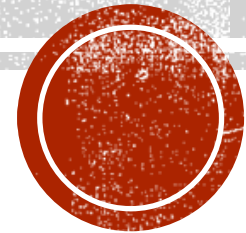


Precautions while filing ITR



CA Anup Shaha
Shah & Shaha, Chartered Accountants

BASIC UNDERSTANDING

FOR PERSON INCLUDING COMPANIES REQUIRED TO FURNISH RETURN UNDER SECTION:

#	Section	Description
1	ITR 1	For individuals being a resident (other than not ordinarily resident) having total income up to Rs.50 lakh, having Income from Salaries, one house property, other sources (Interest etc.), and agricultural income up to Rs.5 thousand
2	ITR 2	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

BASIC UNDERSTANDING

FOR PERSON INCLUDING COMPANIES REQUIRED TO FURNISH RETURN UNDER SECTION:

#	Section	Description
4	ITR 4	For Individuals, HUFs and Firms (other than LLP) being a resident having 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

BASIC UNDERSTANDING

FOR PERSON INCLUDING COMPANIES REQUIRED TO FURNISH RETURN UNDER SECTION:

#	Section	Description
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

DUE DATES

FOR ALL CLAIMS TO BE CONSIDERED, IT IS PERTINENT THAT THE RETURN IS FILED WITHIN TIME

#	Section	Description
1	Individual/ HUF/ AOP/ BOI (books not required to be audited)	31 st July, 2023
2	Businesses (Requiring Audit)	31 st October, 2023
3	Businesses requiring transfer pricing reports	30 th November, 2023
4	Revised Return	31 st December, 2023
5	Belated or late return	31 st December, 2023

7TH PROVISIO TO SECTION 139(1)

- If a person who is an individual, HUF, AOP, BOI & AJP has entered into high value transactions such as:
 - Aggregate of deposits in current account/ accounts exceeding INR 1 crore
 - Aggregate of expenditures on foreign travel exceeding INR 2 lakhs
 - Aggregate of expenditures towards consumption of electricity exceeding INR 1 lakh

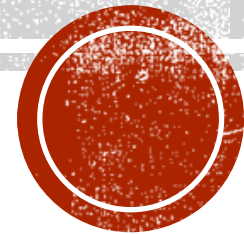
BASIC PRECAUTIONS

- Check & Match Form 26AS
- Check AIS
- Prepare a bank summary if necessary
- Get all the interest certificates & investment documents

CHECK DIFFERENCE BETWEEN AIS & FORM 26AS

- Data in AIS is more comprehensive
- There can be errors that may creep in AIS
- Make sure that such errors are reported
- Get 26AS & AIS reconciled

Declaration of Foreign Assets



DECLARATION OF FOREIGN ASSETS

- It's very important to declare foreign assets under schedule FA
- It's objective is to compare the information received from the US and other jurisdictions under FATCA and Common Reporting Standard (CRS), which provide details to the Indian tax authorities about persons with an Indian connection having financial and other assets in those jurisdictions
- So, who are those persons who are required to fill in this schedule ?

DECLARATION OF FOREIGN ASSETS

- Persons who have invested abroad or acquired assets using the LRS
- Employees who have been granted and exercised stock options and have been allotted shares of foreign companies
- NRIs who have returned to India and have retained assets
- Expatriates who have been in India for more than two years and have therefore become resident and ordinarily resident of India

DECLARATION OF FOREIGN ASSETS

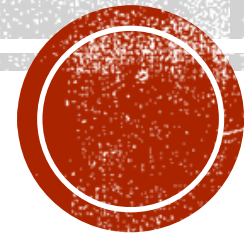
- The assets should be declared irrespective of from whom they are purchased
- Crypto-currencies stored in a foreign crypto-wallet would also be regarded as foreign assets
- What about Indian mutual funds who have invested in shares of foreign companies or overseas ETFs ?

