

# Direct Tax Refreshers Course 2020

## Significant Changes in ITR AY 2020-21

Organised by Pune Branch of WIRC

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## Important Due dates for AY 2020-21

Particulars	Extended Date
Furnishing of Returns u/s 139(1) - AY 2019-20 as well as Revision of Return u/s 139(5)	30.09.2020
Furnishing of Returns u/s 139(1) - AY 2020-21	
i) For all taxpayers whose balance Self Assessment Tax is up to Rs. 1,00,000/-*	30.11.2020
ii) For taxpayers other than (i) above:	
Non Tax audit & Tax Audit cases	30.11.2020
Last date for Furnishing Tax Audit Report, Form 29B, Form 3CEB, Form 10CCB, Form 10DA for 80JJAA, Form 10B etc.	31.10.2020

## Important Due dates for AY 2020-21

Particulars	Extended Date
Filing of TDS Returns (in case of an office of the Government) u/s 200(2A) and TCS Returns u/s 206C(3A) for the months February or March or for the quarter ending on 31.03.2020.	15.07.2020
Filing of TDS Returns (any person deducting any sum) u/s 200(3) and TCS Returns u/s 206C(3) for the months February or March or for the quarter ending on 31.03.2020.	31.07.2020
Furnishing of TDS certificates u/s 203 in respect of deduction u/s 192 and also for others for AY 2020- 21.	15.08.2020
Investment/ payments for claiming deduction under Chapter VI-A for AY 2020-21	Till 31.07.2020
Investment/ Construction/ Purchase for claiming deduction u/s 54 to 54GB	Till 30.09.2020
Date of furnishing of declaration, passing of order, etc. under Vivad se Vishwas Scheme	31.12.2020

## E-filing Digitisation, Origin of CPC, CBDT Statistics

- **E-filing of Income Tax Returns in India:**

- E-filing of ITRs was first introduced in the AY 2006-07.
- As per the budget speech by the Hon'ble Finance Minister in Feb 2007, it was informed that 3.01 Lacs returns were electronically filed by corporates.
- In the year 2013-14, online filing of ITR was made mandatory for all assesses.

- **Origin and Formation of Centralized Processing Centre ('CPC'), Bangalore**
  - In Feb 2009 The Government of India (GOI) established Centralised Processing Centre (CPC) for bulk processing of income tax returns (ITR) at a total project cost of Rs. 255 crore.
  - The Finance Act, 2008 amended the Income Tax Act, 1961 (the Act) by inserting a subsection 1A under Section 143 empowering the CBDT (the Board) to make a scheme for centralized processing of income tax returns (ITRs) for expeditiously determining the tax payable or the refund due to the assessee.
  - CPC was under the overall control of the Director General of Income Tax (Systems), New Delhi.

## E-filing Digitisation, Origin of CPC, **CBDT Statistics**

- **Data collected by the IT Department:**

The data requirement of the IT Department vide ITR forms has followed an increasing trend year on year.

The **number of pages of each ITR form** (PDF file downloaded from website) to be filed by the assessee from AY 2014-15 to AY 2020-21 has been tabulated below:

Assessment Year	ITR 1	ITR 2	ITR 3	ITR 4	ITR 5	ITR 6	ITR 7
AY 2014-15	5	12	14	30	30	33	17
AY 2015-16	5	13	15	31	30	33	N.A.
AY 2016-17	7	14	16	32	31	34	18
AY 2017-18	1	16	32	9	32	35	21
AY 2018-19	1	17	35	9	34	45	21
AY 2019-20	2	21	40	5	41	54	22
AY 2020-21	2	26	47	5	48	58	24
<b>Absolute Increase %</b>	-60%	117%	236%	-83%	60%	76%	41%

ITR2A and ITR4S applicable in AY 2014-15 and AY 2015-16 is not considered  
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# E-filing Digitisation, Origin of CPC, **CBDT Statistics**

- **ITR filing in India and statistics**

➤ As per ITR Statistics published by the IT Department (updated upto AY 2018-19), a total of 5.87 Crore ITRs were filed for AY 2018-19. Their distribution is as follows:

Particulars	No of ITR	%	Total Tax Collected in Rs Crores	%
Individual	55,260,219	94.1%	317,845	39.4%
HUF	1,130,554	1.9%	4,613	0.6%
Firm	1,269,736	2.2%	42,993	5.3%
AOP/ BOI	204,048	0.3%	10,517	1.3%
Companies	841,942	1.4%	431,031	53.4%
Others	6,959	0.0%	719	0.1%
Total	58,713,458	100.0%	807,718	100.0%



