ISSUES IN E-FILING

- CA Nimesh Chothani

What is e-Filing?

Income Tax Department has introduced a convenient way to file these returns online using the Internet. The process of electronically filing your Income tax returns through the Internet is known as e-filing of returns.

E-filing offers convenience of time and place to tax payers. This facility is available round the clock and returns can be filed from any place in the world. It also eliminates/ reduces interface between assessee and tax officials.

Returns Filed Summary

Year on Year Summary of e-Filed ITR Forms

S.No.	Form	FY 2013-14 (From 01/04/2013 to 31/03/2014)	FY 2014-15 (From 01/04/2014 to 31/03/2015)	Growth (%)
1	ITR-1	10676604	13010682	21.86
2	ITR-2	3213262	3614874	12.50
3	ITR-3	721831	769081	6.55
4	ITR-4S	4250709	5450081	28.22
5	ITR-4	9035055	9343539	3.41
6	ITR-5	960120	1065650	10.99
7	ITR-6	713736	752070	5.37
8	ITR-7	110477	168017	52.08
Grand Total		29681794	34173994	15.13

Types of e-Filing

There are three ways to file Income Tax Returns electronically:

Option 1 - *Use Digital Signature Certificate (DSC) to e-File*. There is no further action needed, if filed with a DSC.

Option 2 - *E-File without Digital Signature Certificate*. In this case an ITR-V Form is generated. The Form should be printed, signed and submitted to CPC, Bangalore using Ordinary Post or Speed Post (without Acknowledgment) ONLY within 120 days from the date of e-Filing. There is no further action needed, if ITR-V Form is submitted.

Option 3 - e-File the Income Tax Return through an e-Return Intermediary (ERI) with or without Digital Signature Certificate (DSC).

<u>Note:</u>

- It is mandatory to file Income Tax Forms using Digital Signature Certificate (DSC) by a Chartered Accountant.
- The Digital Signature Certificate (DSC) used in e-Filing the Income Tax Return/Forms should be registered on e-Filing application.

Option 4:

EVC Code – System of discontinuing sending ITR- V to Bengaluru.

"electronic verification code" means a code generated for the purpose of electronic verification of the person furnishing the return of income as per the data structure and standards specified by Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems)."

Who are required to E-file from A.Y. 2015-16 (E-Filing made mandatory)

- The CBDT has notified amendment to Rule 12 of the Income-tax Rules which shall be applicable for the assessment year 2015-16.
- Till assessment year 2014-15, individuals or HUFs, could claim refund by filing return in physical form but for A.Y. 2015-16, it is compulsory to E-File return in case of refund.
- The new Rules provide an option to the super senior citizens, whose total income exceeds five lakh rupees or who is claiming income-tax refund, to file return of income in physical form, provided return is furnished in ITR- 1 or ITR- 2.

Particulars	*E-filing with digital signature*	*E-filing without digital signature & subsequent filing of ITR-V*	*E-filing of return under electronic verification code*	*Filing of return in physical form*
Individual or HUF				
If income does not exceed Rs. 5,00,000	✓	✓	✓	✓
Income exceeding Rs. 5,00,000 (in case of an individual who is less than 80 years of age during the previous year)	✓	✓	✓	×
Income-tax refund is due (in case of an individual who is less than 80 years of age during the previous year)	✓	✓	✓	×

Particulars	*E-filing with digital signature*	*E-filing without digital signature & subsequent filing of ITR-V*	*E-filing of return under electronic verification code*	*Filing of return in physical form*
Individual or HUF				
Super Senior Citizen (filing return in ITR-1 or ITR-2)	✓	✓	✓	✓
If accounts are required to be audited	✓	×	×	×
If return is being filed in Form ITR- 3 or Form ITR-4	✓	✓	✓	×
Resident and ordinarily resident having assets (including financial interest in any entity) located outside India	✓	✓	✓	×

Particulars	*E-filing with digital signature*	*E-filing without digital signature & subsequent filing of ITR-V*	*E-filing of return under electronic verification code*	*Filing of return in physical form*
Individual or HUF				
Resident and ordinarily resident having signing authority in any account located outside India	✓	✓	✓	×
Resident and ordinarily resident having income from any source outside India	✓	✓	✓	×
If assessee is claiming relief in respect of tax paid outside India, under Section 90 or Section 90A or Section 91	✓	✓	✓	×
If assessee is filing report of audit (i.e., audit report under Sections 92E, 10A, 10AA, 44AB, etc.)	✓	✓	✓	×

Particulars	*E-filing with digital signature*	*E-filing without digital signature & subsequent filing of ITR-V*	*E-filing of return under electronic verification code*	*Filing of return in physical form*
Company				
In all cases	✓	×	×	×
Political Party				
In all cases	✓	×	×	×
Charitable or religious trust				
Filing return of income under Section 139(4A)	✓	✓	✓	×

Particulars	*E-filing with digital signature*	*E-filing without digital signature & subsequent filing of ITR-V*	*E-filing of return under electronic verification code*	*Filing of return in physical form*
Specified research association, news agency, etc.				
Filing return of income under Section 139(4C)	✓	✓	✓	×
University or college				
Filing return of income under Section 139(4D)	✓	✓	✓	×
Firm/LLP/AOP/BOI/Artificial juridical person/Cooperative Society/Local Authority				
Whose accounts are required to be audited	✓	×	×	×
Others	✓	✓	✓	×

Which ITR should be selected?

To upload Income Tax Return:

Step 1 - GO TO 'Downloads' section and select applicable Income Tax Return Form of the relevant Assessment Year .

Step 2 - Download the utility of the Income Tax Return (ITR).

Step 3 - Fill the utility and Validate.

Step 4 - Generate an XML file and save in desired path/destination in your desktop/system.

Step 5- LOGIN to e-Filing application and GO TO --> e-File --> Upload Return.

Step 6 - Select the Income Tax Return Form and the Assessment Year.

Step 7 - Browse and Select the XML file

Step 8 - Upload Digital Signature Certificate, if available and applicable.

Step 9 - Click 'SUBMIT'.

Step 10 - On successful upload, Acknowledgement details would be displayed. Click on the link to view or generate a printout of Acknowledgement/ITR-V Form.

Controversy over the new income tax forms

April 15, 2015

Income tax department has released new Income Tax return forms (ITR 1, ITR 2 & ITR 4S) vide notification 41/2015 dated 15/04/2015.

April 18, 2015

Government announced that new Income Tax Return (ITR) Forms for A.Y. 2015-16 released vide Notification No. 41/2015 Dated 15.04.2015 that require disclosure of details regarding bank accounts and foreign trips undertaken by an individual will be reconsidered, a move that comes after criticism from tax experts and others. It will come out with simplified ITR forms, it was officially announced. Revenue Secretary Shaktikanta Das told media that the Finance Minister has called him from Washington and said that whole matter related to new ITR form will be reconsidered.

