

Common MISTAKES – DETERMINATION OF TOTAL INCOME (including ITR)

PRESENTED BY CA NITIN BHUTA MUMBAI



“Remember that life’s greatest lessons are usually learned at the worst times and from the worst mistakes.” Anonymous

“Experience is simply the name we give our mistakes.” Oscar Wilde

“Learn from the mistakes of others. You can't live long enough to make them all yourself.” - Eleanor Roosevelt. “Everyone makes mistakes. ...

Mistakes are a fact of life. It is the response to the error that counts.” - Nikki Giovanni. ...

“Take chances, make mistakes. That's how you grow.” - Mary Tyler Moore.

Disclaimer

All views stated are my personal views; they are not binding on ICAI/Branch/Study Circle. My personal views may be correct/incorrect as they are expressed based on my understanding of the subject.

All members/listeners are requested to review tax law provisions on their own and advise their clients accordingly, as each situation is peculiar in itself.

All Illustrations provided are imaginary, and any resemblance to any situation/s is purely co-incidental and without any intentions to disclose private and confidential information.

Income Tax Returns

Canons Of Expenditure

Regular Returns:

- (ci) Have you deposited amount or aggregate of amounts exceeding Rs. 1 Crore in one or more current account/s during the previous year? (Yes/No).....**Amount**.....
- (cii) Have you incurred expenditure of an amount or aggregate of amount exceeding Rs. 2 lakhs for travel to a foreign country for yourself or for any other person? (Yes/ No).....**Amount**.....
- (ciii) Have you incurred expenditure of amount or aggregate of amount exceeding Rs. 1 lakh on consumption of electricity during the previous year? (Yes/No).....**Amount**.....

Canons Of Expenditure

Revenue Leakages or Expansion of Tax Returns filers base:

- (civ) Are you required to file a return as per other conditions prescribed under clause (iv) of seventh proviso to section 139(1) **read with Rule 12BA** (If yes, please select the relevant condition from the drop-down menu)(Yes/No) ...Amount.....
 - **Section 44AB** - Total Sales, Turnover, or Gross Receipts, as the case may be, of the person in business exceeds Rs.60 Lakhs during the previous yearsRs.....
 - **Section 44AA** - Total Gross Receipts -of the person in profession exceeds Rs.10 Lakhs....Rs.....
 - **AIS/TIS/26AS** - The Aggregate of TDS and TCS during PY, in the case of the person, is Rs.25000 or more **For Senior resident Individual Limit is Rs.50000 or more as per proviso to Rule 12BA**.....Rs.....
 - **SFT Returns** - If his total deposits in a savings bank account are Rs.50 lakhs or moreRs.....

Canons Of Expenditure

Business Income Returns: Audit Information – No change as compared to the earlier AY 23/24

- (a2) Whether the assessee is declaring income only under section 44AE/44B/44BB/44AD/44ADA/44BBA/44BBB.....No/Yes
- (a2i) If No, Whether during the year Total sales/turnover/gross receipts of business exceeds Rs. 1 crores but does not exceed Rs. 10 crores? (Yes/No) **If not, is it below Rs. 1 crore or exceeds Rs. 10 crore?**
- (a2ii) If Yes is selected at a2i, whether **aggregate of all amounts received, including** amount received for sales, turnover or gross receipts or on **capital account like capital contributions, loans, etc.** during the previous year, in cash **and non-account payee cheque or DD while computing the limit of, ~~does not~~ exceed** five per cent of said amount? (Yes/No)
- (a2ii) If Yes is selected at a2i, whether **aggregate of all payments made including** amount incurred for expenditure or on **capital account** such as asset acquisition, repayment of loans, etc., in cash, **and non-account payee cheque or DD while computing the limit of, during the previous year ~~does not~~ exceed** five per cent of the said payment? (Yes/No)

Section 44AB - Provided that in the case of a person whose—

- (a) **aggregate of all amounts received including** amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and
- (b) **aggregate of all payments made including** amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,

Details Of Assets And Liabilities – Income Exceeds Rs.50 Lakhs

Immovable Property Details

Land – agriculture land????
Residential Property
Commercial
Property
Ancestral Property
Inherited Property
Buildings
Farm Houses
Self Owned or co-
owned

?????????

Income from House
Property
Capital Gains
Income from Other
sources
Assets in proportion to
income
Unusual Cash In Hand
Interest paid on monies
borrowed

Movable Assets

Jewellery & Bullion etc.
Archaeological collections,
drawings, painting , sculpture or
any work of art
Vehicles, Yachts, Boats and
Aircrafts
Financial Assets
Bank (Including deposits)
Shares and securities
Insurance Policies
Loans and advances given
Cash in Hand

????