## E-filing Digitisation, Origin of CPC, **CBDT Statistics**

- Further, the status wise and head wise income tax contribution for AY 2018-19 is as follows:  
*(figures in Rs. Crores)*

	Individual	HUF	Firm	AOP/BOI	Companies	Others	Total
Salary Income	20,04,070	-	-	-	-	-	20,04,070
House Property Income	37,448	4,758	4,923	922	14,693	23	62,765
Business Income	9,30,416	21,061	1,21,269	28,924	13,33,069	2,214	24,36,953
Long Term Capital Gains	67,047	2,081	4,083	5,384	63,415	25	1,42,034
Short Term Capital Gains	23,163	1,537	2,945	15,599	45,614	598	89,456
Other Sources Income	3,79,013	21,969	7,586	13,533	1,80,506	700	6,03,307
<b>Total (Addition of above)</b>	<b>34,41,156</b>	<b>51,405</b>	<b>1,40,805</b>	<b>64,362</b>	<b>16,37,297</b>	<b>3,560</b>	<b>53,38,585</b>
Total Loss Setoff	26,259	512	6,144	7,870	1,63,826	891	2,05,501
<b>Gross Total Income</b>	<b>34,14,897</b>	<b>50,893</b>	<b>1,34,660</b>	<b>56,492</b>	<b>14,73,472</b>	<b>2,669</b>	<b>51,33,084</b>
Return Income	29,69,745	46,919	1,30,129	45,862	13,34,793	2,617	45,30,064
Aggregate Tax Liability	3,17,845	4,613	42,993	10,517	4,31,041	719	8,07,728

## Applicability of specific ITR to specific assessee/ Incomes

Sr No.	ITR	Eligible Assessee
1	ITR-1 Sahaj	This form is for individuals being a resident (other than not ordinarily resident) having total income upto Rs 50 lakh, having Income from salaries, one house property, other sources (Interest etc.), and agricultural income up to Rs 5000 (Not for an individual who is either a director in a company or has invested in unlisted equity shares).
2	ITR-2	This form is for individuals and HUFs not having income from profits and gains of business or profession.
3	ITR-3	For individuals and HUFs having income from profits and gains of business or profession.
4	ITR 4 Sugam	For individuals, HUFs and Firms (other than LLP) being a resident having a total income upto Rs 50 lakh and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE.
5	ITR-5	For persons other than (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7.
6	ITR-6	For Companies other than companies claiming exemption under section 11.
7	ITR-7	For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) only.

There is no change in applicability of specific ITR qua Income and assessee' s status

Form Name	ITR -1	ITR -2	ITR -3	ITR -4	ITR -5	ITR -6	ITR -7
Nature of Income	Ind.	Ind & HUF	Ind & HUF	Ind & HUF	Firm	Company	TRUST
Income from Salary	✓	✓	✓	✓	x	x	x
Income from House Property					✓	✓	✓
<i>One HP</i>	✓	✓	✓	✓			
<i>More than One HP</i>	x	✓	✓	x			
Income from PGBP	x	x	✓	Presump. income	✓	✓	✓
Income from Capital Gain	x	✓	✓	x	✓	✓	✓
Income from Other sources	✓	✓	✓	✓	✓	✓	✓
Total Income	< 50 lacs	> 50 lacs	> 50 lacs	<50 lacs	NA	NA	NA
Foreign Income/asset	x	✓	✓	x	NA	NA	NA
Director in Company	x	✓	✓	x	NA	NA	NA
Held unlisted equity shares	x	✓	✓	x	NA	NA	NA
Agriculture Income	upto 5K	> 5K	> 5K	> 5K	NA	NA	NA

# Changes in ITR-V, ITR Acknowledgement

## Earlier Position

- The unverified acknowledgement is titled as form ITR-V 'INDIAN INCOME TAX RETURN VERIFICATION FORM' whereas final form is titled as 'INDIAN INCOME TAX RETURN ACKNOWLEDGEMENT'.
- In earlier ITR-V details pertaining to Gross Total Income, Exempt Income, Deductions, Losses, Taxes Paid etc was disclosed.
- Once ITR is verified then the ITR-V gets converted into proper Acknowledgment

## Amended Position

- The submitted ITR forms will be displayed ITR-V with a watermark 'Not Verified' until the same is verified.
- The unverified form ITR-V **will not** contain any income, deduction and tax details. The new and changed unverified ITR-V will contain only the basic information of the taxpayer like Name, PAN and e-filing data etc .