May, 09th 2015

- The Finance minister has assured the forms shall be 'saral' in their true spirit.
- The new Income Tax Return (ITR) forms which the tax department released have invited much clamor and discussion. While the tax department is working on a refreshed form or possibly a clarification on the forms it released, here's a quick check on what to expect.
- An abysmally low percentage of Indians file their income tax returns. Successive governments have endeavored to up this number. The Saral or simple tax form, introduced in 2009, is intended at making tax filing simple and understandable for the lay person. The goal of the department is to increase compliance such that more number of people file their tax returns, as well as focus on generating more revenue from the direct taxes.

May, 18th 2015

- The simplified I-T return form is being brought after the earlier version was opposed by industry, MPs and assessees for its cumbersome disclosure norms.
- "I am in favour of the easing. This was twelve or twelve and a half page form, which has existed. Three or four more questions were added...So it became thirteen and a half pages.
- "I was in Washington when I came to know of this. I immediately called up and said stop it because to me whether it was twelve and a half or thirteen and a half, both seem a little excessive," Jaitley said.
- He said after having public consultations, he has asked the income tax department to come up with the simplest form, which is available.

  Asked whether the queries on foreign travel and bank accounts, considered by many as intrusive, would be dropped in the revised form, the Minister said: "You wait, but I can only tell you it will be far more simplified".

Key changes in new ITR Forms

1. Details of all bank accounts held by assessee
[ITR 1, 2, 4S]

Under new ITR forms, an assessee is required to report details of all bank accounts held by him in India at any time (including opened/closed ones) during the previous year.

Following details shall be reported in respect of each bank account held by assessee in India:

a) IFSC Code of the Bank
b) Name of the Bank
c) Name of joint holders (if any)
d) Account Number
e) Account Balance as on 31st March of the previous year

Schedule BA Details of Bank Accounts held in India at any time during the previous year

Number of bank accounts held by you at any time (including opened/closed) during the previous year

Sl.	IFS Code of the Bank	Name of the Bank	Name of Joint holder(s), if any	Account Number	Account balance as on 31st March of the previous year
1					
2					

NOTE ▶ *Please refer to instructions for filling out this schedule*

2. Details about the foreign travelling
[ITR 2]

If assessee has travelled overseas, the details about such travelling should be furnished in the return form. The details to be furnished in the return shall be:

a) Passport details
b) Country visited during the year and number of visits
c) If assessee is a resident, amount incurred from own sources in relation to such travel

Schedule FT Details of foreign travel and expenses incurred during the year

Passport Number		Issued at	
Sl.	Country visited during the year	Number of times visited	In case of a resident, expenses incurred from own sources, if any, in relation to such travel
(1)	(2)	(3)	(4)
1			
2			

NOTE ▶ *Please refer to instructions for filling out this schedule*

3. Reporting of Aadhaar Number
[ITRs 1, 2, 4S]

The new ITR forms require assessee to provide his Aadhaar Number (if assessee has obtained the same).

Do you have Aadhaar Number? (For Individual)
☐Yes ☐No. If Yes, please provide

4. Date of Formation by HUF
[ITR 2, 4S]

Under new ITR forms, an HUF is required to report date of its formation.

5. Reporting of amount that has remained unutilized in capital gains account
[ITR 2]

Under New ITR forms, requisite details are required to be provided in respect of amount so deposited in capital gains account scheme.

The details which are required to be provided if amount is deposited in capital gains account scheme are as follows:

a) Previous year in which asset is transferred
b) Section under which exemption is claimed
c) Year in which new asset is acquired
d) Amount utilized out of capital gains account scheme to acquire new asset
e) Amount that has remained unutilized in capital gains account scheme or amount which is not used for making investment in specified new asset

6	Whether any amount of unutilized capital gain on asset transferred during the previous years shown below was deposited in the Capital Gains Accounts Scheme within due date for that year? ☐ Yes ☐ No ☐ Not applicable. If yes, then provide the details below				
Sl.	Previous year in which asset transferred	Section under which deduction claimed in that year	New asset acquired/constructed		Amount not used for new asset or remained unutilized in Capital gains account (X)
			Year in which asset acquired/constructed	Amount utilised out of Capital Gains account	
i	2011-12	54D/54G/54GA			
ii	2012-13	54B			
iii	Amount deemed to be short term capital gains (Xi + Xii)				

6. Return filed pursuant to order of CBDT under Section 119 [ITR 1, 2, 4S]

For avoiding genuine hardship, by general or special order, the Board may authorize any tax authority other than CIT (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief after the expiry of the period specified under the Act.

If assessee is filing return of income pursuant to an order of CBDT under Section 119(2)(b), it shall tick the check-box [under Section 119(2)(b)] introduced in the new ITR forms.

Generally CBDT extends date of filing of return under Section 119 in cases of natural calamities or when taxpayer faces genuine hardship in certain circumstances. Recently, the due date of filing of return for J&K taxpayers was extended by the CBDT due to devastation caused by flood in J&K.

7. Details about the income taxable under DTAA [ITR 2]

If capital gain or residuary income of assessee is taxable as per provisions of the DTAA entered into between India and a foreign country, of which the assessee is a resident, following details shall be furnished in the new return forms:

a) Name of the Country
b) Relevant Article of the DTAA
c) Rate of tax under DTAA (applicable in case of residuary income)
d) Confirmation if TRC has been obtained
e) Corresponding section of the Act which prescribe the rate of tax (applicable in case of residuary income)
f) Amount of income

Further, the special tax rate on capital gain or residuary income and tax on such income as per DTAA shall be disclosed separately in Schedule SI.

7	FOR NON-RESIDENTS- STCG included in A1-A6 but not chargeable to tax in India as per DTAA				
Sl.	Country name, code	Article of DTAA	Whether Tax Residency Certificate obtained?	Item no. A1 to A6 above in which included	Amount of STCG
I				*A1e/A2e/A3a/A3b/A4e/A5e/A6*	
II				*A1e/A2e/A3a/A3b/A4e/A5e/A6*	
III	Total amount of STCG chargeable to tax under DTAA				

Schedule SI Income chargeable to tax at special rates (*please see instructions No. 9 for rate of tax*)

SPECIAL RATE	Sl No	Section/Description	☑	Special rate (%)	Income (i)	Tax thereon (ii)
	1	111A (STCG on shares/units on which STT paid)	☐	15	*(3iii of schedule BFLA)*	
	2	115AD (STCG for FIIs on securities where STT not paid)	☐	30	*(3iv of schedule BFLA)*	
	3	112 proviso (LTCG on listed securities/ units without indexation)	☐	10	*(part of 3vi of schedule BFLA)*	
	4	112(1)(c)(iii) (LTCG for non-resident on unlisted securities)	☐	10	*(part of 3vi of schedule BFLA)*	
	5	115AC (LTCG for non-resident on bonds/GDR)	☐	10	*(part of 3vi of schedule BFLA)*	
	6	115ACA (LTCG for an employee of specified company on GDR)	☐	10	*(part of 3vi of schedule BFLA)*	
	7	115AD (LTCG for FIIs on securities)	☐	10	*(part of 3vi of schedule BFLA)*	
	8	115E (LTCG for non-resident indian on specified asset)	☐	10	*(part of 3vi of schedule BFLA)*	
	8	112 (LTCG on others)	☐	20	*(3vii of schedule BFLA)*	
	10	115BB (Winnings from lotteries, puzzles, races, games etc.)	☐	30	*(1fi of schedule OS)*	
	11	115AC (Income of a non-resident from bonds or GDR purchased in foreign currency)	☐	10	*(part of 1fii of schedule OS)*	
	12	Chargeable under DTAA rate	☐		*(part of 1fiii of schedule OS)*	
	13		☐			

8. Advance Pricing Agreement
[ITR 2]

As per provisions of Section 92CD – Effect of Advance Pricing Agreement ('APA'), where any person has entered into an APA and prior to the date of entering into the agreement, any return of income has been furnished under section 139 for any previous year to which such agreement applies, such person shall furnish, within a period of three months from the end of the month in which the said agreement was entered into, a modified return in accordance with the APA.