DECLARATION OF FOREIGN ASSETS

- Which investments should be declared ?
 - Calendar year or Financial year ?

Foreign Assets & Incomes	
Having Foreign assets and Income or Signing authority in Foreign a/c?^	<input checked="" type="checkbox"/>
Foreign Depository / Custodial accounts	<input type="checkbox"/>
Investments in Foreign Equity / Debts	<input type="checkbox"/>
Surrender value of Foreign Insurance / Annuity Contract	<input type="checkbox"/>
Other Account in which Assessee is signing authority	<input type="checkbox"/>
Financial Interest in any Entity	<input type="checkbox"/>
Immovable Property	<input type="checkbox"/>
Other Capital Assets	<input type="checkbox"/>
Trusts in which Assessee is a Trustee / Beneficiary / Settlor	<input type="checkbox"/>
Other income not included above or in sch. BP of ITR	<input type="checkbox"/>

Futures & Options



FUTURES & OPTIONS... ESPECIALLY IN LOSS

- After Covid, a plethora of taxpayers have resorted to trading in futures & options
- In case of losses, there is always high chance of scrutiny to verify the returned losses
- Further, as it is business income – calculation of turnover is necessary & one shall need to fill Profit & Loss & Balance Sheet

CALCULATION OF TURNOVER & IT'S DISCLOSURE IN ITR

- The turnover in case of F&O transaction to be computed as below:
 - The total of favourable and unfavourable differences (Profit/Loss) shall be taken as turnover.
 - In respect of any reverse trades entered, the difference thereon, should also form part of the turnover.

OTHER IMPORTANT FIELDS

- Business or Profession Start Date so as to avoid any penalty in advance tax
- If total income > 50 lakh – Schedule AL

Assets / Liabilities[^]

Having Assets and Liabilities? (if total income >Rs. 50 lakh)

Items entered in Part A-BS in ITR to be excluded	Cost at the end of FY (Rs.)
Do you own any Immovable asset ?	Yes
Immovable Assets	...
Bank Balances & deposits	...
Shares and Securities	...
Insurance policies	...
Loans and Advances	...
Cash in hand	...
Jewellery, bullion etc.	...
Paintings / Artwork etc.	...
Vehicles / Boats etc.	...
Interests in assets of Firm/AOP	...
Total	
Liabilities relating to the above assets	...

PRECAUTIONS WHILE CLAIMING EXEMPTION UNDER SECTION 90-91

- Form 67 should go along with the details below

Relief u/s 90 / 90A / 91								
Country Name	Income	Tax paid outside India	Tax payable in India	Relief claimed	Taxpayer Identification No. ?	Heads of income	Article of DTAA	Section of relief
Relief claimed earlier but refunded by foreign tax authority during the year								
AY of claiming relief	Tax refunded							
Do you want to enter data for Form 67?		<input type="checkbox"/>						

OTHER ITR VALIDATION RULES

- Name of the taxpayer should be updated as per PAN database
- Check the date of birth for assessee claiming benefit of senior citizen or super senior citizen with PAN or Aadhar database
- If original return is filed under section 142(1), then return can't be revised
- While filing an income tax return using the ITR-3 Form, if we have ticked against “Are you liable to maintain accounts under section 44AA” but have failed to provide full details in P & L and Balance Sheet sections in the return, the return would be treated to be defective under Section 139(9)

ITR 1

- Gross Salary should be entered that matches with form 26AS
- Section 89A details – Income from retirement benefit account –
 - The Finance Act, of 2021, inserted a new Section 89A in the Income-tax Act, of 1961 to provide relief to residents who have income from foreign retirement benefits accounts.
- ITR 1 can't be filed by persons having TDS under section 194N
- Quarterly break-up of dividend needs to be provided so as to avoid penalty for non-payment of advance tax

ITR 4

- What if a person is earning income from profession eligible under section 44AA & business income ? Can we avail benefit of both section 44ADA & 44AD ?
- No, as per sub-section 6 of section 44AD
- What if one business is exceeding turnover > 1 crore & one business is eligible for presumptive taxation ?
- Any thoughts ?

