

CHANGES IN ITR 1 ITR 2 AND ITR 3 FOR F.Y. 2018-19 (A.Y. 2019-20) AND SOME KEY NOTES RELEVANT TO IT RETURN FILLING

COMPILED BY: DIPUL MEHTA

Form Name	For Whom	Changes in F.Y. 2018-19
ITR 1	For Individuals being a Resident (other than Not Ordinarily Resident) having Total Income upto Rs.50 lakhs , having Income from Salaries, One House Property, Other Sources (Interest etc.), and Agricultural Income upto Rs.5 thousand (Not for an Individual who is either Director in a Company or has invested in shares of unlisted Company.)	a. Only Super Senior Citizen (80 years) can file Paper Return other mandatorily E-Return. b. Details of one House Property as it is “Let Out” or Deemed Let Out or Self occupied. c. Salary details synchronize with Form 16. d. Full disclosure and break up give for Income from other source income. e. Standard deduction u/s. 16(ia) = Rs. 40,000/- but LTA, HRA still on. f. Any Arrear rent received in f.y. 18-19 required to report. g. Under Part A “Pensioner” checkbox has been introduced under the Nature of Employment Section. h. Section 80 TTB column has been included for Senior Citizen.
ITR 2	For Individuals and HUFs not having income from profits and gains of business or profession	A. <u>Resident status require to give details:</u> i. Resident – in India 182 days or more. Or, you were in India for 60 days or more in P.Y. and have in in India for 365 days or more within 4 preceding years. ii. Resident but not ordinarily Resident – NRI 9 out of 10 Preceding years. OR, You have in India for 729 days or less during the 7 Preceding Years. iii. In case you are a NRI Please specify Jurisdiction of Residence during the P.Y. and TIN in that jurisdiction.

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		iv. In case you are a Citizen of India or a Person of Indian Origin Specify,... a. Total Period of stay in India in PY. . b. Total Period of stay in India during the 4 Preceding Years.
		B. <u>If you are an individual and were Director in a company at any time during the previous year,</u> Please tick <u>Yes</u> and provide information about name & PAN of the company, your DIN and indicate whether, or not, shares of the company are listed on a recognized stock exchange. Else, tick <u>No</u>. Please note that furnishing of PAN and DIN is not mandatory in case of a foreign company. <u>C. Whether you have held's any Unlisted shares during the P.Y.:</u> Details requires: i. Name of Company. ii. PAN of Company iii. Opening Balance of Shares Contains : No. of Shares and Cost of Acquisition. iv. Shares acquired During the Year: No. of Shares, Date of Purchase, Face Value Per Share, Issue Price Per Share and Purchase Price if purchase from other. v. Shares transferred during the Year: No. of Shares and Sale Consideration. vi. Closing Balance: No. Of Shares and Cost of Acquisition.

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		<u>D. Complete Details of Buyer Whom You Sold Property:</u> a. STCG/LTCG on sale of immovable property, if any, should be reported at item No. A1/B1. It is mandatory to disclose the details of immovable property name and PAN of the buyer etc. as per the given table. These details should be furnished separately for each immovable property transferred during the year.(TDS 1% ABOVE 50 Lakh)
		E. LTCG @ 10% ON Gain of Above 1 Lakh from Equity or Equity MF has to be shown in ITR.(As Section 10(38) Withdraw)
ITR 3	For individuals and HUFs having income from profits and gains of business or profession	As Above as in ITR 2 with addition: a. Manufacturing account and Trading account separate in ITR. b. Annual Outward Supply Value as per GST return filed.

SOME KEY NOTE:

- Education Cess now is called as “**Health and Education Cess**” and effective rate is **4%** instead of 3%.
- **Rebate u/s. 87 A Conditions:**
 1. Must be **Resident Individual** and,
 2. Your Total Income after Deductions (Under Section 80) **Doesn't Exceed 3.50 Lakh**
 3. The Rebate is limited **to Rs. 2500**. This means that If the Total Tax Payable is Lower than Rs. 2500, Then that amount will be rebate u/s. 87A. This rebate is applied to the total tax before adding the HECESS 4%. (Eg. If Total Income is 3,50,000/- then Tax Payable before Cess is Rs. 5000/- Rebate is Rs. 2500/- So, Tax Payable is Rs. 2500+100 = 2600/-)
- Short Term Capital Gain taxed @ 15 % (No change).