Accordingly, ITR forms pertaining to the Assessment Year 2014-15 were amended to allow assessee to tick the relevant check-box in Part A – Gen [Modified Return - Section 92CD].

Return filed *(Tick)[Please see instruction number-7]* ☐ On or before due date-139(1), ☐ After due date-139(4), ☐ Revised Return-139(5), ☐ Modified return-92CD ☐ under section 119(2)(b), or in response to notice ☐ 139(9)-Defective, ☐ 142(1), ☐ 148, ☐153A/153C	
If revised/defective/modified, then enter Receipt No and Date of filing original return *(DD/MM/YYYY)*	/ /
If filed, in response to a notice u/s 139(9)/142(1)/148/153A/153C enter date of such notice, or u/s 92CD enter date of advance pricing agreement	/ /

Now, under new ITR forms, assessee would also be required to enter Receipt No. and Date of filing of original return where modified return is furnished under Section 92CD.

Further, in this case the assessee shall be required to give an additional declaration that it satisfies the terms and conditions of the APA. The assessee shall declare the following in the return:

"I further declare that the critical assumptions specified in the agreement have been satisfied and all the terms and conditions of the agreement have been complied with. (Applicable, in a case where return is furnished under Section 92CD)"

Disclosure of Foreign Assets

- Reporting of foreign assets and investments in I-T returns was made mandatory in AY12-13, i.e., tax year 2011-12. Only Indian residents with the status of 'resident and ordinarily resident' need to report the details, irrespective of the value of such foreign assets/investments. This does not apply to those regarded as 'not ordinarily resident' in India (NOR) for AY 2015-16.

9. Details about the foreign assets and foreign income
[ITR 2]

The additional disclosures in the new ITR form shall be as under:

1) **Foreign Bank Account:**

a) Status of account holder (i.e., Owner/ Beneficial Owner/ Beneficiary)

b) Date of opening of such bank account;

c) Interest accrued in the account; and

d) Details about the interest offered to tax in the return.

Schedule FA Details of Foreign Assets and Income from any source outside India

A	Details of Foreign Bank Accounts held (including any beneficial interest) at any time during the previous year										
Sl No	Country Name and Code	Name and Address of the Bank	Account holder name	Status-Owner/ Beneficial owner/ Beneficiary	Account Number	Account opening date	Peak Balance During the Year *(in rupees)*	Interest accrued in the account	Interest taxable and offered in this return		
									Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											

2) **Financial Interest in a foreign entity:**

a) Nature of financial interest (direct, beneficial ownership or beneficiary) in such entity;

b) Date since such interest is held;

c) Income accrued from such interest;

d) Nature of income; and

e) Details about the income offered to tax in this return.

B	Details of Financial Interest in any Entity held (including any beneficial interest) at any time during the previous year										
Sl No	Country Name and code	Nature of entity	Name and Address of the Entity	Nature of Interest- Direct/ Beneficial owner/ Beneficiary	Date since held	Total Investment *(at cost) (in rupees)*	Income accrued from such Interest	Nature of Income	Income taxable and offered in this return		
									Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											

3) **Foreign Immovable Property or any other capital asset**

a) Whether ownership in such asset is direct or beneficial or as beneficiary;

b) Date of acquisition of such asset;

c) Income derived from such asset;

d) Nature of income; and

e) Details about the income offered to tax in this return

C	Details of Immovable Property held (including any beneficial interest) at any time during the previous year									
Sl No	Country Name and code	Address of the Property	Ownership- Direct/ Beneficial owner/ Beneficiary	Date of acquisition	Total Investment *(at cost) (in rupees)*	Income derived from the property	Nature of Income	Income taxable and offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										

D	Details of any other Capital Asset held (including any beneficial interest) at any time during the previous year									
Sl No	Country Name and code	Nature of Asset	Ownership- Direct/ Beneficial owner/ Beneficiary	Date of acquisition	Total Investment *(at cost) (in rupees)*	Income derived from the asset	Nature of Income	Income taxable and offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										

4) **Signing authority in any foreign account**

a) Whether income accrued in such account is taxable in assessee's hands; and

b) If yes then furnish details about the income offered to tax in this return

E	Details of account(s) in which you have signing authority held (including any beneficial interest) at any time during the previous year and which has not been included in A to D above.									
Sl No	Name of the Institution in which the account is held	Address of the Institution	Name of the account holder	Account Number	Peak Balance/ Investment during the year *(in rupees)*	Whether income accrued is taxable in your hands?	If (7) is yes, Income accrued in the account	If (7) is yes, Income offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										
(ii)										

5) **Trustee or Beneficiary or Settler in a foreign trust**

a) Date since the position of trustee or beneficiary or settlor held in foreign trust;

b) Whether income derived from the trust is taxable in assessee's hands; and

c) If yes, details about the income offered to tax in this return

F	Details of trusts, created under the laws of a country outside India, in which you are a trustee, beneficiary or settlor										
Sl No	Country Name and code	Name and address of the trust	Name and address of trustees	Name and address of Settlor	Name and address of Beneficiaries	Date since position held	Whether income derived is taxable in your hands?	If (8) is yes, Income derived from the trust	If (8) is yes, Income offered in this return		
									Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											

6) **Any other income derived from any source outside India**

a) Country Name and Code;

b) Name and address of the person from whom income is derived;

c) Amount of income derived;

d) Nature of income;

e) Whether income is taxable in assessee's hands; and

f) If yes, details about the income offered to tax in this return.

G	Details of any other income derived from any source outside India which is not included in,- (i) items A to F above and, (ii) income under the head business or profession							
Sl No	Country Name and code	Name and address of the person from whom derived	Income derived	Nature of income	Whether taxable in your hands?	If (6) is yes, Income offered in this return		
						Amount	Schedule where offered	Item number of schedule

10. Agricultural income

[ITR 2]

Unlike the existing ITR forms which require assessee to provide figure of net agricultural income which is exempt from tax, the Schedule EI in new ITR forms requires assessee to provide following figures separately:

a) Gross agricultural receipts

b) Expenditure incurred on agriculture

c) Unabsorbed agricultural loss of previous eight assessment years

d) Net agricultural income for the year.