Cost

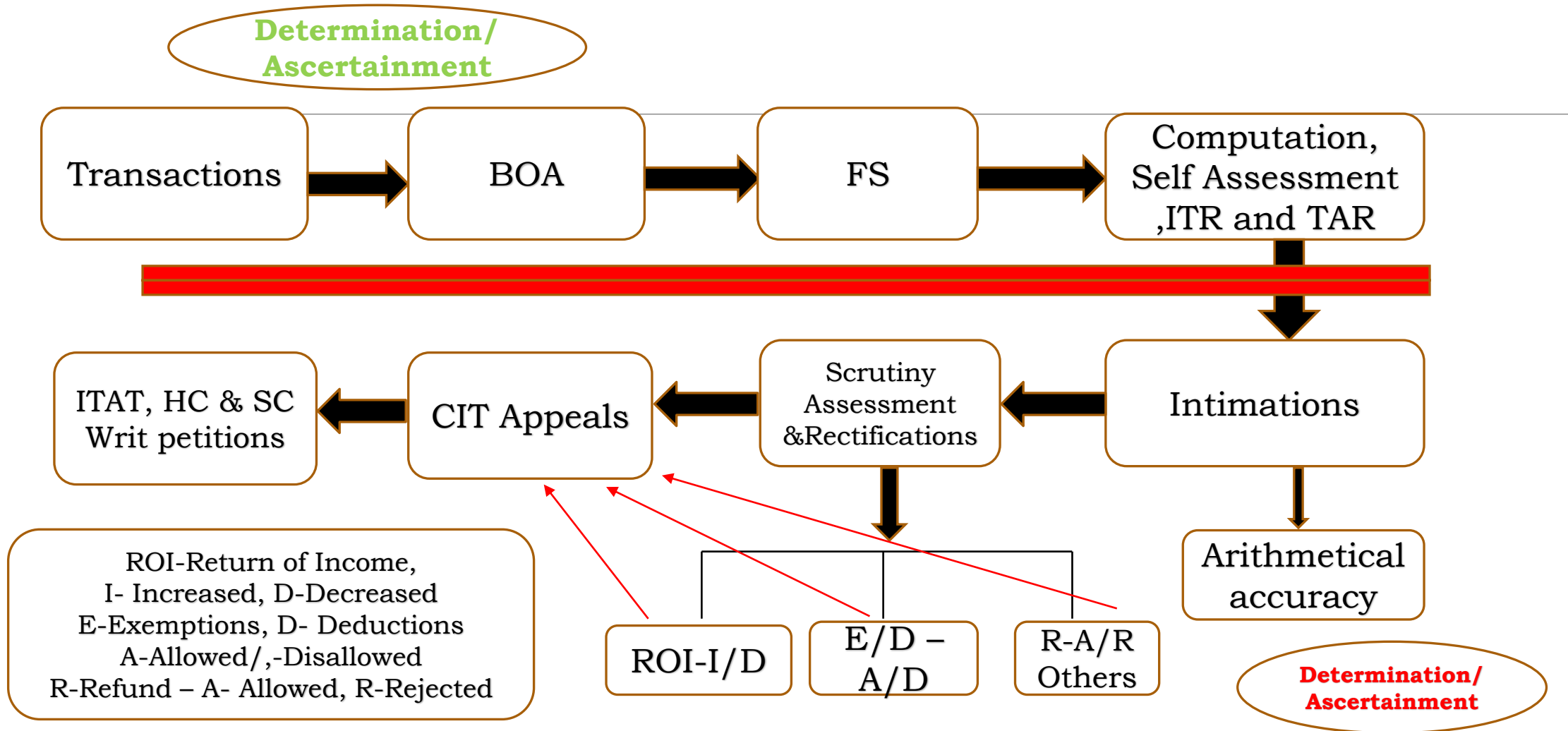
FMV

MV

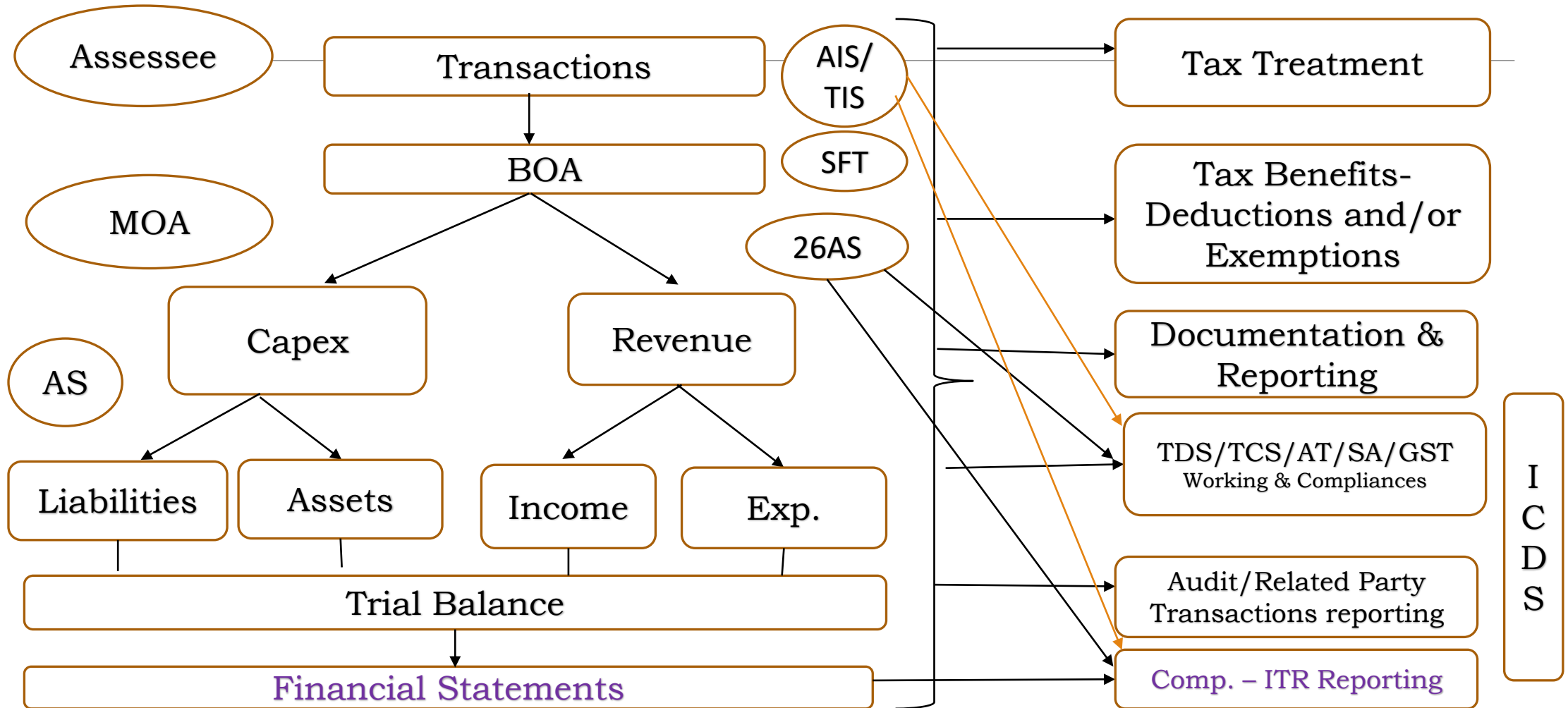
Liabilities in relation to Assets

1. Clubbing?
2. Inherited assets – no cost details?
2. 3. Delisted company valuations?

Tax Ecosystem



Reporting and Documentation process



Income Computation And Disclosure Standards

Sr No	ICDS	Impact (+/-)
1	Accounting Policies	
2	Valuation of Inventories <i>(other than the effect of change in method of valuation u/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI)</i>	
3	Construction Contracts	
4	Revenue Recognitions	
5	Tangible Fixed Assets	
6	Changes in Foreign Exchange Rates	
7	Govt Grants	
8	Securities <i>(other than the effect of change in method of valuation u/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI)</i>	
9	Borrowing costs	
10	Provisions, contingent liabilities and contingent asset	
11	Total effect of ICDS adjustments on profit (I+II+III+IV+V+VI+VII+VIII+IX+X) (if positive)	
12	Total effect of ICDS adjustments on profit (I+II+III+IV+V+VI+VII+VIII+IX+X) (if negative)	

Digital Synchronisations

Digital
Dashboard

VC/VT or
software

Data
Sharing &
verifications

Research

Information

Electronic
Records

Word, PDF,
Disc, Cloud
Data, ERP
Systems

360*/720*

Any
combination

Dynamic

Electronic
Evidence

Timelines

Security/
Privacy

Tax Charter – Income Tax Department

Objectives/Contours

To provide **fair, courteous, & reasonable treatment**

To **treat taxpayer as honest**

To provide **mechanism for appeal & review**

To provide **complete and accurate information**

To provide **timely decisions**

To **collect the correct amount of tax**

To respect **privacy** of taxpayer

Objectives/Contours

To maintain **confidentiality**

To hold its authorities **accountable**

To enable **representative of choice**

To provide **mechanism to lodge complaint**

To provide a **fair & just system**

To publish **service standards and report periodically**

To reduce **cost of compliance**

Tax Charter – Tax Payer

Objectives/Contours

To be **honest** and **compliant**

To be informed

To keep **accurate records**

To know what representative does on this behalf

To **respond in time**

To **pay in time**

Food for thought

ITR –

Presumptive % -
actual vis-à-vis claimed

Excessive

Aggressive Tax

Planning ??????

Claims – D/E ??????

Inventory ??????

Assets ??????

FINANCIAL PARTICULARS OF THE BUSINESS – ITR 4S**Note – For E11 to E25 furnish the information as on 31st day of March, 2024**

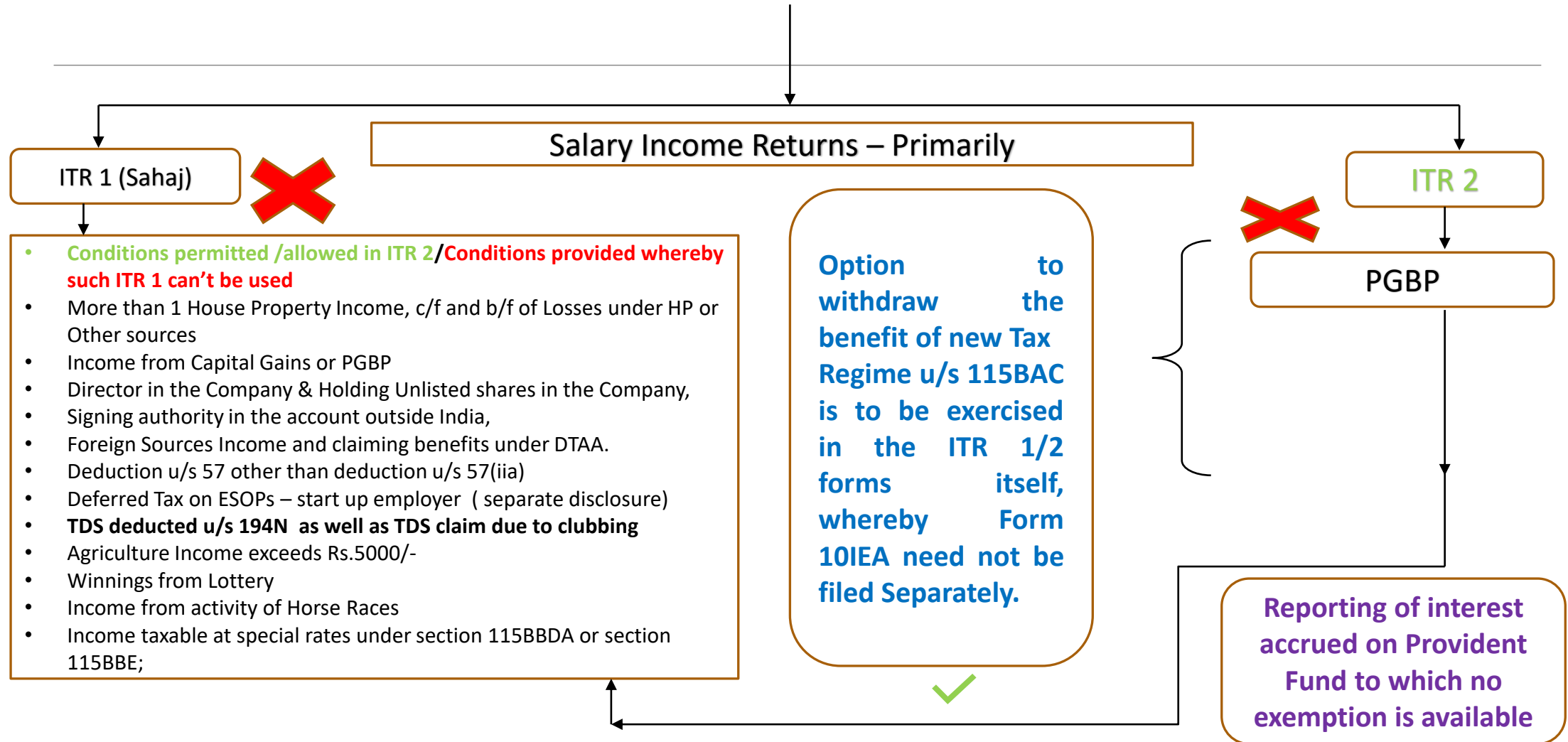
E11	Partners/Members own capital	E11	
E12	Secured loans	E12	
E13	Unsecured loans	E13	
E14	Advances	E14	
E15	Sundry creditors	E15	
E16	Other liabilities	E16	
E17	Total capital and liabilities (E11+E12+E13+E14+E15+E16)	E17	
E18	Fixed assets	E18	
E19	Inventories	E19	
E20	Sundry debtors	E20	
E21	Balance with banks	E21	
E22	Cash-in-hand	E22	
E23	Loans and advances	E23	
E24	Other assets	E24	
E25	Total assets (E18+E19+E20+E21+E22+E23+E24)	E25	

Note *Please refer to instructions for filling out this schedule (E15, E19, E20, E22 are mandatory and others if available)*