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
1	Applicability of 7 <sup>th</sup> proviso to section 139(1) (ITR 1,2,3,4)	In case of transactions covered under the said proviso, even if the taxable income of the assessee is below the basic amount of income exempt from tax, it is mandatory to file ROI. (a) Cash deposit over Rs. 1 crore in current account(s) (b) Foreign Travel Expenditure in excess of Rs. 2 Lakhs (c) Electricity Bill paid over Rs. 1 Lakh	Assessee has to select yes to any or all of the items in sr. no (a) to (c) and  has to put the amounts against items selected as Yes.
2	Details of Investments for chapter VI-A Deduction. "Schedule DI" (ITR 1,2,3,4)	Extended deadline for claiming deductions under Chapter VI-A payments made up to 31 July 2020 will be eligible for deduction under the said chapter.  Extended deadline for claiming deductions u/s 54/ 54B etc.  Extended deadline pertaining conditions to be satisfied for deduction u/s 10AA	Eligible amount of deduction during FY 2019-20 total amount column  and  then Separate column for the amounts paid / attributable to investment/expenditure made between 01.04.2020 to 30.06.2020 [out of earlier A amount]

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
3	Separate reporting of Surcharge pertaining to section 112A, 111A & 115AD (ITR 2,3,5)	<p>The rate of surcharge was enhanced to 25% and 37% where the income exceeds Rs. 2 crores and Rs. 5 crore, respectively.</p> <p>However, afterwards such surcharge was withdrawn on the individual, HUF, AOP, BOI and AOP in respect of tax payable u/s 111A, 112A and income taxable under proviso to section 115AD(1)(ii)(iii).</p>	Columns have been inserted for separate reporting of surcharge on income chargeable under such sections.
4	New Disclosure under presumptive income scheme & Tax audit related details (turnover 1 Cr to 5 Cr) (ITR 3,5,6)	Earlier threshold limit for tax audit was Rs 1 Crores now it has been increased from Rs. 1 crore to Rs. 5 crores provided some conditions are satisfied.	<p>To incorporate the above amendments, the ITR forms have been amended requiring the assessee to tick the check-box</p> <ul style="list-style-type: none"> <li>- if cash receipts <u>or</u> cash payments exceed 5%.</li> </ul> <p>If assessee ticks 'Yes', then he will be liable to tax audit under Section 44AB.</p>

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
5	Details of Tax on secondary adjustments as per section 92CE(2A) (ITR 3,5,6)	The Finance (No. 2) Act, 2019 has brought substantial changes to the provisions of secondary adjustments. It has been provided that in a case where the excess money or part thereof has not been repatriated on time, the assessee will have the option to pay additional income-tax @20.96% If such additional income-tax is paid, the assessee shall not be required to make a secondary adjustment or compute interest from the date of payment of such tax.	<ol style="list-style-type: none"> <li>1. Amount of primary adjustment on which option u/s 92CE(2A) is exercised &amp; such excess money has not been repatriated within the prescribed time.</li> <li>2. Additional income tax payable @ 18% on above + Surcharge+ Cess</li> <li>3. Taxes already paid</li> <li>4. Date of deposit of tax on secondary adjustment and payment/ bank details</li> </ol>

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
6	Authorised Person verifying the Return amendment to section 140 (ITR 6)	As per section 140 of ITA 1961 only MD was eligible to sign the return of Income. Section 140 has been amended and as such any other director / Key Employee can sign the return of Income.	Accordingly, the new ITR 6 incorporates the reference of eligible person who is verifying the return in the schedule of ' <u>Key Persons</u> '. Following details are required in respect of such person: (a) Name (b) Designation (c) Residential address (d) PAN/Aadhaar No. (e) Director Identification Number (DIN) issued by the MCA (in case of a director).
7	List of Nature of Employment Expanded (ITR 1, 4)	The ITR forms require the individual assessee to furnish the nature of employment.	The new ITR Forms expands the category of employers. The Govt. employer is bifurcated into Central and State Govt. employees.  Further new category of "Not Applicable" has been inserted which pertaining to family pension etc.



## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
8	DIN required if Filing of Return against some notice (ITR 1,2,3,4,5,6)	The CBDT has made it mandatory for the authorities to quote Document Identification Number (DIN) in all the correspondence issued by them. After the introduction of the DIN system, every notice issued by the department contains a unique identification number.	The new ITR forms require the Assessee to provide the DIN of the notice (earlier it was communication reference) in response to which he is filing the return of income. Notice u/s 139(9) , u/s 142(1), u/s 148, u/s 153A etc.
9	Selection of Multiple Bank account for getting refund. (ITR 1,2,3,4,5,6)	At the time of filing of ITR, assessee is required to furnish the details of <u>all</u> bank accounts held in India during the previous year (excluding dormant accounts). Out of the mentioned account assessee is required to indicate minimum one account in which he prefers to get the Income-tax refund.	In the new ITR forms, the assessee has been given an option to choose multiple bank accounts for the payment of refund. However, assessee should pre-validate the all such bank account in e-filing website.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
10	Aadhar Number instead of PAN of Tenant, Sale of Immovable Property. (ITR 2,3,4,5,6,7)	Section 139(5E) allow the interchangeability of Aadhaar with PAN.	Various schedules of the ITR require the assessee to furnish the PAN of the second party, inter-alia, tenant, director, auditor, etc. To allow quoting of Aadhaar in place of PAN, these schedules now substitute the term 'PAN' with 'PAN/Aadhaar'.
11	New deductions u/s 80EEA for Housing Loan & u/s 80EEB Interest on Borrowing for purchase of Electric Vehicle added. (ITR 1,2,3,4,)	Section 80EEA and Section 80EEB were introduced by the Finance (No. 2) Act, 2019 to provide deduction in respect of interest on housing loan and interest on loan taken for electric vehicles respectively.	New cell has been inserted for claiming deduction under such sections.
12	Type of company to be reported if the assessee is a director in a company or holding unlisted equity shares (ITR 2,3,7)	ITR Forms applicable for the assessment year 2019-20 required the directors of the companies to furnish some details.  The initiative was taken to check the shell companies and the ghost directors.	The new ITR forms for the assessment year 2020-21 require the directors to provide information regarding the 'type of the company' which includes Domestic company and foreign Company.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
13	Schedule on Section 112A for grandfathering clause related details. (ITR 2,3,5,6,7)	Schedules 112A and 115AD seek the details of securities sold by the taxpayers during the year which are taxable under section 112A or section 115AD respectively. Though these schedules were not notified in the Gazetted ITR Forms for the Assessment Year 2019-20, but same were duly incorporated in the return filing utilities.	To bring the notified forms and return filing utilities at par, these schedules have been incorporated in the ITR forms applicable for the Assessment Year 2020-21.  Such schedule was not mandatory in last year's return of Income. Such schedule requires ISIN number of each of the security which is generally provided by Brokers in their Capital gains statement.
14	Separate Bank account disclosure for Non- Resident claiming Refund (ITR 2,3,6,7)	Earlier there was only one table wherein SWIFT and IBAN details were required to be provided.	Now separate table has been inserted to provide foreign Bank account details.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
15	Schedule of Pass Through Income (PTI) (ITR 2,3,5,6,7)	<p>The Income-tax Act provides the pass-through status to certain entities, inter-alia, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InVITs), Category I and Category II Alternative Investment Funds (AIFs).</p> <p>Thus, in simple words, tax is charged at the level of the investor and not in the hands of the entity.</p>	<ul style="list-style-type: none"> <li>(a) Reporting of pass-through loss under various heads of income</li> <li>(b) Reporting of the past year deemed losses by the unit-holders.</li> <li>(c) Reporting of losses distributed by AIFs among the unit-holders</li> <li>(d) Reporting of pass-through losses from AIFs under schedule PTI.</li> <li>(e) Pass-through income in the nature of long-term capital gain covered u/s 112A</li> </ul>
16	Losses to be carried forward- Schedule CFL. Pertaining to PTI Income. (ITR 2,3,5,6,7)	As AIFs can pass any income (other than income from PGBP) to its investors, the amended Section 115UB of the Act allows pass-through of losses as well.	Separate column stating losses pertaining to Pass through Income has been inserted for disclosure purpose.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
17	Depreciation on P & M New Rate of 45% on Motor Vehicle. (ITR 3,5,6)	<p>Up to the assessment year 2019-2020, three blocks were available to calculate Depreciation on the plant and machinery, that is, 15%, 30% and 40%.</p> <p>As per the stimulus package announced by the Finance Minister and CBDT circular, Motor buses, motor lorries and motor taxis used in a business of running them on <u>hire</u>, acquired between 23-08-2019 and 31-03-2020 and is put to use on or before 31-03-2020 re eligible for depreciation @45%.</p>	As there is no 45% existing rate of depreciation, the relevant columns and depreciation schedule have been modified to allow computation of depreciation at the rate of 45%.
18	Reporting of residuary income which is chargeable to tax as per DTAA in Scheduled OS (ITR 3,5,6)		Schedule OS provides an option to the assessee to separately report such income which is chargeable to tax at special rates as per DTAA.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
19	Disallowance of u/s 40(ba) for AOP/BOI. (ITR 3,6)	Section 40(ba) does not allow the deduction to the Association of Person (AOP) or Body of Individuals (BOI) in respect of any interest, salary, bonus, commission or remuneration paid to a member.	The new ITR Forms require reporting of such disallowance in the Part A-OI.
20	Option to Choose Self Occupied property in ITR-5 & ITR-6. (ITR 5,6)	<p>While furnishing the information in Schedule HP, an assessee needs to furnish the nature of house property.</p> <p>Up to the AY 2019-20, three options were available for selection in forms ITR 1 to ITR 4, that is, self-occupied, let out and deemed let out.</p> <p>Whereas ITR 5 and 6 contained only 2 options, that is, let out and deemed let out.</p>	<p>Considering the provisions of section 23(5) where annual value of property is taken as 'nil', the ITR Form 5 and 6 for the assessment year 2020-21 allow selection of 'self occupied' house property in Schedule HP.</p> <p>Thus, an assessee filing return in ITR 5 or ITR 6 can also enter the details of the self-occupied property as well.</p>