Details of Agricultural Income to be mentioned in the new ITR form

Schedule EI	Details of Exempt Income (Income not to be included in Total Income)				
EXEMPT INCOME	1	Interest income		1	
	2	Dividend income		2	
	3	Long-term capital gains from transactions on which Securities Transaction Tax is paid		3	
	4	Gross Agricultural receipts (other than income to be excluded under rule 7A, 7B or 8 of I.T. Rules)	i		
	i	Expenditure incurred on agriculture	ii		
	ii	Unabsorbed agricultural loss of previous eight assessment years	iii		
	iii	Net Agricultural income for the year (i – ii – iii) *(enter nil if loss)*		4	
	5	Others, including exempt income of minor child		5	
	6	Total (1+2+3+4+5)		6	

11. Distinction between heavy and light good carriages removed

[ITR- 4S]

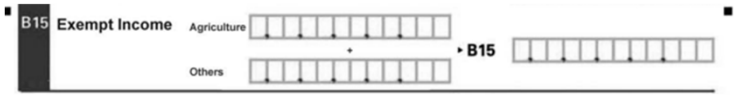
The Finance (No. 2) Act, 2014 amended Section 44AE to remove the distinction between heavy goods carriages and light good carriages. From Assessment Year 2015-16, presumptive income in respect of goods carriages is computed at a uniform rate of Rs. 7,500 per month for any goods carriages.

Therefore, changes have been made in the ITR forms to remove the concept of type of goods carriages and to provide for uniform rate of Rs. 7,500 per month for computation of presumptive income of goods carriages.

12. Acknowledgment of details relating to exempt income in ITR-V

[ITRs- 1, 2, 4S]

Relevant columns have been provided under ITR-V to acknowledge exempt income, inter-alia, agricultural income and other exempt incomes.



13. Concessional tax rate in case of sale of listed securities (other than unit)

[ITR 2]

As per the existing proviso to Section 112, if tax payable on long-term capital gains arising on transfer of a capital asset, being listed securities or units or zero coupon bonds, exceeds 10% per cent of the amount of capital gains before allowing for indexation adjustment, then such excess shall be ignored.

The Finance (No. 2) Act, 2014 amended the said proviso to provide that the concessional rate of tax of ten per cent shall be available only for long-term capital gain arising from transfer of listed securities(other than unit) and zero coupon bonds.

Therefore, consequential amendment is made to ITR forms in accordance with the amendment.

Changes in this regard in the ITR form

3	From sale of, (i) listed securities (other than a unit) or zero coupon bonds where proviso to section 112(1) is applicable or unit of a Mutual Fund transferred on or before 10-07-2014 (taxable @ 10% without indexation benefit), (ii) GDR of an Indian company referred in sec. 115ACA			
a	Full value of consideration		3a	
b	Deductions under section 48			
	i	Cost of acquisition without indexation	bi	
	ii	Cost of improvement without indexation	bii	
	iii	Expenditure wholly and exclusively in connection with transfer	biii	
	iv	Total (bi + bii +biii)	biv	
c	Balance (3a – biv)		3c	
d	Deduction under sections 54EC/54F *(Specify details in item D below)*		3d	
e	Long-term Capital Gains on assets at B3 above (3c – 3d)			

14. Sale of units of business trust

[ITR- 2]

The Finance (No. 2) Act, 2014 introduced a new Chapter XII-FA in the I-T Act to provide for special provisions relating to business trust. The special taxation regime contains provisions for taxability of income in the hands of business trusts and the income distributed to its unit holders.

Consequential amendment is made to Section 10(38) to provide that long-term capital gain arising from transfer of unit of a business trust on which securities transaction tax (STT) is paid shall be exempt from tax.

Similarly, Section 111A has been amended to provide that short-term capital gain arising from transfer of unit of a business trust on which STT is paid shall be chargeable to tax at reduced rate of 15%.

Under new ITR forms necessary changes have been made in this regard.

Changes in this regard in the ITR form

2	From sale of equity share or unit of equity oriented Mutual Fund (MF) or unit of a business trust on which STT is paid under section 111A or 115AD(1)(ii) proviso (for FII)			
	a	Full value of consideration	2a	
	b	Deductions under section 48		
		i Cost of acquisition without indexation	bi	
		ii Cost of Improvement without indexation	bii	
		iii Expenditure wholly and exclusively in connection with transfer	biii	
		iv Total (i + ii + iii)	biv	
	c	Balance (2a – biv)	2c	

15. Securities held by FIIs

[ITR 2]

Section 2(14) of the Act was amended by the Finance (No. 2) Act, 2014 to provide that securities held by FIIs shall be deemed as 'Capital Assets'. The amendment was made to end the controversy of categorization of income of FIIs as business income or capital gains.

Consequential changes have been made in new ITR forms in this regard.

Changes in this regard in the ITR form

4	For NON-RESIDENT- from sale of securities (other than those at A2) by an FII as per section 115AD			
	a	Full value of consideration	4a	
	b	Deductions under section 48		
		i Cost of acquisition without indexation	bi	
		ii Cost of improvement without indexation	bii	
		iii Expenditure wholly and exclusively in connection with transfer	biii	
		iv Total (i + ii + iii)	biv	
	c	Balance (4a – biv)	4c	

Various Services offered by the Income Tax Website

The Various Services offered on the income tax website are as under:

- Submit returns/ Forms
- View Form 26 AS (Tax Credit)
- Outstanding Tax Demand
- CPC refund Status
- Rectification Status
- ITR-V Receipt Status
- Know your Jurisdictional A.O.
- Know your PAN
- Know your TAN
- Apply Online (PAN/TAN)
- E-pay Tax
- Tax Calculator

Queries Related to Notice u/s 245

- 1. Why am I receiving Notice u/s 245?
  Your return has been processed at CPC and the same has resulted in refund. The refund so determined is liable to be adjusted against the outstanding demand. Notice u/s 245 informs you of such demands against which your refund would be adjusted within 30 days from date of the notice u/s 245.

- 2. How do I view my outstanding tax demand?
  You can view outstanding demand by logging onto https://incometaxindiaefiling.gov.in with your user id and password. Go to 'e-file' tab-> Response to outstanding tax demand. Alternatively, you can also check the demand after login select "My pending actions" in "Dash Board" or click for "For Your action" in Worklist tab on the menu bar

Circular No. 8/2015 dated 14th May, 2015

Procedure for Response to Arrear Demand By Taxpayer and Verification and Correction of Demand by AOs

--The CBDT vide Instruction no. 4 of 2014 dated 7th April, 2014 , inter-alia, prescribed Standard Operating Procedure for Verification and Correction of Demand available or uploaded by AOs in CPC Demand Portal. Further a facility has been made available to taxpayers on the E-filing website (wwwincometaxindiaefiling.gov.in) to provide online responses to such demands. The actions required to be performed by the taxpayer and the AO are being consolidated in this circular as under :

Action To be performed by Taxpayers:

i, Login to e-Filing website with User ID, Password, Date of Birth /Date of Incorporation and Captcha.

ii, Go to E-file menu and click on "Response to Outstanding Tax Demand"

iii Following details would be displayed.