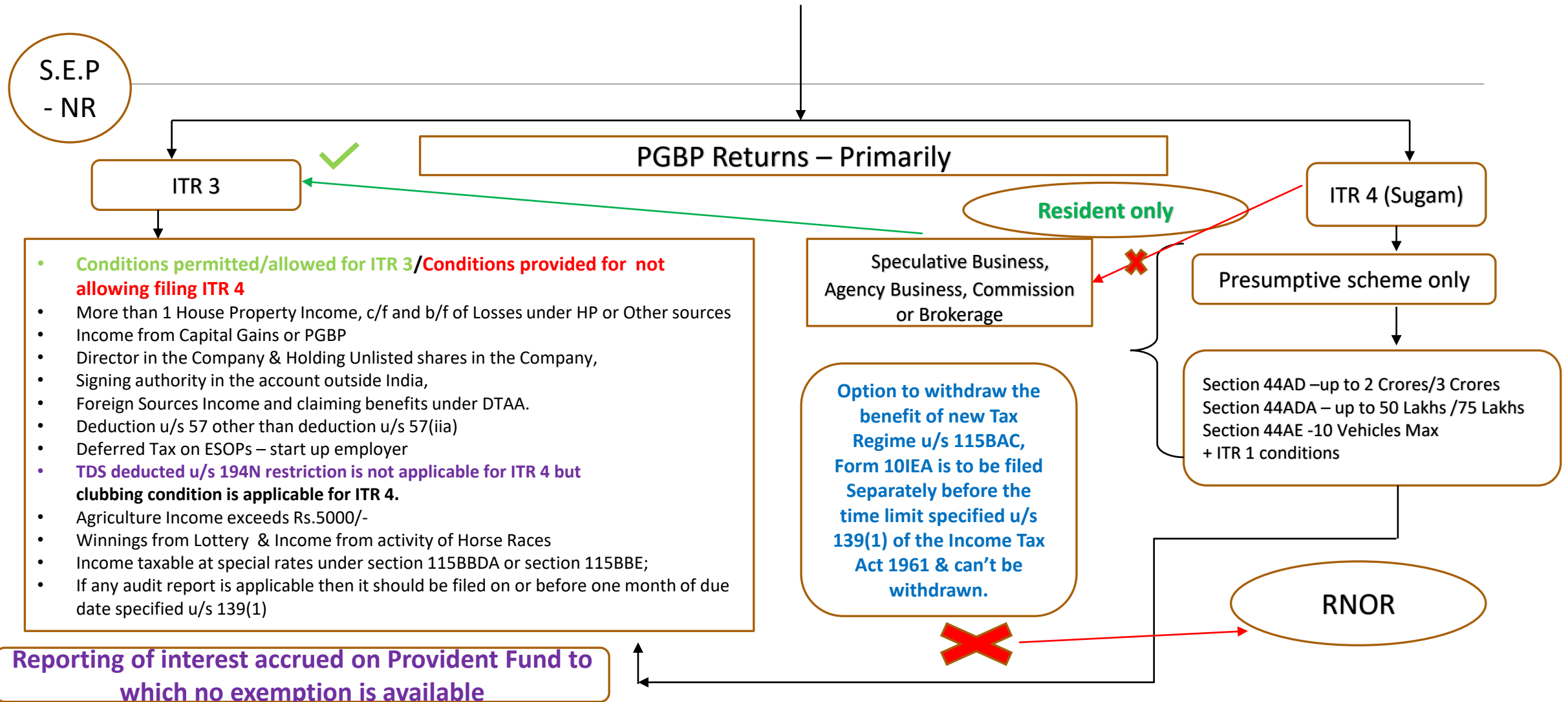
Income Tax Returns –Structure & Composition

Forms	Applicability	Who can use this form ?	E Filing	Remarks
ITR 1 (Sahaj)	Individuals (Most simple Return) Residents only	Salary, HP Income – only 1 , Other Income/Pension Income etc. up to Rs.50 Lakhs only plus clubbing of Income under the same heads of income only	EVC/Aadhaar OTP/DSC/Manual	Exception only Super Senior Citizens > more than 80 years 4th letter of PAN “ P” only
ITR 2	Individuals & HUF	All Incomes excluding Business Income & those Individuals & HUF who are not eligible to file ITR 1.	EVC/Aadhaar OTP/DSC	4th letter of PAN “ P” or “ H” only
ITR 3	Individual & HUF	All Incomes including Business Income.	EVC/Aadhaar OTP/DSC	4th letter of PAN “ P” or “ H” only
ITR 4 (Sugam)	Individual , HUF or Firm Other than LLP -Residents only	Presumptive System of Taxation u/s 44AD, 44ADA and 44AE under Profits and Gains of Business only.	EVC/Aadhaar OTP /DSC	4th letter of PAN “ P” ,“ H” or “ F “ only
ITR 5	Firm, LLP, Company, AOI, BOI (not eligible File ITR 7)	All Incomes other than income claimed exempt u/s 11.	EVC/Aadhaar OTP & DSC where audit is applicable	4th letter of PAN “ F” or “ C” or” A” or “B” only
ITR 6	Companies (not claiming exemption u/s 11)	All Incomes	DSC	4th letter of PAN “ C” only
ITR 7	Trust, Political Parties, Companies(including) –Require to file u/s 139(4A)(4B)(4C)(4D)(4E) & (4F)	All Incomes	EVC/Aadhaar OTP & DSC where applicable	4th letter of PAN “ T” or “ C” or” A” or “B” only

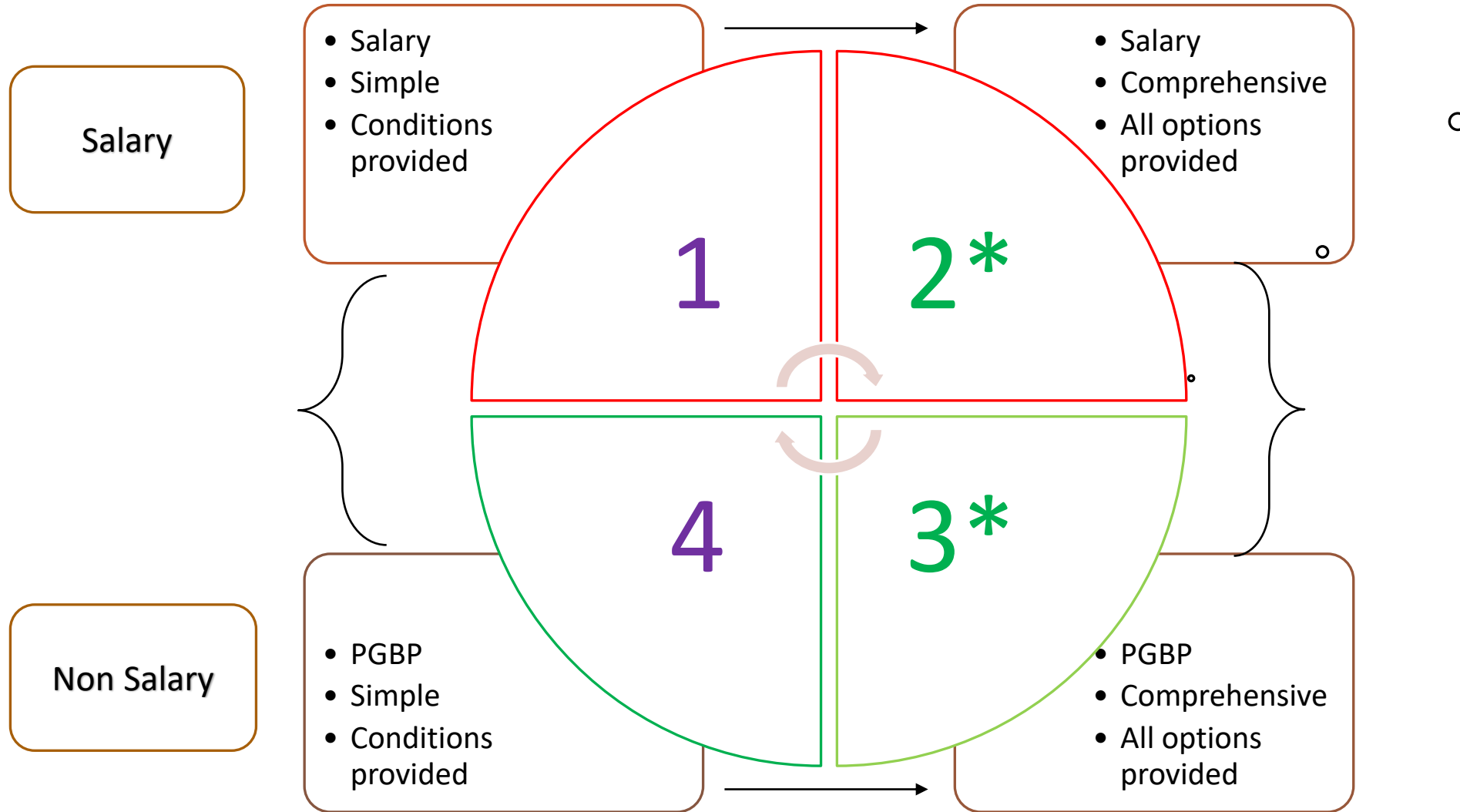
Income Tax Returns - Structure & Composition



