effect to 10A/10B/10BA or Chapter VIA deductions.

Who is required to file a return (Cont'd)

MANDATORY FILING:

- Every company & firm.
- Association of persons or Body of Individuals.
- Every University / College / Other Institution referred to in section 35(1)(ii) / (iii).

Who is required to file a return **(Cont'd)**

IF INCOME EXCEEDS MAXIMUM AMOUNT NOT CHARGEABLE TO TAX*

Person	*Before considering provisions of
Individual / HUF / AOP / BOI	S. 10A / 10B / 10BA & Chapter VI-A
Charitable or other trust or institution claiming exemption u/s. 11 and 12	S. 11 and 12
Political parties	S. 13A
Scientific research association - S. 10(21) News agency - S.10(22B) Association or institutions - S.10(23A)/(23B) Fund, trust, institution, hospital, university - S.10(23C)(iiiad) to (via) Trade Union - S.10(24)	} S. 10

Who is required to file a return **(Cont'd)**

TO CLAIM BENEFIT OF:

- Carry forward of loss:
 - - U/s 72(1) - Business or profession (non-speculative)
 - - U/s 73(2) - Speculation Business
 - - U/s 74(1) - Capital loss
 - - U/s 74A(3) - Running and maintaining Race Horses
- Deductions:
 - - U/s 10A/ 10B
 - - U/s 80-IA, 80-IAB, 80-IB, 80-IC/ID/IE (As per 80AC)
- Refund of Taxes Paid

When is it required to be filed

In case of	Due Date
1. Company	30th September.
2. Person whose accounts are required to be audited under the Income-tax Act or any other law	
3. Working partner of a firm whose accounts are required to be audited	
4. Any other assessee	31st July

Belated Return – Sec.139(4)

Any person who has not furnished a return within the time allowed under section 139(1) / 142(1)

May furnish his return within one year from the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

Revised Return – Sec.139(5)

- ◆ Any person who has furnished a return under section 139(1) / 142(1), and
Discovers any omission or wrong statement therein,
can file a revised return
- ◆ A Revised return can be furnished within one year from the end of the relevant assessment year or before the completion of assessment, whichever is earlier
- ◆ A belated return cannot be revised.

Which form is required to be used

NEW RETURN FORMS:

- Rule 12 substituted with effect from 28th March, 2008
- Eight new forms viz. ITR-1 to ITR-8 prescribed
- New forms valid only for A.Y.2008-09
- Each Return has 2 or 3 Parts having separate modules and schedules - no page numbering
- No attachments to be enclosed with returns except for ITR 7 (TDS Certificate to be attached)
- Detailed Instructions given for each form

Guidance for filling out parts and schedules

- All items must be filled in the manner indicated therein in the form.
- If any schedule is not applicable score across as “----NA----”
- Write NIL to denote nil figures.
- All figures should be rounded off to the nearest one rupee. However the figures for total income/loss and tax payable be finally rounded off to the nearest multiple of ten rupees.
- Figures in computation of income should match from their respective schedules.

How is the return to be submitted

- **FILING OPTIONS:**

MANUAL

- Paper return
- Bar Coded return in paper format

ELECTRONIC

- Electronically under digital signature (DSC)
- Transmitting without DSC electronically and then submitting ITR – V
- (Incase, the assessee has not digitally signed the ITR, the person must print 2 copies of the same after transmitting it electronically and submit 2 copies manually within 15 days and receive an acknowledgement on one of them. If paper copy filed late then that date will be the date of filing and not actual electronic submission date)

Form ITR - 1

Applicable to	Filing Option
Individual having Salary / family pension and interest	(a) Paper return (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form

- ♦ Salaried person having any other income other than interest cannot use this form.
- ♦ Instructions given in the form place additional restrictions:
 - A person having **exempt income** other than agricultural income and interest cannot use this form (DIV LTCG)
 - A person who has to include income of other persons as per **clubbing** provisions not entitled to use this form
 - The above effectively reduce the scope for use (Section 10(13A) – HRA, Section 10(10) - Gratuity)

Form ITR - 2

Applicable to	Filing Option
Individual [other than covered in ITR-1] and HUF not having business income	(a) Paper return (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form

- ▶ Instructions given in the Form states that person who is a partner in a firm shall use ITR-3 even if he gets no interest / remuneration from the firm and has only exempt share of profit. This is in excess of the language of the Rule 12 (1)(b) and 12(1)(c) where if HUF earns profits it should be able to use ITR 2.
- It is further specifically provided that a person entitled to use ITR-1 shall not use this form.