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
21	Reporting of Dividend recd, from Foreign Companies. (ITR 6)	As per section 115BBD of the Income-tax Act, dividend received by a domestic company from a foreign company, in which such domestic company has 26% or more equity shareholding, is taxable at a special rate of 15% plus Surcharge and Cess. Such tax is computed on a gross basis without allowing a deduction for any expenditure.	In the new ITR forms, a domestic company is required to separately report such income in Schedule OS (Income from other sources). Consequential change has also been made to Schedule SI (Special Income) to reflect such dividend income.
22	Shareholding Pattern not required to be disclosed by Section 8 & Companies Limited by Guarantee. (ITR 6)	To keep a check on the issuance of shares by such companies, the ITR-6 requires every unlisted company to provide information about their shareholders and the price at which shares are issued to them. The details are required to be provided in Schedule SH-1 by the unlisted companies not being a start-up. Start-ups are required to provide details in Schedule SH-2.	In new ITR form, it has been clarified that Schedule SH-1 is not applicable in case of a company that is registered u/s 8 of the Companies Act or a company limited by guarantee under section 3(2) of Companies Act, 2013.

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
23	Companies opting for 115BAA, 115BAB (ITR 6)	Section 115BAA and Section 115BAB were introduced by the Taxation Laws (Amendment) Act, 2019 to provide special tax regimes for various specified domestic companies (also known as 'alternate tax regimes'). There are some disallowances under the alternate tax regimes.	Part-A of General Schedule, the company is required to choose whether it is opting for any of the alternative tax regimes of sections 115BA, 115BAA or 115BAB.
24	Reporting of share in Co-owned Land & Building (ITR 6)	Any capital gain or loss arising from the sale of land or building or both is required to be reported by an assessee in Schedule CG of the ITR forms.	In the new ITR-6, a company is now required to report its share in land or building in case of co-ownership.



## Detailed analysis of specific changes- Trusts

Sr. no	Particulars	Existing Provision / Status	New changes
25	Trust to furnish Registration made under New Provision (ITR 7)	New section 12AB replacing section 12AA has been brought in, wherein trusts or institutions which have been granted perpetuity of registration under section 12A/12AA or approval u/s 10(23C) or u/s 80G are required to make an application again 3 months from 01-10-2020	<p>The new Form ITR-7 requires the assessee to furnish the following details in respect of the application for registration made under new provisions:</p> <p>(a) Whether application for registration is made as per new provisions</p> <p>(b) Section under which registration is applied</p> <p>(c) Date on which application for registration/approval as per new provisions is made</p> <p>(d) Relevant section for claiming exemption under the new provisions</p> <p>An entity has an option to claim exemption either u/s 10(23C) or u/s 11. Therefore, the new ITR form also seeks the section of exemption opted for under the new provisions.</p> <p>These details asked in new form ITR-7 shall be filled only if the application for registration under new provisions has been filed before the filing of Income-tax return.</p>

## Detailed analysis of specific changes

Sr. no	Particulars	Existing Provision / Status	New changes
26	Corpus Donations not to be considered as Application of Income (ITR 7)	Earlier, Corpus donation made by one trust to another Trust was consider as expenses / application of Income. Now as per new amendment such Corpus donation is not to be considered as part of Application of Income for donor.	<p>The new ITR Form 7 seeks 'Donation-other than corpus' as against the classification of donation required until last year into 'corpus' and 'other than corpus'.</p> <p>Similar amendment has also been made for the recipient of the donation.</p>



THANK YOU

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