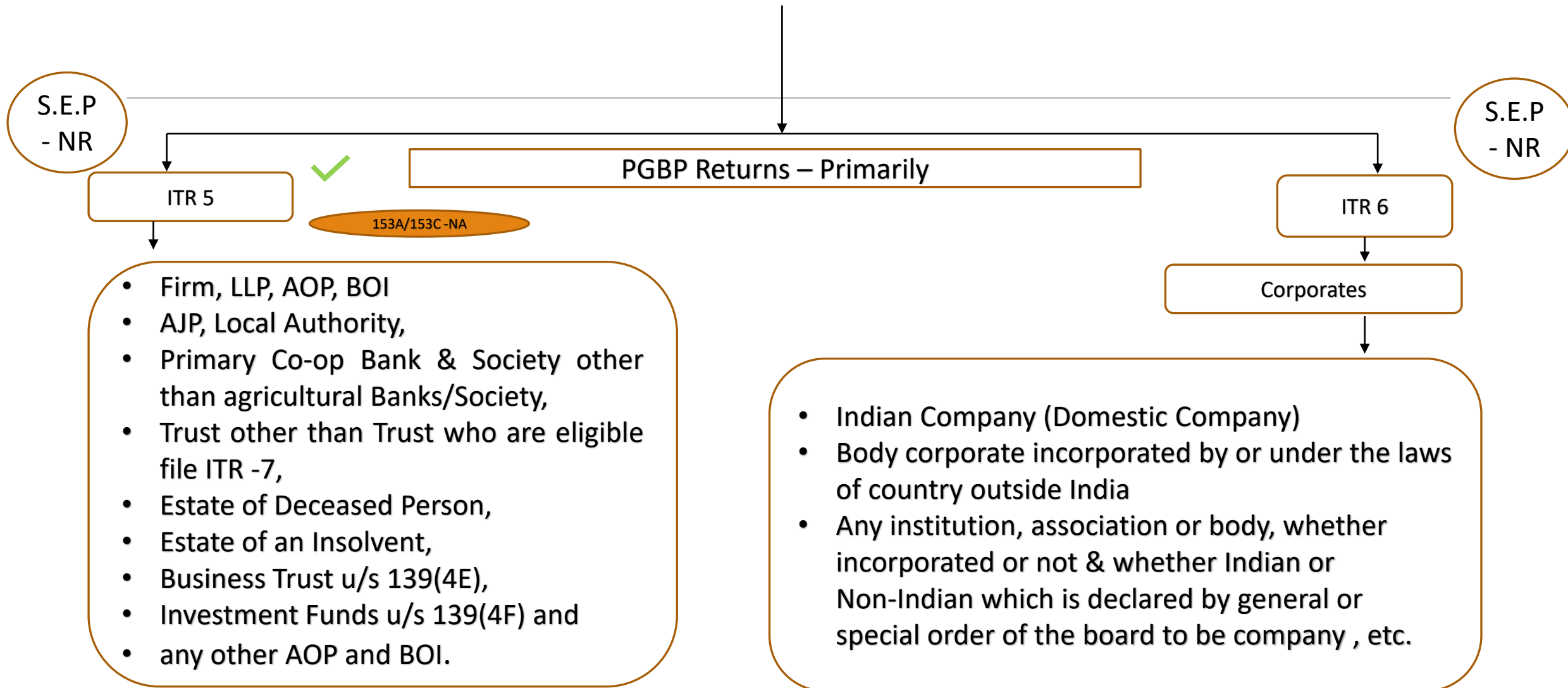
Income Tax Returns - Structure & Composition



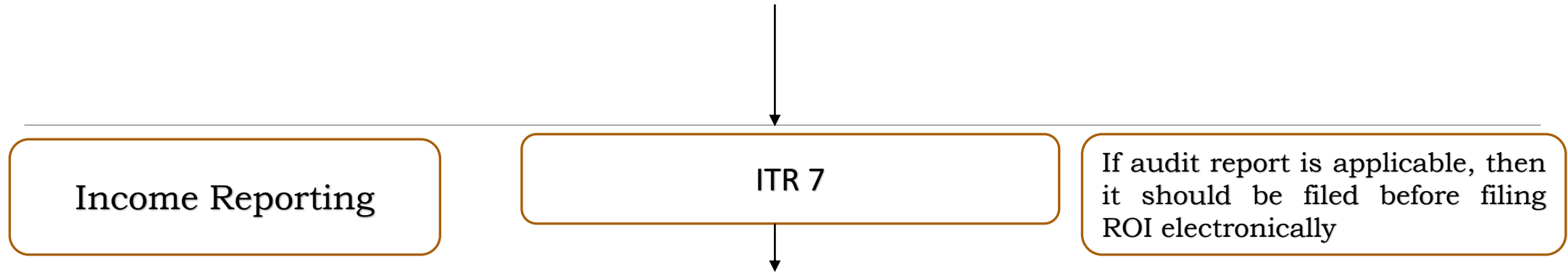
ITR 1 to ITR 4 Recap



Income Tax Returns - Structure & Composition



Income Tax Returns - Structure & Composition



Local authority u/s 10(22), Regimental Fund or Non-public Fund established by the Armed forces of the Union u/s 10(23AA), Fund, by whatever name called, set up by the LIC of India on or after 1st August, 1996, or by any other insurer u/s 10(23AAB), Authority (whether known as the Khadi and Village Industries Board or by any other name) u/s 10(23BB), Body or Authority u/s 10(23BBA), SAARC Fund for Regional Projects set up by Colombo Declaration u/s 10(23BBC), IRDA u/s 10(23BBE), CERC u/s 10(23BBG), Prasar Bharati u/s 10(23BBH), PM National Relief Fund u/s 10(23C)(i), PM Fund (Promotion of Folk Art) u/s 10(23C)(ii), PM Aid to Students Fund u/s 10(23C)(iii), National Foundation for Community Harmony u/s 10(23C)(iiia), Swacch Bharat Kosh u/s 10(23C)(iiiaa), Clean Ganga Fund u/s 10(23C)(iiiaaa), PF Fund to which PF Fund 1925 applies u/s 10(25)(i), RPF u/s 10(25)(ii), Approved Superannuation Funds u/s 10(25)(iii), Approved Gratuity Fund u/s 10(25)(iv), Other Funds referred in u/s 10(25)(v), ESIC Fund u/s 10(25A), APMC u/s 10(26AAB), Corporation, body, institution or association established for promoting interests of members of Scheduled Castes or Scheduled Tribes or backward Classes u/s 10(26B), Corporation established for promoting interests of members of a minority community u/s 10(26BB), Corporation established for welfare and economic upliftment of ex-servicemen u/s 10(26BBB), New Pension System (NPS) Trust u/s 10(44) etc.

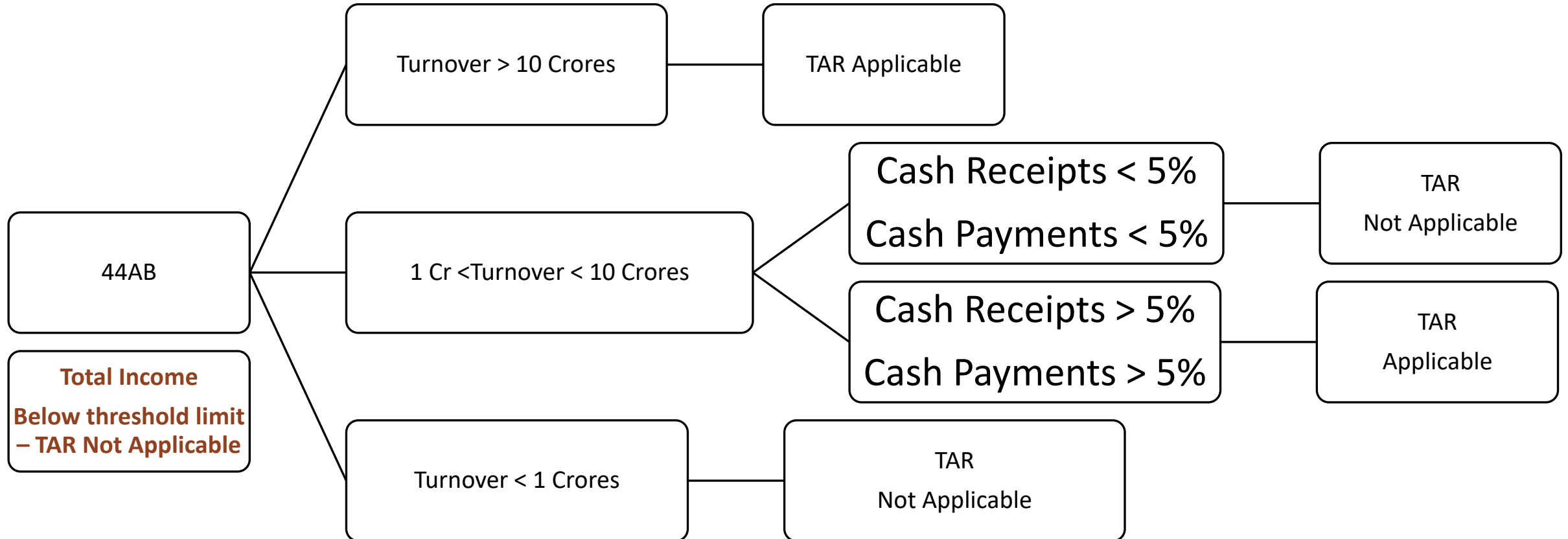
Key Income Tax Returns Changes Assessment Year 2024/2025

Form 10IEA reporting u/s 115BAC(6)

(b)	Have you exercised the option u/s 115BAC(6) of Opting out of new tax regime?	0 - Yes, within due date 0 – No 0 – Yes, but beyond due date
<p><u>(If option other than 'No' is selected, please furnish date of filing and Acknowledgement number of form 10-IEA)</u> Note-For Opting out, option should be exercised in form 10-IEA on or before the due date for filing return u/s 139(1)</p>		
	Date of filing	
	Acknowledgement number of form 10-IEA	