Form ITR - 3

Applicable to	Filing Option
Individual / HUF who is partner in a firm where 'Profits and Gains of Business or Profession' does not include any income except for interest / remuneration from firm	(a) Paper return (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form

Form ITR - 4

Applicable to	Filing Option
Individual / HUF not covered by ITR – 1 / 2 / 3 deriving income from a proprietary business / profession	(a) Paper return (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form

Form ITR - 5

Applicable to	Filing Option
A person not being an Individual / HUF / Company i.e. Applicable to Firms, AOPs and BOIs	(a) Paper return* (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form* <i>* A firm to whom the provisions of S.44AB (tax audit) are applicable can furnish the return only in the manner specified in (b) or (c) above</i>

Form ITR - 6

Applicable to	Filling option
Companies under than claiming exemption u/s 11	a) Electronically under digital signature b) Transmitting electronically and then manual submission of ITR within 15 days* <i>*One should note that from 1.4.08 every company has to pay their taxes electronically.</i>

Form ITR - 7

Applicable to	Filing Option
Persons including Companies required to file a return under the following sub-sections of section 139: (4A) Charitable or other trust or institution claiming exemption under section 11 and 12 (4B) Political party (4C) Scientific research association - section 10(21) News agency - section 10(22B) Professional association or institution – section 10(23A) Institution - section 10(23B) Fund or institution - specified clauses of section 10(23C) (4D) University, college or other institution – section 35(1)(ii) / (iii)	Only paper return

Form ITR - 8

Applicable to	Filing Option
Persons not required to file return of income but required to file return of fringe benefits	(a) Paper return (b) Electronically under digital signature (c) Transmitting electronically and then ITR – V (d) Bar coded return in paper form

Details required in new forms

SALARY INCOME:

- Employer category: Govt.☐ PSU☐ Others☐
- Name and address of **last employer**, incase there are more then one employers during last previous year.
- Fill the details of salary as given in the TDS certificates (Form 16) issued by the employer.

HOUSE PROPERTY:

- Name of Tenant
- PAN of Tenant (Optional)
- Other information like GAV, municipal taxes paid, unrealized rent, interest accrued etc.

Details required in new forms **(Cont'd)**

CAPITAL GAINS:

- Information about Short Term Capital Gain
 - From Slump Sale
 - From assets in case of non- residents under special provisions
 - From other assets – items except above 2 items
 - Exemption u/s 54B/54D
 - Deemed short-term capital gain i.e. non compliance of sec. 54B/54D/54EC/54G/54GA + on Depreciable assets
 - Short term capital gain u/s 111A i.e. On shares on which STT has been paid. – Show separately and reduce from total
 - Arrive at final figure of ST Capital Gain
- Information about Long Term Capital Gain
 - From Slump Sale, From assets in case of non- residents
 - From other assets disclosing separately when option u/s 112 exercised and not exercised i.e. 10 % or 20% tax on the basis of Indexation/ no indexation on specified security.
 - Exemption and Deemed Capital gain
- Quarterly Break- up of LTCG and STCG separately

Details required in new forms **(Cont'd)**

INFORMATION IN RESPECT OF PARTNERS TO WHOM ITR 3 IS APPLICABLE:

- Name, PAN, Percentage & amount of Share of Profit
- Capital balance in the firm as at year end.
- Remuneration, salary, bonus, commission and interest on the capital employed.
- The expenses, if any relating to earning of such income shall be deducted.

Details required in new forms **(Cont'd)**

INFORMATION REQUIRED IN CASE OF PARTNERSHIP FIRM, AOP OR BOI – ITR 5

- Name and Address of partners/members, percentage of share and PAN. In case of clubs where members are numerous details of Managing Committee members will suffice.
- Change in Partners/Managing Committee during the previous year

BUSINESS / PROFESSION(ITR IV,V,VI):

- General Information - Audit Information:
 - Name and Membership No. of Auditor,
 - Name and PAN of firm / proprietorship
- Balance Sheet:
Detailed Break-up in line with Schedule VI format

Details required in new forms **(Cont'd)**

BUSINESS / PROFESSION (Cont'd):

Profit & Loss Account:

- Detailed Break-up of Income & Expenses into various heads
- Sales and Purchases to be shown net and then to be grossed up separately with excise, service tax, VAT, cess, etc.

Depreciation:

- In Schedule DPM and DOA giving details of depreciation on Plant and Machinery and on Other Assets, the sale proceeds have to be furnished separately for sales out of :
 - Opening WDV and current years additions > 180 days,
 - Current years additions < 180 days
 - Details of additional Depreciation to be claimed ,if any.

Details required in new forms **(Cont'd)**

BUSINESS / PROFESSION (Cont'd):

- The summary of depreciation as per the schedules will be shown in schedule DEP
- Expenditure on scientific research under section 35
The details of the deduction allowable and the amount which is debited to P&L should be mentioned in schedule ESR.

Details required in new forms **(Cont'd)**

OTHER INFORMATION (required only in case of audit under sec 44)

Same information is required as given in Form 3CD i.e. Method of A/cing, change in method and its impact, method of valuation of Stock, any change in method and its impact, amounts disallowable u/s 36, 37, 40, 40A, 43B etc.

QUANTITATIVE DETAILS (required only in case of audit under sec 44AB)

- ▶ Details of principal items as given in Form 3CD
- ▶ Separate information for Traders and Manufactures
- ▶ If more than 1 item then use separate sheet

Details required in new forms **(Cont'd)**

SET-OFF AND CARRY FORWARD OF LOSSES:

- Schedule **CYLA**: Show CY Income from different heads and show what losses are adjusted against each of them.
- Schedule **BFLA**: Net CY income after intra head set off if positive should be shown and adjusted against B/f losses under each head, + B/f depn, and remaining positive or negative income is to be given.
- Schedule **CFL**: Summary of losses carried from earlier years, set off during the year (as per Sch BFLA) and to be carried forward for set off against income of future years is to be entered.