ITR 3 OR 4

- What is Presumptive Income & Capital Gains is earned by the assessee ?
- If, assessee earns capital gains, then ITR 4 can't be filed
- ITR 3 is recommended

ITR 5

- Partner's remuneration & Interest in Computation
- Partners/ Members Details in ITR

ITR 5 – AOP & AOP-MMR

- Nature of AOP / BOI – Share determined

Where income of none of the members exceeds the maximum amount, which is not chargeable to income tax (i.e., basic exemption limit), income of AOP / BOI shall be taxable at a rate applicable to an individual.

Income of AOP is assessed at Maximum Marginal Rate where income of any member of AOP / BOI exceeds the maximum amount which is not chargeable to income tax (i.e., basic exemption limit).

But if total income of any member of AOP / BOI is taxable at a rate higher than Maximum Marginal Rate, then income of AOP / BOI shall be chargeable to tax as follows:

Portion of income attributable to such member shall be taxable at such high rate as applicable to that member

Balance portion of income shall be taxable at the Maximum Marginal Rate of tax (i.e., 30% plus surcharge and HEC as applicable)

ITR 5 – AOP & AOP-MMR

- Nature of AOP / BOI – Share indeterminate or unknown
- Income is assessed at Maximum Marginal Rate. However, if total income of any member is assessed at a rate higher than Maximum Marginal Rate, income of AOP / BOI is assessed at that higher rate

ITR 6

- Take care to select the exact section code :

#	Condition	Income-tax Rate
1	Total Turnover or Gross Receipts during the previous year 2020-21 does not exceed ₹ 400 crores	25%
2	If opted for section 115BA	25%
3	If opted for section 115BAA	22%
4	If opted for section 115BAB	15%
5	Any other domestic company	30%

LET'S TRAVEL TO ITR 7

- Notified by CBDT vide notification 5/2023 dated 14th February, 2023
- Divided into 2 parts & 23 Schedules
- Part A – General Information
- Part B – Total Income & tax Computation

TIMELINES — FILING OF RETURN

- Return should be filed within stipulated time allowed under section 139(4A) which is 31st October / 31st July
- ²²[²³[(4A) ²⁴Every person in receipt of income derived from property held under trust or other legal obligation wholly for charitable or religious purposes or in part only for such purposes, or of income being voluntary contributions referred to in sub-clause (iia) of clause (24) of [section 2](#), shall, if the total income in respect of which he is assessable as a representative assessee (the total income for this purpose being computed under this Act without giving effect to the provisions of sections 11 and 12) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and **all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).**]]

TIMELINES – FILING OF RETURN

- However, through amendment vide Finance Act, 2023 –
- Exemption under section 11 & 12 can be claimed even if the return is filed before the due-date specified under section 139 (4) i.e. 31st December of the Assessment year but not under section (8A) i.e. updated return

12A (1) (ba) the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under 61[sub-section (1) or sub-section (4) of] that section;

139 (4) Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the 54[return for any previous year at any time before three months prior to] the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.

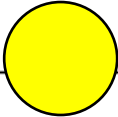
TIMELINES – SUBMISSION OF OTHER FORMS

- Amended provision vide Finance Act, 2023 substituting “before the expiry of time allowed by under sub-section (1) of section 139
- Form 9A as referred to in Explanation 1 of Sub-section 1 of Section 11 & Form 10 as referred to in Sub-section 2 of Section 11
- Options should be exercised two months prior to the due date specified under sub-section (1) of section 139
- Thus the due date to file such forms as 31st August

SO, THE STORY GOES AS...