The option to withdraw is to be exercised only once by a person having income under the head PGBP

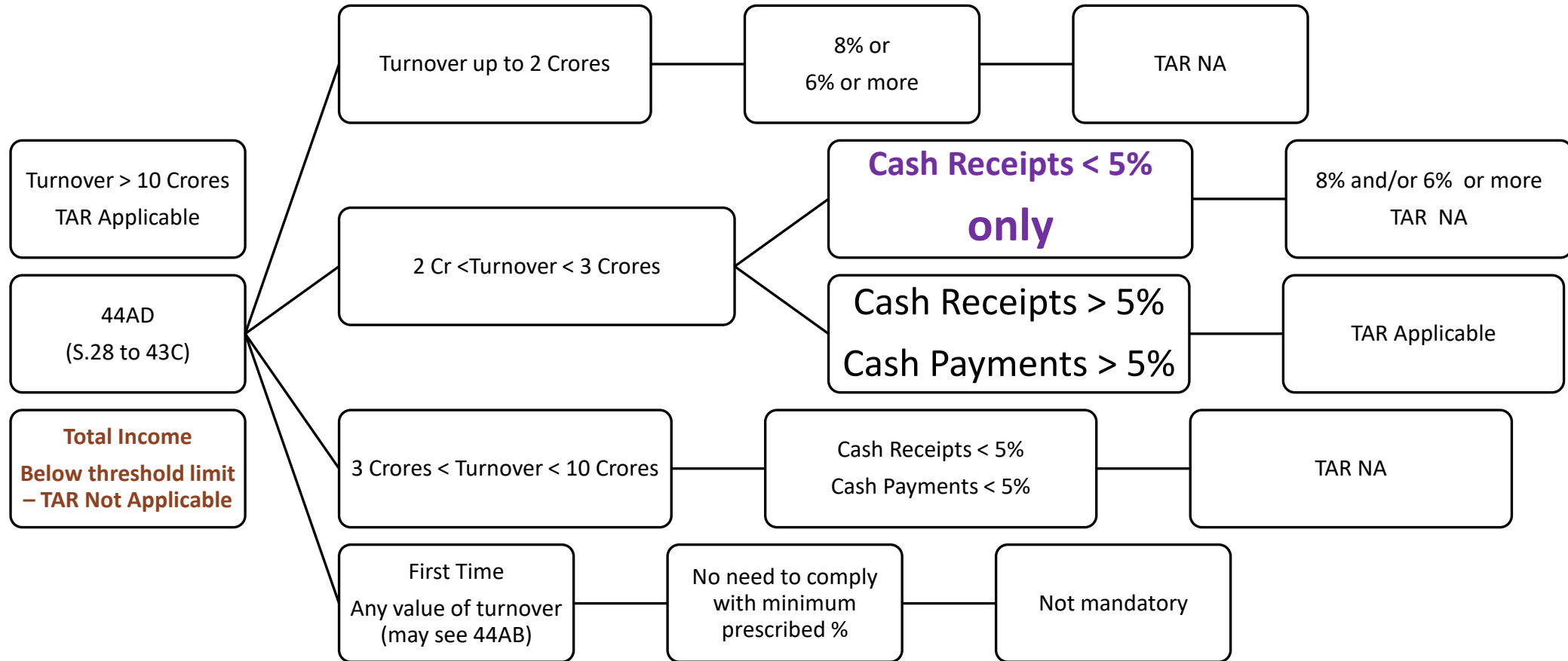
TAR u/s 44AB



aggregate of all amounts received, including amount received for sales, turnover or gross receipts or on capital account like capital contributions, loans, etc., during the previous year, in cash **and non-account payee cheque or DD**

aggregate of all payments made, including amount incurred for expenditure or on capital account such as asset acquisition, repayment of loans, etc., in cash, **and non-account payee cheque or DD**

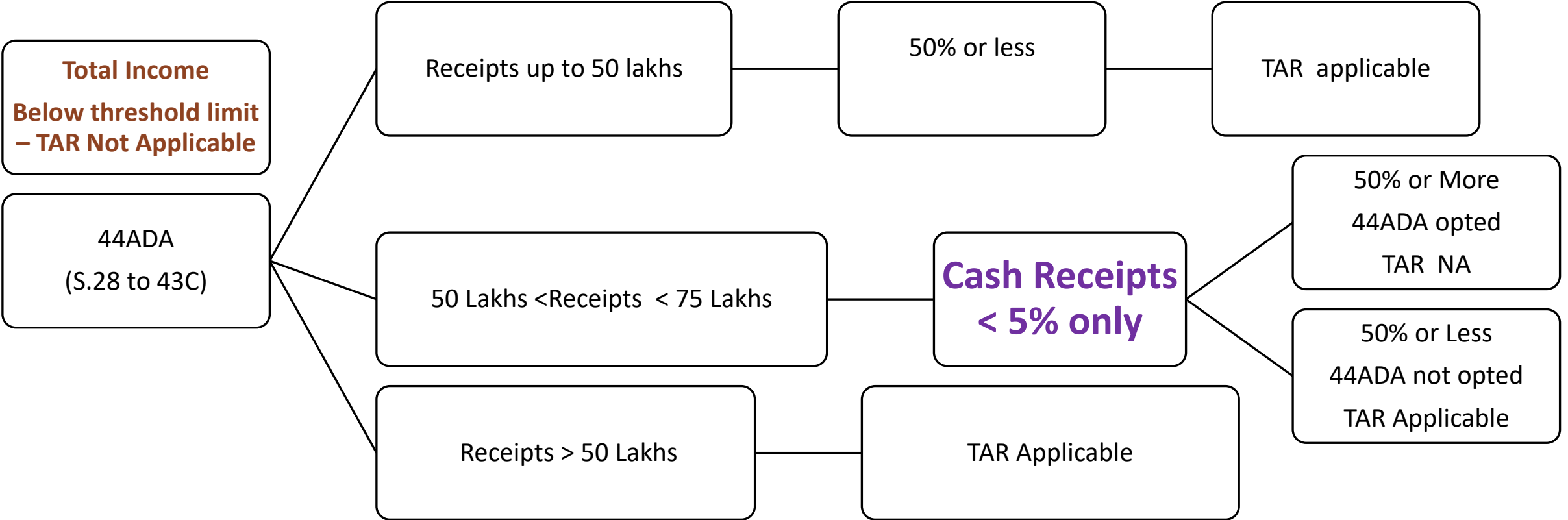
TAR u/s 44AB r.w.s Section 44AD – Specified Business



aggregate of all amounts received, including amount received for sales, turnover or gross receipts or on capital account like capital contributions, loans, etc., during the previous year, in cash and non-account payee cheque or DD

aggregate of all payments made, including amount incurred for expenditure or on capital account such as asset acquisition, repayment of loans, etc., in cash, and non-account payee cheque or DD

TAR u/s 44AB r.w.s Section 44ADA- Specified Professions u/s 44AA



aggregate of all amounts received, including amount received for sales, turnover or gross receipts or on capital account like capital contributions, loans, etc., during the previous year, in cash **and non-account payee cheque or DD**

aggregate of all payments made, including amount incurred for expenditure or on capital account such as asset acquisition, repayment of loans, etc., in cash, **and non-account payee cheque or DD**

**Break-up Of Payments/Receipts In Foreign Currency * (To Be Filled Up By The Assessee,
Who Is Not Liable To Get Accounts Audited U/S 44AB)**

SCHEDULE FD		
Sl No	Particulars	Amount (Rs.)
1	Payments made during the year on capital account	
2	Payments made during the year on revenue account	
3	Receipts during the year on capital account	
4	Receipts during the year on revenue account	
Note: Please refer to instructions for filling out this schedule.		

***SCHEDULE FSI - Details Of Income From Outside India And Tax Relief (Available Only In Case Of Resident)**

***SCHEDULE TR - Summary Of Tax Relief Claimed For Taxes Paid Outside India (Available Only In Case Of Resident) - Form 67**

***Directors Report
 *Notes to Accounts**

Additional Information desired from AY 24/25

Business Income Returns: Audit Information –

- If you are liable for audit under section 44AB, please mention by virtue of which of the following conditions
- (i) Sales, Turnover or gross receipts exceeds the limits specified u/s 44AB
- (ii) Assessee following u/s 44AD/44ADA/44AE/44BB but not offering income on presumptive basis
(Note section 44B/44BBA /44BBB are not reported under this tab)

* 44AD * 44ADA * 44AE * 44BB
- (iii) Others
(Note section 44B/44BBA /44BBB are to be reported under this tab)

Audit Reporting Information

(b)	Are you liable for audit under section 44AB?	0 – Yes 0 – No
	If Yes is selected at (b), mention by virtue of which of the following conditions; (previous slide)	
	Sales, turnover or gross receipts exceeds the specified limits	
(c)	If (b) is Yes, whether the accounts have been audited by an accountant? If Yes, furnish the following information below	0 – Yes 0 – No
	(1)Date of furnishing of the audit report (DD/MM/YYYY)	
	(2)Name of the auditor signing the tax audit report	
	(3)Membership no. of the auditor	
	(4)Name of the auditor (proprietorship/firm)	
	(5)Proprietorship/firm registration number	
	(6)Permanent Account Number (PAN) of the proprietorship/ firm	
	(7)Aadhaar of the proprietorship	
	(8)Date of audit report.	
	(9)Acknowledgement number of the audit report	
	(10)UDIN.....????? (Future generation or Non-generation)	

TAR Filing Experience – Rule 12

1. **Tax Auditor** is required to **upload Form 3CB -3CD using his Registered DSC**;
2. Assessee can **approve the uploaded Form 3CB- 3CD by following options - Aadhar OTP, Net Banking, Bank account & DMAT account** (please note that we have not verified using Net Banking, Bank account and D MAT Options). Thus, such relief is available only to approve Tax Audit Reports uploaded). Whether the same is enabled for Form 3CA-3CD is unknown to us, but we assume it may be enabled. How it would get executed practically is to be seen at the time of filing. So, we cannot comment on anything else related to Corporate Tax Audit Reports. The process of receiving OTP and updating is quite smooth and effective, and it will help all the stakeholders during the hectic schedules.
3. It's important to note that the **Assessee is required to file his/her ITR using DSC only**. This is a key requirement that all stakeholders should be aware of.
4. Our verification process confirms that when the Tax Auditor uploads TAR using DSC and the Assessee approves the same using DSC, the **process is indeed smooth and effective**. This should instils confidence in all involved.
5. **UDIN generated** from the ICAI Website needs to be **consumed independently** using CA Login, as we were following earlier.
6. We further assume that the **same process would be facilitated for all TAR filed now for any assessment years**, even though we have not verified the same, as we don't have any pending TAR for the earlier assessment years as of now.
7. Further to share that **IT Return downloaded from ITD Portal doesn't auto-populate Updated UDIN in ITR (maybe technology Glitch/s)**

Rule 12 has been amended to require verification of the income return through an electronic verification code. This is only for Individuals and/or HUFs.