Date of filing return of previous assessments are to be mentioned. Losses can be adjusted and C/f only if returns were filled on or before due date.

DONATIONS:

- ▶ Name and address of the donee together with PAN, where donee is required to be approved u/s. 80G(5)(vi)

Details required in new forms **(Cont'd)**

DETAILS OF TDS ON OTHER INCOME:

- ▶ If Tax has been deducted but income has not been shown then claim only proportionate TDS. Specific column for the portion of TDS claimed this year due to accrual – cash basis mismatch between payer and payee.
- ▶ If required separate sheets can be used.
- ▶ Even if certificate has not been received but if information required is available then can TDS be claimed?
- ▶ Words are changed this year in TDS1 – from tax ‘deposited’ to total tax ‘deducted’. All the same the words in TDS2 ‘date of payment’ continues. For the each deductor (TAN) write total amount under date of credit/payment and date can be put as 31.3.08 for multiple payments. (as per instructions issued by the department). This may result in mismatch and query from the department have come.

Other Information

Annual Information Return

Sr.	Particulars of information required
1.	Cash deposits made by you aggregating to Rs.10 lakhs or more in any savings account during the year.
2.	Payment made by you against bills raised in respect of a credit card aggregating to Rs.2 lakhs or more in a year.
3.	Payment made by you of an amount of Rs.2 lakhs or more for purchase of units of Mutual Fund.
4.	Payment made of an amount of Rs.5 lakhs or more for acquiring bonds or debentures issued by a company or institutions.
5.	Payment made of an amount of Rs.1 lakh or more for acquiring shares issued by a company.
6.	Purchase of an immovable property valued at Rs.30 lakhs or more
7.	Sale of any immovable property valued at Rs.30 lakhs or more
8.	Payment made of an amount of Rs.5 lakhs or more in a year for investment in bonds issued by Reserve Bank of India.

Who is required to sign and verify the return. Sec 140

Individual	By the individual himself If he is mentally incapacitated - by his guardian or other person competent to act on his behalf If he is absent from India – or for any other reason – by any person duly authorised by him
HUF	By the Karta Or in any of the above circumstances by any other adult member
Company	By the Managing Director Or where there is no Managing Director or for any unavoidable reason - by any other director
Company not resident in India	By a person who holds a valid power of attorney from such Company
Firm	By the Managing Partner or for any unavoidable reason - by any other partner not being a minor
Political Party	By the Chief Executive Officer
Local Authority	By the Principal Officer
Other Association	By any member of the association or the Principal Officer thereof
Other person	By that person or some person competent to act on his behalf

Tax Return Preparers Scheme - **Sec.139B**

- ◆ Tax Return Preparers Scheme 2006 notified vide Notification No. SO 2039(E) dated 28-11-2006
- ◆ Scheme is to enable any person (other than a company or a person, whose accounts are required to be audited u/s. 44AB or under any other law) in preparing and furnishing return of income
- ◆ Every Tax Return Preparer (TRP) shall assist the person furnishing the return in the manner specified in the scheme and affix his signature on the return
- ◆ CA, Tax Practitioner and Lawyer cannot become TRP
- ◆ If the return has been prepare by him, the relevant details have to be filled by him in item no.16 below verification & the return has to be counter signed by him.

Permanent Account Number

- Govt. is determined to track down those trying to evade taxes.
- It proposes to issue a Permanent Account Number (PAN), suo moto, if any authority discovers that it has not been mentioned for specific transaction where it is mandatory to do so.
- The person will be issued a PAN by the assessing officers. The provision would be effective from June 1,2006.
- Already a penalty of Rs.10,000 is required to be paid if the PAN is missing.

Powers of the Board – **Sec.139C/139D**

- ◆ The Board may make rules for a class or classes of persons who may not be required to furnish documents which are otherwise required to be furnished along with the return.
- ◆ The said documents are to be produced before the Assessing Officer on demand.
- ◆ The Board may make rules for :
 - ◆ The class or classes of persons to furnish the return in electronic form.
 - ◆ The form and manner of e-return.
 - ◆ The documents which are not required to be furnished along with the e-return but to be produced before AO on demand.
 - ◆ The computer resource or the electronic record to which the e-return form may be transmitted.

Rule 12(2)

Under the said power, Rule 12(2) inserted which reads as under.

The return of income and return of fringe benefits required to be furnished in Form No. ITR-1, 2, 3, 4, 5, 6 or 8 shall **not be accompanied by** a statement showing the **computation** of the tax payable on the basis of the return, or proof of the tax, if any, claimed to have been deducted or collected at source or the advance tax or tax on self-assessment, if any, claimed to have been paid or any document or copy of any account or form or report of audit required to be attached with the return of income or the return of fringe benefits under any of the provisions of the Act.

An Income tax form is like a laundry list
– either ways you loose your shirt.

THANK YOU