- Assessment Year
- Section Code
- Demand identification Number (DIN)
- Date on which demand is raised
- Outstanding demand amount
- Uploaded By
- Rectification Rights
- Response- Submit and View

iv. Taxpayer must click on "Submit" link under Response column for the respective AY in order to submit the response. Taxpayer has to select one of the options from the radio button.

- Demand is correct
- Demand is partially correct
- Disagree with demand

V. If taxpayer selects "Demand is correct", then a pop up is displayed as "If you confirm "Demand is correct' then you cannot 'Disagree with the demand'. Click on "Submit". A success message is displayed.

- If any refund is due, the outstanding demand along with interest will be adjusted against the refund due ,
- In any other case taxpayer has to immediately pay the demand.

vi. If taxpayer selects "Demand is partially correct", then "Amount which is correct" and "Amount which is incorrect" has to entered

vii. If taxpayer selects 'amount which is incorrect' then he should mandatorily fil or more reasons for stating so as listed below:

- Demand has been already Paid
- Demand paid and Challan has CIN (ChaIlan Identification Number)
- Demand paid and Challan has no CIN
- Demand has already been reduced by rectification/ revision
- Demand has already been reduced by Appellate Order but appeal effect has to be given by Department. Appeal has been filed
- Stay petition has been filed with
- Stay has been granted by
- Instalment has been granted by
- Rectification / Revised Return has been filed at CPC
- Rectification has been filed with Assessing officer
- Others.

ix. If taxpayer selects 'Disagree with the Demand". then taxpayer must furnish the details of disagreement along with reasons. Details/ Reasons are same provided under "Demand is partially correct".

x. After the taxpayer submits the response the success screen would be displayed along with the Transaction ID.

The taxpayers can click on 'View' link under Response column to view the response submitted. The following details are displayed:

- ✓ Serial Number
- ✓ Transaction ID
- ✓ Date of Response
- ✓ Response Type

Note 1: Where the taxpayer has not registered on the Income Tax Department's e-filing website — www.incometaxindiaefilino.govin, he mey do so to get d ils of outstanding demand and also to submit any response.

Note 2: Wherever the taxpayer finds it difficult to access Income Tax Department Website, he or she may make necessary application to the Assessing Officer along with above referred details as applicable in this case.

Note 3: In case of individual taxpayers if CIN is not available or payment is made prior to the period of introduction of CIN, the taxpayer may submit the documents as referred in para 4 .1 or 4,2)

3. Action on the Part of the Department The Assessing Officer or CPC Bangalore after verification should reduce/remove/confirm the demand In appropriate cases as per procedure outlined in para 4 below and in accordance with earlier instructions issued by CBDT. However, following cases are to be verified on priority:

a) Taxpayer has furnished information in response to notice u/s 245 of the act or

b) Taxpayer has requested for reduction/removal of demand; or

c) Information regarding demand reduction/removal is available in Department Records; or

d) Details are already available in the system, such as additional TDS credits reported by Deductor in case of earlier TDS mismatch.

4. Handling Different Scenarios during Verification and Confirmation of Demand:

The Assessing Officer (AO) should handle different scenarios during verification and confirmation of demand in following manner:

4.1 Demand or tax has been paid:

(a) If the taxpayer's reply or Departmental records already been paid and challan (challan identification number) is available on system:

i. The AO should reduce the demand by posting order u/s 154 on the system.

ii. If the demand is prior to 01/04/2010, the demand has to be reduce the CPC-FAS system.

(b) If CIN is not available or payment is made prior to the period of i CIN, the reduction can be made only in case of individuals and HUF's provided outstanding demand does not exceed Rs.1,00,000 for that AY. The AO should follow the steps as under:

i. The reduction can be made after obtaining of the document showing evidence of payment in form of taxpayer counterfoil or bank certificate or any communication from Department in respect of payment or adjustment of refund. In case where taxpayer is a senior citizen and taxpayer is not able to obtain bank certificate as the place of payment of tax is different from the current place of taxpayer, the AO should obtain the certificate from the bank directly.

ii. In case the outstanding demand is more than Rs.25000/- for that AY respective of the quantum of demand being reduced under paragraph 4.1.(b).i. above, the AO should obtain an indemnity bond (in the format given in Annexure A) from the taxpayer.

iii. Additionally, in case the demand being reduced under paragraph 4.1. (b).i. above exceeds Rs.50,000/- for that AY for the assessee, besides obtaining the indemnity bond, approval of Range Head should be taken on file before removing/reducing the demand.

iv. if the payment relates to mismatch of advance tax or self assessment tax, order u/s 154 of the Act needs to be passed.

4.2 Demand due to TDS Mismatch:

(a) If the taxpayer's reply or Departmental records ,show that the demand is on account of TDS mismatch and TDS credits are available in the system, the AO should follow steps as under:

i. The AO should reduce the demand by passing rectification order u/s 154 on the system after taking into account the TDS credits available on the system.

ii. If the demand is prior to 01/04/2010, the demand has to be reduced directly on the CPC-FAS system after rectification u/s 154.

(b) If the credits are not available in 26AS: The reduction can be one only in the cases of Individuals and HUFs. Further, the amount of reduction should not exceed Rs. 1,00,000 for that AY and AO should take following steps:

i. AO should pass order u/s 154 manually after obtaining the TDS certificate from the assessee on the basis of which claim has been made.

ii. In case, the outstanding demand is more than Rs.25,000 for that A.Y. , irrespective of the quantum of demand being reduced, the AO should obtain an indemnity bond.

iii. Additionally, in case the demand being reduced under paragraph 4.2.(b).i above, exceeds Rs.50,000/- for that AY for the assessee, besides obtaining the indemnity bond, approval of Range Head should be taken on file before removing/reducing the demand.

4.3 Demand already reduced or action is pending:

(a) If the taxpayer's reply or Departmental records show that demand has already been reduced by way of an order (rectification order, appeal effect order etc.), the demand has to be reduced directly on the CPC-FAS system.

(b) In case where rectification or giving effect order to reduce demand is pending, the same should be completed and revised demand should be reflected.

(c) It is also clarified that after taking action as per para 4.1 or 4.2, if any refund becomes due to the taxpayer, the same may also be issued.

- **How to Register a Legal Heir?**

User should register as a Legal Heir to do e-Filing on behalf of the deceased. Deceased person's PAN and Legal Heir's PAN should be registered in the e-Filing portal. If Deceased person PAN is not registered in the portal then the Legal Heir can register on behalf of the deceased person. This is a new feature provided for Individual user only.

Following are the steps for registration of Legal Heir:

Step 1 – LOGIN to e-Filing application and go to 'My Account' --> Register as Legal Heir.