Legal Entity Identifier (LEI) **AY 24/25 onwards – Applicable to all the persons – Requirements introduced to align with RBI Regulations.**

(q) Legal Entity Identifier (LEI) details (mandatory if refund is 50 Crores or more) – **alphanumeric code(20 digits)-** under RBI Regulations it has been used to identify parties in financial transactions worldwide uniquely & implemented to improve the quality and accuracy of financial data reporting systems for better risk management.

LEI Number

Valid upto date

1. Can ROI be filed without an LEI Number?
2. If yes, whether the refund will be processed?
3. If not, what needs to be done?

Significance Economic Presence (SEP -NR) – AY 22/23 onwards – only ITR 3, 5 & 6

Explanation 2A to Section 9(1)(i) provides that 'Significant Economic Presence' (SEP) of a non-resident in India shall constitute a business connection in India. For this purpose, 'significant economic presence' shall mean:

(a) Any transaction in respect of any goods, services or property carried out by a nonresident with any person in India, including the provision of download of data or software in India if the aggregate of payments arising from such transaction or transactions during the previous year exceeds Rs. 2 crores; or

(b) Systematic and continuous soliciting of business activities or engaging in interaction with 3 lakh users in India.

Note: If there is a SEP in India, the above-mentioned details of transactions and users must be provided in the ITR Form.

Disclosure in ITR – 3

Presumptive schemes -44AD - ITR 3/ ITR 5 - Reporting Changes from AY 24/25

61	Computation of presumptive Business income under section 44AD*			
	Sl No	Name Of Business	Business Code	Description
	1	2	3	4
	i	Gross Turnover or Gross Receipts (iA + iB + ic) (61(i) is limited to Rs.2 Crores; however, if 61(iB)b is less than or equal to 5% of 61i, then the limit under 61i is extended to Rs.3 Crores.)	61i	
		A	<u>Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or other prescribed electronic modes before specified date [due date u/s 139(1)]</u>	ia
		B	Receipts in Cash	ib
		C	Any mode other than A and B (Book entries ?????)	ic
	ii	Presumptive income under section 44AD (iiA + iiB)		61ii
		A	6% of 61(iA), or the amount claimed to have been earned, whichever is higher	iiA
		B	8% of [61(iB) + 61(iC)] , or the amount claimed to have been earned, whichever is higher	iiB

***Provided** that this sub-section shall have effect as if for the words "eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year

Section 44AB - Specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139

ITR Returns – Presumptive Schemes – 44AD * – ITR 3 -Reporting Changes from AY 24/25

64	IF REGULAR BOOKS OF ACCOUNT OF BUSINESS OR PROFESSION ARE NOT MAINTAINED, funnish the following information for previous year 2023-24 in respect of business or profession			
	i	For Assessee carrying on Business		61i
	a	Gros receipts (a1 + a2)		ia
		1	Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or other prescribed electronic modes before specified date	a1
		2	Any other mode (Book entries or Cash ????)	a2
	b	Gross Profit		ib
	C	Expenses		ic
	d	Net Profit		64i

***Provided** that this sub-section shall have effect as if for the words "eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year **or before the due date specified in sub-section (1) of section 139 in respect of that previous year**

Section 44AB - Specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139

Presumptive schemes -44ADA* - ITR 3- Reporting Changes from AY 24/25.

62	Computation of presumptive Business (Profession ????)** income under section 44ADA			
	Sl No	Name Of Business (Profession ????)**	Business Code (Profession ????)**	Description
	1	2	3	4
	i	Gross Receipts 62 (i) limited to Rs.50 Lakhs, however if 62(iB) is less than or equal to 5% of 62(i) then limit under 62(i) is extended to Rs.75 Lakhs.)	61i	
		A <u>Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or other prescribed electronic modes before specified date</u>	ia	
		B Receipts in Cash	ib	
		C Any mode other than A and B (Book entries ????)	ic	
	ii	Presumptive income under section 44ADA (50% of 62i, or the amount claimed to have been earned, whichever is higher)	61ii	

***Provided** that this sub-section shall have effect as if for the words "eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year **or before the due date specified in sub-section (1) of section 139 in respect of that previous year**

Section 44AB - Specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139

**** point of confusion as Section 44ADA is meant only for specified professionals u/s 44AA**

ITR Returns – Presumptive Schemes – 44ADA* – ITR 3 -Reporting Changes from AY 24/25

64	IF REGULAR BOOKS OF ACCOUNT OF BUSINESS OR PROFESSION ARE NOT MAINTAINED, funnish the following information for previous year 2023-24 in respect of business or profession		
	ii	For Assessee carrying on Profession	61i
	a	Gros receipts (a1 + a2)	ia
	1	Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or other prescribed electronic modes before specified date	a1
	2	Any other mode (Book entries or Cash ????)	a2
	b	Gross Profit	ib
	C	Expenses	ic
	d	Net Profit	64ii
	Iii	Total Profit (64i+64ii)	64iii

***Provided** that this sub-section shall have effect as if for the words "eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year **or before the due date specified in sub-section (1) of section 139 in respect of that previous year**

Section 44AB - Specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139

Disclosure in ITR – 4S

SCHEDULE BP – DETAILS OF INCOME FROM BUSINESS OR PROFESSION**COMPUTATION OF PRESUMPTIVE BUSINESS INCOME UNDER SECTION 44AD**

S No	Name of Business	Business Code	Description
(i)			
E1	Gross Turnover or Gross Receipts (E1 limited to Rs.2 Crores; however, if E1b is less than or equal to 5% of E1, then the limit under E1 is extended to Rs.3 Crores.)	E1	
	a Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or prescribed electronic modes received before specified date	E1a	
	b Receipts in Cash	E1b	
	c Any mode other than a and b	E1c	
E2	Presumptive Income under section 44AD		
	a 6% of E1a or the amount claimed to have been earned, whichever is higher	E2a	
	b 8% of (E1b+E1c) or the amount claimed to have been earned, whichever is higher	E2b	
	c Total (a + b)	E2c	
	NOTE – <i>If Income is less than the above percentage of Gross Receipts, it is mandatory to have a tax audit under 44AB & other ITR as applicable has to be filed</i>		

SCHEDULE BP – DETAILS OF INCOME FROM BUSINESS OR PROFESSION**COMPUTATION OF PRESUMPTIVE INCOME FROM PROFESSIONS UNDER SECTION 44ADA**

S No	Name of Business	Business Code	Description
(i)			
E3	Gross Receipts (E3 limited to Rs.50 Lakhs, however if E3b is less than or equal to 5% of E3 then limit under E3 is extended to Rs.75 Lakhs.)	E3	
	a Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or prescribed electronic modes received before specified date	E3a	
	b Receipts in Cash	E3b	
	c Any mode other than a and b	E3c	
E4	Presumptive Income under section 44ADA (50% of E3) or the amount claimed to have been earned, whichever is higher	E4	
	NOTE – <i>If Income is less than 50% of Gross Receipts, it is mandatory to have a tax audit under 44AB & other ITR as applicable has to be filed</i>		

FINANCIAL PARTICULARS OF THE BUSINESS – ITR 4S**Note – For E11 to E25 furnish the information as on 31st day of March, 2024**

E11	Partners/Members own capital	E11	
E12	Secured loans	E12	
E13	Unsecured loans	E13	
E14	Advances	E14	
E15	Sundry creditors	E15	
E16	Other liabilities	E16	
E17	Total capital and liabilities (E11+E12+E13+E14+E15+E16)	E17	
E18	Fixed assets	E18	
E19	Inventories	E19	
E20	Sundry debtors	E20	
E21	Balance with banks	E21	
E22	Cash-in-hand	E22	
E23	Loans and advances	E23	
E24	Other assets	E24	
E25	Total assets (E18+E19+E20+E21+E22+E23+E24)	E25	

Note *Please refer to instructions for filling out this schedule (E15, E19, E20, E22 are mandatory and others if available)*

MSME Disclosure in ITR

ITR - PART A-OI - OTHER INFORMATION

(MANDATORY IF LIABLE FOR AUDIT UNDER SECTION 44AB, FOR OTHER FILL, IF APPLICABLE)

MSME Disallowance and Allowance Reporting Changes in ITR – Applicable to all assessee carrying on business

10	<i>Any amount disallowed under section 43B in any preceding previous year but <u>allowable during the previous year</u></i>		
	h	Any sum payable to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006	10h
	i	Total amount disallowable under Section 43B(total of 10a to 10h)	10i
11	<i>Any amount debited to profit and loss account of the previous year but <u>disallowable under section 43B :-</u></i>		
	h	Any sum payable to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006	11h
	i	Total amount disallowable under Section 43B(total of 11a to 11h)	11i

SCHEDULE BP - COMPUTATION OF INCOME FROM BUSINESS OR PROFESSION

A. From business or *profession* other than speculative business and ***specified business (???? Whether MSME disallowance applies)***

	30	Any amount disallowed under section 43B in any preceding previous year but allowable during the previous year(10i of Part A-OI)	30
	31	Any other amount allowable as deduction	31

If payment is disallowed u/s 43B(h), payment is allowed only on payment in the year of payment?
Do the Assessee/Advisor need to examine MSME-1 compliance under the Companies Act 2013?
If disallowance is not reported in TAR, what to do?