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- **FOR SENIOR CITIZEN** - No TDS on Interest from FD up to Rs. 50,000/-, Section TTB introduced to **Exempt Interest from FDs, Post Office upto Rs. 50,000/-**, Exemption u/s. 80D upto Rs. 50,000/- **for Medical Insurance**, Exemption limit for **Medical Expenditure** for certain **critical Illness** raised from Rs. 60,000/- (SENIOR CITIZEN) AND Rs. 80,000/- (SUPER SENIOR CITIZEN) to Rs. 1,00,000/-
- Introduction of **Tax on Long Term Capital Gain above Rs. 1 Lakh on Sale of Equity Shares @ 10 % without giving benefit of Indexation**. Capital Gain tax for **until 31/01/2018 will be Grandfathered**.

Brief of the Provision and Eg.

- **Section 10(38) applicable up to 31.03.2018** after that New **Section 112 A** introduced.
- As per new proposed Section 112A, long term capital gains arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed **at 10% of such capital gains**. The tax on capital gains shall be levied in **excess of Rs. 1 lakh**. This concessional rate of 10% will be applicable if **STT has been paid on both acquisition and transfer** of such capital asset, in case of equity shares, and **paid at the time of transfer** in case of unit of equity oriented fund or a unit of a business trust.
- **No Indexation Benefit given.**
- **Chapter VIA Deduction and Rebate u/s. 87 A kept out of purview.**
- The cost of acquisitions of a listed equity **share acquired** by the taxpayer before the **February 1, 2018**, shall be deemed to be the **higher** of following:
 - a) The **actual cost of acquisition of such asset**; or
 - b) **Fair market value** of such shares or **actual sales consideration** accruing on its transfer, whichever is **lower**.

The Fair market value of listed equity share ***shall mean its highest price quoted on the stock exchange on January 31, 2018***. However, ***if there is no trading in such shares on such exchange on January 31, 2018, the highest price of such asset on such exchange on a date immediately preceding January 31, 2018***.

While in case of units which are not listed on recognized stock exchange, the net asset value of such units as on January 31, 2018 shall be deemed to be its FMV.

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- Let's understand the new provisions with some examples of trading in listed equity shares.

Particulars	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Sales Consideration (A)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Date of Sale	31-03-18	01-04-18	01-04-18	01-04-18	01-04-19
Actual Cost of Acquisition (B)	800,000	800,000	800,000	800,000	800,000
Date of Purchase	01-01-17	01-01-17	01-01-17	01-01-17	01-03-18
Quoted Price on Stock Exchange as on 31/01/2018 (C)	850,000	750,000	900,000	1,100,000	1,100,000
Deemed Cost of Acquisition (D)*	800,000	800,000	900,000	1,000,000	800,000
Long-term Capital Gains (E = D-A)	200,000	200,000	100,000	-	200,000
Exemption for Capital Gains (F = E - 1,00,000)	200,000	100,000	100,000	-	100,000
Tax on Capital Gains (F * 10%)	-	10,000	-	-	10,000

- ***Scenario – 1 – Case of Purchase and Sale before Section 112 A applicable – Capital Gain Exempt u/s. 10(38).***
- ***Scenerio -2, 3 , 4 – Purchase Before 31.01.2018 and Sale after introduction of Section 112 A – Grandfathered benefit available in Cost of acquisition.***
- ***Scenerio 5 – Purchase after 31.01.2018 So, No Cost of acquisition benefit available.***

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SLAB RATE FOR A.Y. 2019-2020

A. Male/Female Resident (Below 60 Years)

Net Income Range	Income-tax Rate*
	AY 2019-20
1 Upto Rs. 2,50,000	Nil
2 Rs. 2,50,000 to Rs. 5,00,000	5%
3 Rs. 5,00,000 to Rs. 10,00,000	20%
4 Above Rs. 10,00,000	30%

Senior Citizen

(who is 60 years or more at any time during the previous year)

Net Income Range	Income-tax Rate*
	AY 2019-20
1 Up to Rs. 3,00,000	Nil
2 Rs. 3,00,000 to Rs. 5,00,000	5%
3 Rs. 5,00,000 to Rs. 10,00,000	20%
4 Above Rs. 10,00,000	30%

Super Senior Citizen

(who is 80 years or more at any time during the previous year)

Net Income Range	Income-tax Rate*
	AY 2019-20
1 Up to Rs. 5,00,000	Nil
2 Rs. 5,00,000 to Rs. 10,00,000	20%
3 Above Rs. 10,00,000	30%

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SURCHARGE:

1. Individual/ HUF – Rs. 50 Lakh to Rs. 1 Crore – 10% , Rs. 1 Crore to 10 Crore – 15%, Exceeding 10 Crore – 15%.
2. Firm – Rs. 1 Crore to any limit – 12%

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