Step 2 – Provide the necessary details and attach a zip file containing the below documents

1. Copy of the Death Certificate
2. Copy of PAN card of the deceased
3. Self-attested PAN card copy
4. Legal Heir certificate. ** or Affidavit in presence of a Notary Public

Note: 1. The zip file attachment should not exceed 1Mb

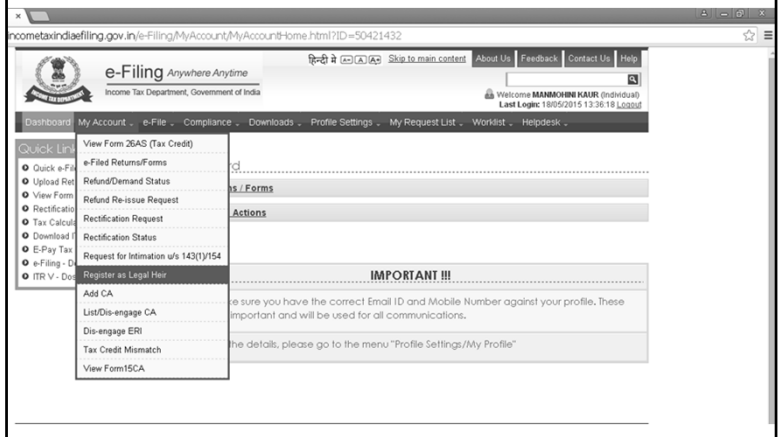
** Following documents will be accepted as Legal Heir certificate.

1. The legal heir certificate issued by court of law
2. The legal heir certificate issued by the Local revenue authorities.
3. The certificate of surviving family members issued by the local revenue authorities
4. The registered will
5. The Family pension certificate issued by the State/Central government.

Step 3 – Click Submit.

Step 4 – The request will be sent to the e-Filing Administrator.

Step 5 – The e-Filing Administrator will review/verify the request and approve/ not approve as applicable.



Frequently Asked Questions

1. What is the 'Pre-Fill' button in the Excel Utility and how can I use it?

   Answer: The 'Pre-Fill' button in the Excel utility helps the taxpayer in pre-filling Personal and Tax information as available with Income Tax Department. To pre-fill, Login to e-Filing application and GO TO → Downloads → Download Pre-filled XML to the desired path/destination in your desktop/system. Open the Excel/Java utility (ITR) and click the "Pre-fill" button. This will require you to select the path/destination where you have saved the XML and click OK. The details will be uploaded into your utility. (You may edit the details, if needed).

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2. The Assessing Officer (AO) designation and code as per 'Know your PAN' is different from my Jurisdictional AO.

   Answer: Please apply before the jurisdictional Assessing officer to initiate the process of acquiring PAN by Jurisdictional Assessing Officer.

3. How can taxpayer find his Assessing Officer (AO) Code?

   Answer: GO TO 'Know your Jurisdictional A.O.' under 'Services' menu on the home page of ITD e-filing website.

   Enter your PAN and know your Jurisdictional AO.

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4. Which Address should be mentioned in the Income Tax Return? Should it be the one mentioned while applying for the PAN or the current Address?

   Answer: The assessee should mention the current address on the Income Tax Return forms.

5. In case the assessee desires to convey something by the way of separate note which may be essential, is a separate space provided for that?

   Answer: No annexure/document can be enclosed with the e-Filed return as clarified by Circular No. 9 dated 10th October, 2006 of the Board.

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6. What should an assessee who is under presumptive taxation scheme i.e. "no accounts case" do to write for sundry debtors, sundry creditors, stock in trade, cash balance, gross profit as he/she may not have all these details since he is not maintaining books of accounts?

   Answer: The assessee has to give these figures from primary records i.e bank statements, cash books etc.

7. My Challan of payment of Advance Tax or Self Assessment Tax does not contain correct PAN or Assessment Year. Will the claim be allowed?

   Answer: No. You are advised to get it corrected by making written request to Branch of Bank from where payment has been made within 7 days of payment and thereafter to your Assessing Officer.

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8. My address / bank details mentioned on the Income Tax Return has changed and I have to receive a Refund. How can I change the address/ bank details?

Answer: You can ONLY change the Address/Bank details once the Income Tax Return is processed and refund fails.

To know the status of Income Tax Return, LOGIN and GO TO 'My Account' → 'My Returns/Forms'. If the status is shown as 'Refund unpaid' and Refund generated, you can raise a request to change Address/ Bank details at 'My Account' → 'Refund Re-issue request.

9. I have not received any communication from ITD CPC regarding receipt of ITR-V, Intimation u/s 143(1) or other communications. What should I do?

Answer: Your e-mail ID and Mobile Number in ITD database may not be available. The electronic communications are sent to the e-mail and Mobile Number mentioned in the Income Tax Return. It may be the case that your tax practitioner while registering your PAN might have provided his/her own e-mail ID and Mobile Number. Kindly ensure that the tax practitioner provides your e-mail ID and Mobile Number in the Income Tax Return. If you file through an e-Return Intermediary, ensure they provide your e-mail ID and Mobile Number in the e-Filed Return. If you are filing yourself, verify the e-mail ID and Mobile Number before submitting it as you will receive all communication sent by the ITD on the mentioned e-mail ID and Mobile Number. Further, you can LOGIN and view ITR-V receipt status. Also, you can raise a request for Intimation u/s143 and 154.

10. If the Original e-Filed Income Tax Return is invalid because of non-receipt of ITR-V, can I file Original return once again?

Answer: If 120 days period (with extension, if any) has lapsed then assessee is required to file a Revised return,however, the revised return filed now will be treated as Original return.

11. If assessee does not receive any intimation from CPC Bangalore u/s 143 (1) or 154, then what is the procedure to contact CPC?

Answer: If assessee does not receive any intimation from CPC Bangalore u/s 143 (1) or 154, then assessee -- can call toll free number at 1800-425-2229 or paid number at 080-22546500. Once connected, Press 9 to speak to CPC executive on the IVR response. -- can request for Intimation u/s 143(1) and 154 on e-Filing application. LOGIN and GO TO 'My Account' → 'Request for Intimation'

12. How can I open the PDF for Intimation u/s 143(1) OR Rectification Order u/s154 PDF, which is password protected?

Answer: The password is a combination of PAN (in lower case) and DOB in ddmmyyyy format for e.g. for PAN : bcmps1106b and dob : 02/10/1980, the password should be entered as bcmps1106b02101980

13. Under which conditions, assessee needs to contact CPC Bangalore?

Answer: Assessee needs to contact CPC for Processing related matters of Original/ Revised Income Tax Return OR Rectification, Refund/Demand OR Intimation related matters.

14. Q: I'm not able to register, as I get an error message "Invalid PAN details". What should I do?

    Answer: It is possible that you're typing in the Name details differently from what you have mentioned while applying for PAN card. Please call ASK, 1800 180 1961 and get the correct details and then try registering in the e-Filing application

15. Q: The Principal Contact is a Foreigner/Non-resident and does not have a PAN and hence, not able to register in the new e-Filing Application. What should be done?

    Answer: As per CBDT guidelines, Foreigners without PAN is allowed to be an authorized signatory and can file on behalf of the Company/Firm without a PAN encrypted DSC. The assessee Company is required to send an email to efilinghelpdesk@incometaxindia.gov.in mentioning details such as Name of the Company, PAN of the Company, Date of Incorporation, Name of the Principal Contact and DOB of the Principal Contact.