- Prepare audit report before 31st August, which will enable one to file Form 10 or Form 9A on the stipulated date.
- Prepare & submit audit report by 30st September
- Assessee should file return by 31st October or 31st December

PART A - GENERAL

(A19) Details of registration/provisional registration or approval under the Income-tax Act (Mandatory, if required to be registered)						
(Where regular registration/approval has been granted, details of provisional registration/ approval are not required)						
Sl.	Section under which registered/provisionally registered or approved/notified	Date of registration/provisional registration or approval	Approval/ Notification/ Unique Registration No. (URN)	Approving/ registering Authority	Date from which registration/provisional registration/ approval is effective	
1	<i>(Dropdowns to be provided)</i>					
2						
(A20) Details of registration/provisional registration or approval under any law other than Income-tax Act (including the registration under the Foreign Contribution (Regulation) Act, 2010, registration on DARPAN portal of Niti Aayog and registration with SEBI)						
Sl.	Law under/Portal on which registered	Specify details in case 'Any other Law'	Date of registration or approval	Approval/ Notification/ Registration No.	Approving/ registering Authority	Date from which the registration is effective
1	<i>(Dropdowns to be provided)</i>					
2						

11(1)(c)

▼

10(23AAA)

10(23C)(iv)

10(23C)(v)

10(23C)(vi)

10(23C)(via)

10(46)

12A/12AA

12AB

13B

35

80G - Others

80G(2)(a)(iv)

80G(2)(b)

PART A - GENERAL

	Pin Code/Zip Code		110010
3	Document Identification Number	✗	██████████953BE2020601
4	Application Number		740561261231120
5	Provisional Registration Number	✓	██████████953BE20206
6	Section/sub section/clause/sub clause/proviso in		02-Sub clause (vi) of clause (ac) of

PART A - GENERAL

(A2 4)	i	Is there any change in the objects/activities during the Year on the basis of which approval/registration/provisional registration was granted?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	ii	If yes, please furnish following information:-		
	A	date of such change (DD/MM/YYYY)	____/____/____	
	B	Whether an application for fresh registration/provisional registration has been made in the prescribed form and manner within the stipulated period of thirty days as per clause (ab) of sub-section (1) of section 12A / sub-clause (v) of clause (ac) of sub-section (1) of section 12A	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	C	Whether fresh registration/provisional registration has been granted under section 12AB	<input type="checkbox"/> Yes	<input type="checkbox"/> No
D	date of such fresh registration/provisional registration (DD/MM/YYYY)	____/____/____		

Provision

Registration application is to be submitted within 30 days from the date of adoption of modification of objects which do not conform to the conditions of registration

SCHEDULE-I -

Details of amounts accumulated / set apart within the meaning of section 11(2) or in terms of third proviso to section 10(23C)/10(21)/10(21) read with section 35(1)

Schedule I								
Details of amounts accumulated / set apart within the meaning of section 11(2) or in terms of third proviso to section 10(23C)/10(21)/10(21) read with section 35(1)								
Year of accumulation (F.Yr.)	Amount accumulated in the year of accumulation	Purpose of accumulation	Amount applied for charitable/religious/Scientific research/ social science or statistical research purposes upto the beginning of the previous year	Balance	Amount taxed in any earlier assessment year(s)	Balance available for application	Amounts applied for charitable or religious /Scientific research/ social science or statistical research purpose during the previous year out of previous years' accumulation	
(1)	(2)	(3)	(4)	(5)=(2-4)	(6)	(7) = (5-6)	(8)	
2016-17								
2017-18								
2018-19								
2019-20								
2020-21								
2021-22								
2022-23								
Total								

Provision

Income accumulated or set-apart:

Form 10 to be filled

SCHEDULE-I -

Details of amounts accumulated / set apart within the meaning of section 11(2) or in terms of third proviso to section 10(23C)/10(21)/10(21) read with section 35(1)