MSME Registration Number Reporting

AY 24/25 onwards

ITR 5 (For persons other than,- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7)
ITR 6 - For Companies other than companies claiming exemption under section 11

- (k) Whether you are recognized as MSME? Yes/No
- (1) If yes, please provide registration number allotted as per MSMED Act, 2006

PGBP – Section 28(iv) - AY 24/25

- **Section 28(iv) has been amended from AY 24/25 to provide as under:**
 - **Any benefit or perquisite**
 - **Arising from Business or Profession**
 - **In cash or kind or partly in cash and partly in kind. All other provisions are similar to Section 115BAB. (Till 31.03.2023, Cash/Monetary requisites were excluded)**
 - **To be taxed as Income under the head “ PGBP”**
 - **Whether TDS deducted u/s 194R will have any impact on determination of Turnover u/s 44AB/44AD/44ADA?**
 - **If TDS is incorrectly deposited by the payer, then what would be the impact on the compilation of ITR/TAR?**

80IAC Disclosure – ITR 6/ITR 5

SCHEDULE 80IAC - Deduction In Respect Of Eligible Start-up (Eligible for 3 years out of 10 years)

S1 No	Date of incorporation of Startup	Nature of business	Certificate number as obtained from Inter Ministerial Board of Certification	First AY in which deduction was claimed	Amount of deduction claimed for current AY
(1)	(2)	(3)	(4)	(5)	(6)

ITR6/ ITR 5**SCHEDULE 80LA - Deduction in respect of offshore banking unit or IFSC**

S1 No	Sub-section in which deduction is claimed	Type of entity	Type of income of the unit	Authority granting registration	Date of registration	Registration number	First AY during which deduction is claimed	Amount of deduction claimed for current AY
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Schedule OS – Income from Other Sources - Section 115A r.w.s 80LA(1A) –(IFSC Unit) –

by inserting a *proviso* to Section 115A(1)(a)(A) to provide that the dividend income received from a unit in an IFSC, as referred to in Section [80LA\(1A\)](#) shall be taxed at a **reduced tax rate of 10%** instead of 20%.

10 - Information about accrual/receipt of income from Other Sources

Sl No	Other Source Income	Upto 15/6	From 16/6 to 15/9	From 16/9 to 15/12	From 16/12 to 15/3	From 16/3 to 31/3
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Row No 5	Dividend income under proviso to section 115A(1)(a)(A) @ 10% (Including PTI Income)					

80GGC Details Of Contributions Made To Political Parties– only for old Tax Regime cases (ITR 2/3/5)

Sl No	Date	Amount of Contribution			Eligible Amount of Contribution	Transaction Reference number for UPI transfer or Cheque number/IMPS/NEFT/RTGS	IFS code of Bank
		Contribution in Cash	Contribution in other mode	Total Contribution			

Schedule 80U Details of deduction in case of a person with disability -only for old Tax Regime cases – ITR 2/3/4

Sl No	Name of the disability	Amount of Deduction	Date of filing of Form 10IA	Ack. No. of Form 10IA filed	UDID Number (If available)
1	1. Self with disability				
2	2. Self with severe disability				

Income Tax Returns Changes AY 24/25 – Capital Gains

- **Significant Changes in Capital Gains u/s 54 & 54F - A ceiling limit of Rs.10 crores is now in place for investment and monies deposited in CGAS with the nationalized bank. This is a crucial update that you need to be aware of.**
- **Additional Disclosure with respect to the CGAS account for claim under every section: Date of Deposit, Account Number, and IFSC code. (ITR 2/3/5)**
- **Debt Funds u/s 50AA – CG arising on transfer or redemption of Debt Funds of a specified CA (a unit of specified MF where investment in equity is limited to 35%(acquired after 01.04.23) or a MLD (market linked debenture) – deemed to be STCG after reducing COA & COT.**
- **Section 48 provided clarification that COA shall not now include interest that has been claimed as deductible u/s 24(b) & Chapter VI-A.**
- **Poser—**
 - **Does the limit of Rs.10 crores apply to monies in the CGAS account invested up to AY 23/24?**
 - **Does the limit apply to legal heirs who have received such monies from the CGAS Account after the demise of the CGAS account holder?**

Income Tax Returns – Capital Gains Accounts Scheme Disclosures

Schedule CG - Capital Gains

Schedule CG - Capital Gains								
CG A- Row No 6/7	Amount deemed to be short term capital gains							
a	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? (if yes, then provide the details below)							
	Sl No	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)		
				Previous year in which asset acquired/constructed	Amount utilised out of Capital Gains account			
CG B -Row No 10	Amount deemed to be long term capital gains							
a	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? (if yes, then provide the details below)							
	Sl No	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)		
				Previous year in which asset acquired/constructed	Amount utilised out of Capital Gains account			

Section 55(2) (a) amendments by Finance Act 2023 applicable from AY 2425

TDR Rights/DCR Grants	Corpus Fund	PAAA	Shifting Allowance
Hardship Allowances	Additional FSI	Premium	Salaami
194IC/194IA/195	194R /194S	194Q/206C(1H) 206C(1) – Scrap Sales	Delayed Compensation

Section 55(2)(a)—in relation to a capital asset of a business or profession, a trade mark or brand name associated with the business or profession, or **any other intangible asset,.....or any other right**
iii. in any other case, shall be taken to be nil:

50D. Where the **consideration received or accruing as a result of the transfer of a capital asset** by an assessee is **not ascertainable or cannot be determined**, then, for the purpose of **computing income chargeable to tax as capital gains**, the **fair market value of the said asset** on the **date of transfer shall be deemed** to be the **full value** of the **consideration received or accruing** as a result of such **transfer**.

Income Tax Returns Changes AY 24/25 – IOS

- **Section 56(2)(viib) – from AY 24/25**, where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person ~~[being a resident]~~, any consideration for issue of shares that exceeds the face value of such shares, ***the aggregate consideration received for such shares as exceeds the fair market value of the shares (scope has been enlarged to include such consideration received from Non-Residents too)***
- **Poser—**
 - **Under FEMA provisions, the Company needs to receive such consideration for issue of shares equivalent to FMV? “ Not a Penny More and Not a Penny Less”**
- **Section 115BBJ – Winning from Online Games – Taxable at a flat rate of 30% - “separate row for reporting of such income in the ITR”** *“online game” means a game that is offered on the internet and is accessible by a user through a computer resource, including any telecommunication device. Till AY 2324, it was taxable u/s 115BB. (ITR 2/3/5)*
- **Schedule-OS includes an additional column for the declaration of bonus payments received under life insurance policies (High premium Policies) (ITR 2/3)**
- **Section 56(2) (xii) - Reporting of sums received by a unitholder from the business trust (ITR 2/3/5)**

Income Tax Returns Changes - AY 24/25

- **Section 10AA -from AY 24/25 – The time limit for the realization of export proceeds in convertible foreign exchange for the sale of goods or provision of services is 6 months from the end of the previous year, with the possibility of extension as permissible by competent authorities.**
- **Poser—**
 - **Under IDT, there is a time limit of 270 days provided.....will it create the conflict?**
 - **If the consideration is received in INR-denominated Vostro accounts as permitted by RBI, is the above condition deemed to be complied with?**
 - **If the consideration received in EEFC accounts outside India as permitted by RBI, is the above condition deemed to be complied with?**

Concessional Tax Rate for Co-op Manufacturing Societies AY 24/25

- **Section 115BAE -from AY 24/25 – Concessional Tax Rate @ 15% is provided only for domestic co-operative societies engaged in manufacturing subject to certain terms and conditions, which are:**
 - **Such society must be set up on or after 01.04.2023 and**
 - **They must start manufacturing on or before 31.03.2024**
 - **All other provisions are similar to Section 115BAB.**
 - **Form 10IFA needs to be filed electronically on or before the time limits specified u/s 139(1) of the Act.**

Section 115TD - ACCRETED INCOME UNDER SECTION 115TD - ITR 5/6

Any fund or institution approved under Section 10(23C) or registered under Section 12AB

1	Aggregate Fair Market Value (FMV) of total assets of Specified Person			1	
2	Less: Total liability of Specified Person			2	
3	Net value of assets (1 - 2)			3	
4	(i)	FMV of assets directly acquired out of income referred to in section 10(1)	4i		
	(ii)	FMV of assets acquired during the period from the date of creation or establishment to the effective date of registration/provisional registration u/s 12AB, if benefit u/s 11 and 12 not claimed during the said period	4ii		
	(iii)	FMV of assets transferred in accordance with third proviso to section 115TD(2)	4iii		
	(iv)	Total (4i + 4ii + 4iii)	4iv		