Dos & Don't - ITR 1-7

Part A - Personal Information Schedule

- Name: Has to match the PAN database
- Date of Birth: Mistakes here will result in computation of higher taxes in case of senior citizens
- Address: House/Flat no, City, PIN Code, are mandatory fields.
- E mail Address: Needs to be filled correctly, is the basis of all communication from CPC. Mistake will result in non receipt of all intimations from CPC. Use of Auditor/Tax practitioner's ID may be avoided
- Mobile No: Full Mobile No without use of +91 needs to be entered. This is essential for all SMS based communication Status : Should be correctly filled
- Residential Status: The status of NOR and NRI should be mentioned only where applicable as they are not eligible for certain benefits available to resident assessee

Part B - TI

- Salary amount entered in BTI should be same as in TDS Salary and final value in Schedule salary.
- CYLA or BFLA loss has to be mentioned in the appropriate rows, else loss will not be allowed.
- In STCG many users confuse between STCG under section 111A and STCG others and enter against one another leading doubling to income from Capital Gains.
- In case of HP loss, BTI value for Income HP should be 0 or null and final value in schedule HP should be a loss

Part B – TTI

- The Bank account no. has to given correctly and entered even if no refund is due.
- This is to ensure that refund arising from recomputation of income by the ITD is to be paid to the assessee.
- The A/c no and the name in the bank account has to tally.
- The MICR No. should be in 9 DIGITS and first 3 digits of MICR code denotes the place of residence as mentioned in address's PIN Code.
- Eg. 560056025- '560' refers to Bangalore whose PIN starts with 560 000. The assessees may avoid giving bank accounts where MICR starts with '0'.

Income Schedules Salary, HP

- Net Salary should be entered and not Gross Salary. This will result in higher taxes.
- The Salary value should tally with that entered in Schedule TDS
- In Schedule HP, the loss from house property has to be entered with all mandatory details of the property including details as to whether it is let out. Entering only the loss as summary makes it incomplete
- Salary from all employers, irrespective of whether Form 16 has been issued or not, should be entered in Item 1 of ITR 1 or details in Schedule Salary in ITR 2.

Capital Gains

- Deemed Capital Gains arising out of Schedule deprecation should be considered by the assessee in schedule CG.
- Non filing of full value of consideration or filling only expenditure under various sub categories of CG leads to incorrect computation of income.
- Filling of only cost of acquisition also leads to incorrect computation.
- The quarterly breakup of capital gains in the CG schedule should be post set off of all losses.
- Filling of accurate quarterly breakup is necessary for computation of interest under 234C.
- Correct section codes should be used depending upon the type of capital gains income in the SI schedule.
- Exempt LTCG should not be entered in CG schedule as well as in BTI, it has to be mentioned in Schedule EI.

Schedule BP

PBT should NOT BE including Deprecation value

Income from speculative business included in PBT should be shown separately in Sl. 2 and Sl. 38 of schedule BP.

Income offered under other heads other than BP included in P&L should be reduced in Sl. 3 of Schedule BP.

All disallowances in Part A OI should be considered in Schedule BP.

Income offered under section 44AF (Deemed Income) if included in PBT should be reduced in Sl. 4 of Schedule BP.

Deprecation as entered In P&L should be shown in Sl.11 of Schedule BP alone and not in Sl 22 or 7 or another row in BP. The schedule DPM, DOA should be mandatorily filled.

Assessee claiming benefit of rule 7A 7B 7C should mention appropriate code in nature of business schedule.

PBT in P&L and PBT shown in sl. No.1 of Schedule BP should be same.

Specific schedule for ESR, 10A etc should also be filled when a claim is made in schedule B

SCHEDULES DPM, DOA, DCG AND DEP

All the relevant values to arrive at the deprecation mentioned in Schedule BP is to be filled in Schedule DPM, DOA.

DCG arising out of depreciation schedules should be accounted for in CG and taxes paid.

The value of depreciation as per Schedule DEP and value mentioned in Schedule BP should be the same.

Chapter VI A, MATC

In case of deductions where separate schedules is also required to be filled, the same should be FILLED WITHOUT FAIL- Eg. 80G,80IA, 80IB, etc. Deductions will not be allowed If specific schedules are not filled, Section wise (amount claimed for 80C, 80IA, 80G etc) should be broken up and mentioned in as per the schedule

To compute and avail MAT credit in MATC, sl. No. 1 to 6 should be filled with relevant details and the final value should be claimed in sl. No. 7 (Lower value of that in Sl.No. 3 or Sl. NO 6) should be specifically filled.

Schedule CYLA

- Loss sought to be adjusted should be claimed against a specific income and also under the loss to be adjusted heading.
- If lottery income is offered as part of OS income, the value to the extent of lottery income should be excluded while claiming income from OS in CYLA.
- The respective schedules should also contain loss details for CYLA.

Schedule CFL

Date of filing of return for relevant year in CFL should be filled.

Loss details should be entered under respective income sources.

Schedule BFLA

Specific differentiation in allocating the losses under BFLA should be made and the claim of adjustment should be made based of the relevant heads

Schedule SI (Special Income) & Schedule EI (Exempt Income)

- The assessee has to verify the nature of special income and enter appropriate Section Code. Entering wrong section code can lead to consideration of the incorrectly offered income for taxation.
- The assessee needs to bifurcate incomes taxable at special rate and normal rate and if there is no provision in respective schedules like CG or OS, he/she has to offer income chargeable at special rate- they need to be disclosed on in Schedule SI.
- The income exempt from tax shown in P&L or BP or BTI should also be filled in EI and they should tally.

Schedule TDS and TCS

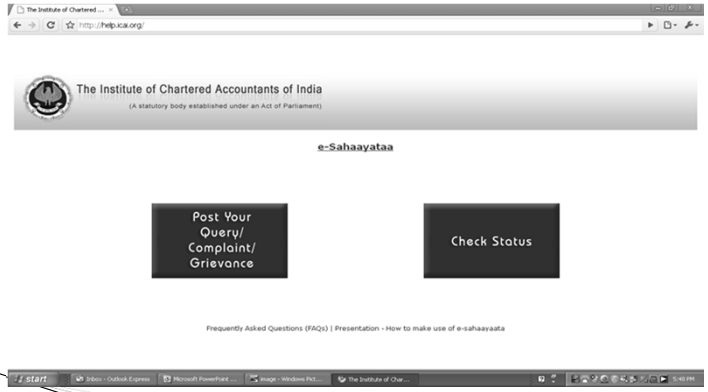
- TDS on salary should be claimed ONLY in schedule TDS Salary (ITR1) or TDS1 (ITR 2-4).
- TDS on Interest should be claimed ONLY in TDS on interest(ITR 1) or TDS2(2-4).
- Claiming of TCS claims in TDS schedules and vice versa will lead to mismatch translating into excess demand or lower refund.
- The claim of TDS amount should be made in TDS deducted as well as TDS Claimed for the year columns in schedule TDS2 and TCS.
- TDS claims should tally with Form 26AS or NSDL database which are accessible very easily.