Year of accumulation (F.Yr.)	Balance amount available for application (9) = (5) – (6) – (7) – (8)	Amount invested or deposited in the modes specified in section 11(5) out of 9	Amount invested or deposited in the modes other than specified in section 11(5) out of 9 (if applicable)	Amount which is not utilized during the period of accumulation (if applicable)	Amount deemed to be income within meaning of sub-section (3) of section 11 (if applicable) 13=(7)+(8)+(11)+(12)
	(9)	(10)	(11)	(12)	(13)
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					
Total					

SCHEDULE D - Details of deemed application of income under clause (2) of Explanation 1 to sub-section (1) of section 11

Schedule D Details of deemed application of income under clause (2) of Explanation 1 to sub-section (1) of section 11.									
Year in which income is deemed to be applied (F.Yr.)	Amount deemed to be applied during the previous year of deeming	Reason of deeming application income has not been received during that year any other reason	Out of the deemed application claimed, amount required to be applied	Amount taxed in any earlier assessment year(s)	Out of the deemed application claimed, amount required to be applied during the financial year pertaining to current Assessment year \	Amount of deemed application claimed in earlier years, applied during the financial year pertaining to current AY	Amount which could not be applied and deemed to be income u/s 11(1B) during the previous year	Balance Amount of deemed Income being exemption claimed in earlier years on account of deemed application and required to be applied in FY 2023-24 onwards	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(6-7) = 0	(9)=(4-6)	
<i>Dropdowns to be provided</i>		<i>Dropdowns to be provided</i>							
2022-23		<i>Dropdowns to be provided</i>							
Total									

Provision

If income applied falls short of 85% of income for the reason that:

The whole or any part of the amount is not received during the previous year or for any other reason

Form 9A to be filled

SCHEDULE J -

Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]

Schedule J		Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]									
DETAILS OF INVESTMENT OF FUNDS	A1 Details of corpus										
	Corpus Donation	Opening Balance as on 01.04.2022 (corpus not applied till 31.03.2022)	Received/Treated as corpus during the year	Applied during the year	Amount invested or deposited back in to corpus (which was earlier applied and not claimed as application)	Total amount invested or deposited back in to corpus	Financial year in which (4) was applied earlier	Closing Balance as on 31.03.2023	Invested in modes specified in Sec 11(5) as on 31.03.2023	Amount taxed in assessment year 2022-23	Invested in modes other than specified in section 11(5) as on 31.03.2023
		(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+2+5-3)	(8)	(9)	(10)=7-8-9
	(i) Representing donations received for the renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020										
	(ii) Other than (i) above received on or after 01.04.2021										
	(iii) Other than (i) and (ii) above										
	Total										



SCHEDULE J -

Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]

A2 Details of loan and borrowings							
	Opening Balance As on 01.04.2022 (1)	Loan & Borrowings taken for applications towards objectives during the year (2)	Applied for the objects of the trust or institution during the year (3)	Amount of repayment of loan or borrowing during the year (which was earlier applied and not claimed as application) (4)	Financial year in which (4) was applied earlier (5)	Total Repayment of loan or borrowing during the year (6)	Closing Balance as on 31.03.2023 (7) (1+2-6=7)

SCHEDULE J -

Statement showing the funds and investments as on the last day of the previous year [to be filled by assesses claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]

B Details of corpus investment/deposits made under section 11(5) as on 31.03.2023			
Sl No	Investment out of	Mode of investment as per section 11(5)	Amount of investment
(1)	(2)	(3)	4
i	corpus representing donation donations received for the renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020	<i>Dropdown to be provided (Please specify the nature)</i>	
ii	ii. – Corpus other than (i) above received on or after 01.04.2021		
iii	Other than (i) and (ii) above		
iv	TOTAL		

SCHEDULE R - Reconciliation of Corpus of Schedule J & BS



Schedule R Reconciliation of Corpus of Schedule J and Balance sheet			
Particulars	Corpus out of the donations received for renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020	Other corpus received on or after 01.04.2021	Corpus other than (a) and (b)
	(1)	(2)	(3)
A. Closing balance as on 31.03.2023 as per Schedule J			
B. Reasons of difference (+/-) (Bi+Bii+Biii)			
i) Purchase of fixed asset			
ii) Depreciation			
iii) Any other reason (Please specify)			
C. Closing balance as on 31.03.2023 as per Balance sheet (A+B)			