Schedule IT

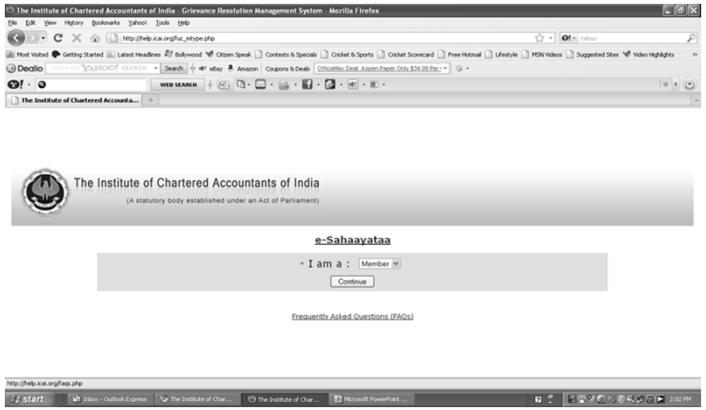
- Dates of deposits should be entered in DD/MM/YYYY format and not in any other format like MM/DD/YYYY format. This will lead to mismatches. Even the date entered should match with the date mentioned in the challan.
- Exact amount paid in the challan should be claimed in return- rounding off to nearest 10 or 100 leads to mismatch.
- Individual payments should be separately claimed. Clubbing of multiple challans or entering consolidated payment will lead to mismatch.

Welcome to I C A I 's "e-Sahaayataa"

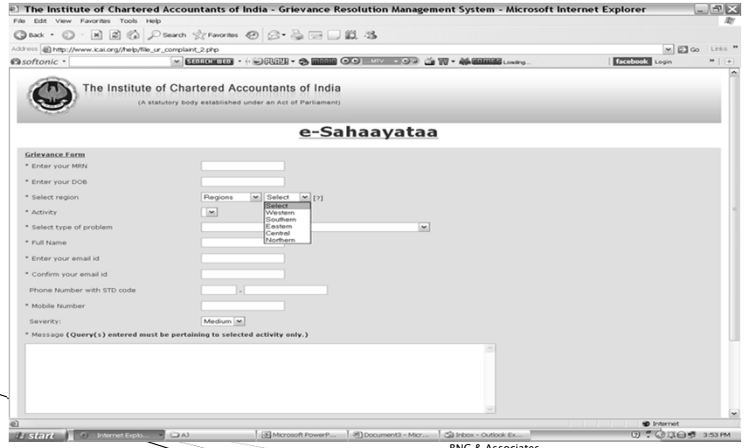
Click the First Option
(Post your Query/Complaint/Grievance)



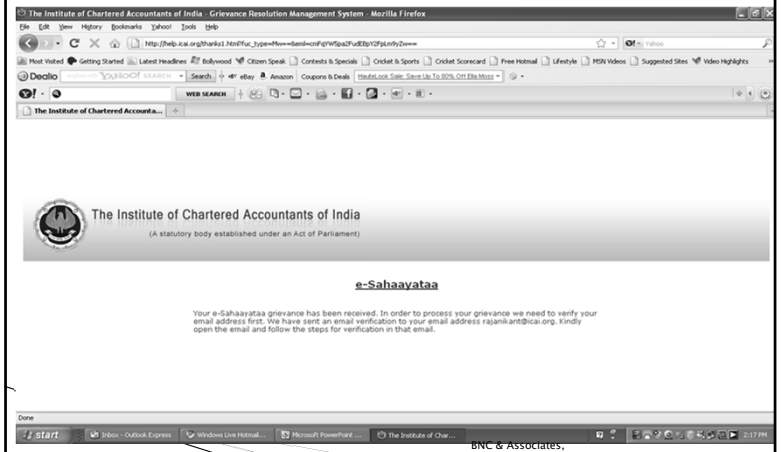
- Select your identification from the Drop Box



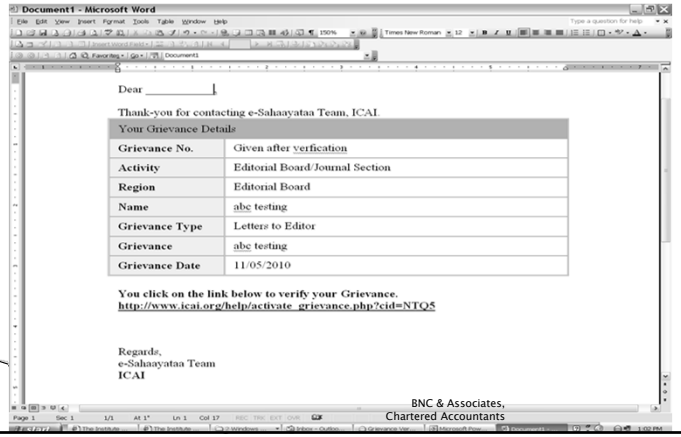
- Select the concerned Region/Committee/ Department from the Drop Box



- After submission, a confirmatory message will appear on the screen in case of a non member



- In case of a non member, a mail will drop in your INBOX. Click on the url to Validate and Generate Request number



Dear _____,

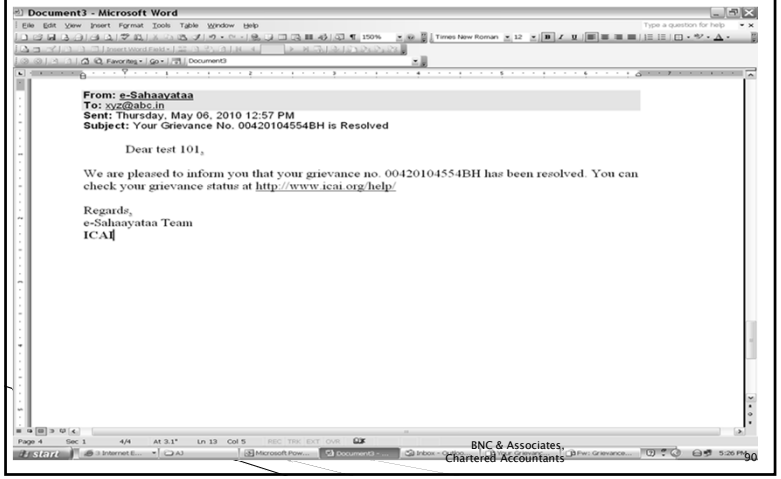
Thank-you for contacting e-Sahaayataa Team, ICAI.

Your Grievance Details	
Grievance No.	Given after verfication
Activity	Editorial Board/Journal Section
Region	Editorial Board
Name	abc testing
Grievance Type	Letters to Editor
Grievance	abc testing
Grievance Date	11/05/2010

You click on the link below to verify your Grievance.
http://www.icai.org/help/activate_grievance.php?cid=NTQ5

Regards,
e-Sahaayataa Team
ICAI

- When your Query/Complaint/Grievance is resolved an auto e-mail will drop in your INBOX



From: e-Sahaayataa
To: xyz@abc.in
Sent: Thursday, May 06, 2010 12:57 PM
Subject: Your Grievance No. 00420104554BH is Resolved

Dear test 101,

We are pleased to inform you that your grievance no. 00420104554BH has been resolved. You can check your grievance status at http://www.icai.org/help/

Regards,
e-Sahaayataa Team
ICAI