Issue Resolved

Corpus Received - ₹ 10,00,000/-

Corpus Applied - ₹ 5,00,000/-

Closing Balance of Corpus as per Schedule J - ₹ 5,00,000/-

Corpus Balance in BS - ₹ 10,00,000

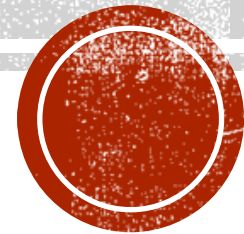
BALANCE SHEET

Tying up Figures

- Own Fund Details should match with Own Funds tab in Balance Sheet
- Investment Details should match with Investment tab in Balance Sheet
- Corpus Fund in Own Fund Details should tie-up with Schedule J
- Investment details should match with Investment/ Deposits made u/s (5) Schedule

SOURCES OF FUNDS		APPLICATION OF FUNDS	
A Sources of Funds			
1 Own Funds			
a	Corpus out of the donations received for renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020	1a	
b	Other corpus received on or after 01.04.2021	1b	
c	Corpus other than (a) and (b)	1c	
d	Income accumulated under third proviso to clause (23C) of section 10 or section 11(2)	1d	
e	Balance Amount of deemed Income being exemption claimed in earlier years on account of deemed application and required to be applied in FY 2023-24 onwards	1e	
f Any other reserve (Specify the nature)			
i	Specify the nature	i	
ii	Specify the nature	ii	
iii	Total (ai + aii.)	1fiii	
g	Total fund (a+ b+c+d+e+f)	1g	
2 Loan and Borrowings			
a	Secured loans	a	
b	Unsecured loans (including deposits)	b	
c	Total Loan Funds (a+ b)	2c	
3 Advances			
4 Sources of funds (1g + 2c +3)			
B Application of funds			
1 Fixed assets			
a	Gross Fixed Assets	1a	
b	Depreciation	1b	
c	Net Fixed Assets (1a-1b)	1c	
2 Investments			
3 Current assets, loans and advances			
a Current assets			
i	Inventories	I	
ii	Sundry Debtors	ii	
iii	Cash and bank balances		
A	Balance with banks	iiiA	
B	Cash-in-hand	iiiB	
C	Others	iiiC	
D	Total Cash and cash equivalents (iiiA + iiiB + iiiC)	iiiD	
iv	Other Current Assets	iv	
v	Total current assets (i + ii + iiiD + iv)	av	
b	Loans and advances	B	
c	Total (av + b)	C	
d Current liabilities and provisions			
i Current liabilities			
A	Sundry Creditors	A	
B	Other payables	B	
C	Total (A + B)	iC	
ii	Provisions	ii	
iii	Total (iC + ii)	diii	
e	Net Current Assets (3c – 3diii)	3e	
4 Accumulated balance/ Any other reserve (deficit)			
5 Total, application of funds (1+2+3e+4)			
6 Out of 5, Investment made in modes specified u/s 11(5)			
7 Out of 5, Investment made in modes other than specified u/s 11(5)			

Audited book, Audit Report & ITR



AUDITED BOOKS & ITR

- Reported figures of the balance sheet should match with the audited balance sheet
- No activity other than that accounted for should be included in the balance sheet.
- Ideally keep the figures as accurate as possible

AUDITED REPORT & ITR

- Schedule 16 - Amounts not credited to P & L
- TDS disallowance
- Payments made to specified persons – especially while filing ITR 5
- Schedule 26 & 27 – GST details
- Break-up of Expenditure

ITR VERIFICATION

- Need to e-verify return within 30 days from the date of filing of return
- If no, then date of verification would be considered as date of filing of return

THANK YOU

CA ANUP SHAHA

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8552938333

8999658599