Section 115TD - ACCRETED INCOME UNDER SECTION 115TD - ITR 5/6
 Any fund or institution approved under Section 10(23C) or registered under Section 12AB

5	Liability in respect of assets at 4 above					5	
6	Accreted income as per section 115TD [3 – (4 – 5)]					6	
7	Additional income-tax payable u/s 115TD at maximum marginal rate					7	
8	Interest payable u/s 115TE					8	
9	Specified date u/s 115TD					9	
10	Additional income-tax and interest payable					10	
11	Tax and interest paid					11	
12	Net payable/refundable (10-11)					12	
	DATE(S) OF DEPOSIT OF TAX ON ACCRETED INCOME						
	Sl. No	Date DD/MM/Y YYY	Name of the Bank and Branch	BSR Code	Serial Number of Challan	Amount Deposited	
	(1)	(2)	(3)	(4)	(5)	(6)	

Mandatory Disclosure - AY 24/25

- **All the Banking accounts to be disclosed by the assessee except dormant accounts (ITR 2/3/5) – whether instructions would determine or law should determine such disclosure?**
- **If the assessee has opted for the new tax regime u/s 115BAC, then unabsorbed depreciation attributable to additional depreciation which has not been given full effect shall be adjusted to the written down value (WDV) of the block of assets as of 01-04-2023 in the prescribed manner. *The third proviso to Rule 5(1) provides that the WDV of the block of the asset as of 01-4-2023 shall be increased by such depreciation not allowed to set off. Thus, consequently, Schedule DPM, which deals with depreciation on Plant and Machinery, has been amended.***
- **Mandatory verification of ITR within 30 days (Notification No 05/2022 dated 29.07.22)**

Old Tax Regime vis-à-vis New Tax Regime (Individual and HUF Assesseees)

Old Tax Regime – AY 24/25

Tax Slabs (old schema)– Individuals – Taxable Income up to Rs.5 Lakhs – Threshold limit Rs.2.50 Lakhs

Income Tax Slabs on the next page

Tax Slabs (old Schema) – Individuals – Taxable Income above Rs.5 Lakhs - Threshold limit Rs.2.50 Lakhs

Tax Slabs (old schema) – Women Assessee below 60 years - Threshold limit Rs.2.50 Lakhs

Tax Slabs (old schema) – Senior Individual Citizens above 60 years – Threshold limit Rs.300000 Lakhs

Tax Slabs (old schema) – Senior Individual Citizens above 80 years – Threshold limit Rs.500000 Lakhs

New Tax Regime U/S 115BAC-AY 24/25

New Tax Slabs (New schema by default, if not opted out on or before the time limits specified u/s 139(1) of the Income Tax Act 1961) –

Individuals – Taxable Income above Rs.7 Lakhs up from AY 24/25

Income Tax Slabs on the next page

Old Tax Regime vis-à-vis New Tax Regime

Old Tax Regime - AY 24/25

Tax Slabs (old schema)

Income Tax Slabs	Tax Rate	Tax
Up to Rs.250000/-	NIL	NIL
Rs.250001/- to Rs.500000/-	5%	5% in excess of Rs.250000/-
Rs.500001/- to Rs.1000000/-	20%	Rs.12500+ 20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.125000/- plus 30% in excess of Rs.10 Lakhs

Note:

- When Income exceeds Rs. 50 Lakhs but less than One Crore additional surcharge @ 10% is payable on Total Tax Payable by all the category of the Assessee
- When Income exceeds Rs. 1 (One) Crore but less than Rs.2 crores then additional surcharge @ 15% of such tax payable by all the category of the Assessee
- When Income exceeds Rs. 2 Crores but less than Rs.5 crores then additional surcharge @ 25% of such tax payable by all the category of the Assessee
- When Income exceeds Rs. 5 Crores then additional surcharge @ 37% of such tax payable by all the category of the Assessee
- Note: Additional 4% cess payable in respect of all categories.

New Tax Regime U/S 115BAC- AY 24/25

Income Tax Slabs	Tax Rate	Tax
Up to Rs.300000/-	NIL	NIL
Rs.300001/- to Rs.600000/-	5%	5% in excess of Rs.300000/-
Rs.600001/- to Rs.900000/-	10%	Rs.15000 plus 10% in excess of Rs.6 Lakhs
Rs.900001/- to Rs.1200000/-	15%	Rs.45000 plus 15% in excess of Rs.9 Lakhs
Rs.1200001/- to Rs.1500000/-	20%	Rs.90000 plus 20% in excess of Rs.12 Lakhs
Above Rs.15 Lakhs	30%	Rs.150000 plus 30% in excess of Rs.15 Lakhs

Note:

- When Income exceeds Rs. 50 Lakhs but less than One Crore additional surcharge @ 10% is payable on Total Tax Payable by all the category of the Assessee
- When Income exceeds Rs. 1 (One) Crore but less than Rs.2 crores then additional surcharge @ 15% of such tax payable by all the category of the Assessee
- When Income exceeds Rs. 2 Crores but less than Rs.5 crores then additional surcharge @ 25% of such tax payable by all the category of the Assessee
- When Income exceeds Rs. 5 Crores, then additional surcharge @ 25% of such tax is payable by all the categories of the specified assessee under new tax regime only (Positive for HNI).

Note: Additional 4% cess payable in respect of all categories. Further, even if the total income of the resident individual exceeds the threshold limit of total income as provided for the rebate (i.e., Rs. 7,00,000), he will still be eligible for the rebate with marginal relief u/s 87A

Old Tax Regime vis-à-vis New Tax Regime

Old Tax Regime –Benefits available- AY 24/25

Rebate u/s 87A.

- Maximum Rebate of Rs.12500/- u/s 87A is permissible if Total Income is up to Rs.5 Lakhs.

Deductions under Chapter VI-A

- A new deduction u/s 80CCH is introduced for an individual (Agniveer) enrolled in the Agnipath Scheme from November 1, 2022.

Quarterly TDS Returns in Form 24Q

- No change in filing quarterly TDS provisions for the employers & issuance of Form 16- Part A/B & Form 12BA.

New Tax Regime U/S 115BAC- AY 24/25

Rebate u/s 87A.

- Maximum Rebate of Rs.25000/- u/s 87A is permissible if Total Income is up to Rs.7 Lakhs. Further, even if the total income of the resident individual exceeds the threshold limit of total income as provided for the rebate (i.e., Rs. 7,00,000), he will still be eligible for the rebate with marginal relief u/s 87A

Deductions under Chapter VI-A

- A new deduction u/s 80CCH is introduced for an individual (Agniveer) enrolled in the Agnipath Scheme, effective November 1, 2022. This benefit is also available to taxpayers who have opted for the New Tax Regime u/s 115BAC.

Quarterly TDS Returns in Form 24Q

- No change in filing quarterly TDS provisions for the employers & issuance of Form 16- Part A/B & Form 12BA.

Salariated Employees

Old Tax Regime vis-à-vis New Tax Regime – Salaried Employees

Old Tax Regime –Benefits available- AY 24/25

Salaried Employees

- Leave Travel Allowance u/s 10(5)
- House Rent Allowance [Section 10(13A)]
- Exemptions – Section 10(14) – Rule 2BB
 - Helper/Uniform and Academic Allowances
 - Children Education – Rs.100 per month per child (max – two children’s)
 - Hostel expenditure – Rs.300 per month per child(max – two children’s)
- Standard Deduction of Rs.50000/- u/s 16(i)
- Entertainment allowance u/s 16(ii) & Profession Tax of Rs.2500/- u/s 16(iii)
- Free Food (Rs.50/meal)
- Exemption for Income of minor – Section 10(32)

New Tax Regime U/S 115BAC-Benefits not available- AY 24/25

Salaried Employees

- **Leave Travel Allowance u/s 10(5)**
- **House Rent Allowance [Section 10(13A)]**
- **Exemptions – Section 10(14) – Rule 2BB**
 - **Helper/Uniform and Academic Allowances**
 - **Children’s Education – Rs.100 per month per child (max – two children)**
 - **Hostel expenditure – Rs.300 per month per child(max – two children’s)**
- Standard Deduction of Rs.50000/- u/s 16(i)
- **Entertainment allowance u/s 16(ii) & Profession Tax of Rs.2500/- u/s 16(iii)**
- **Free Food (Rs.50/meal)**
- **Exemption for Income of minor – Section 10(32)**

Old Tax Regime vis-à-vis New Tax Regime – Salaried Employees – Not. 43/2023 dt 21.06.23

Old Tax Regime –Benefits available- AY 24/25

- Rule 2BB(1) (a) - Any allowance granted for meeting the cost of travel on tour or on transfer
- Rule 2BB(1) (b) - Any allowance, whether granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty
- Rule 2BB(1) (C) - Any allowance granted for meeting the expenditure incurred on conveyance in the performance of duties of an office or employment of profit if the employer does not provide free conveyance
- Rule 2BB(2) (11) -) Transport allowance granted to an employee who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty
- It is further provided that while determining the value of perquisite, no exemption shall be available in respect of free food and non-alcoholic beverage provided by the employer through a paid voucher

New Tax Regime U/S 115BAC-Benefits available- AY 24/25

- Rule 2BB(1) (a) - Any allowance granted for meeting the cost of travel on tour or on transfer
- Rule 2BB(1) (b) - Any allowance, whether granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty
- Rule 2BB(1) (C) - Any allowance granted for meeting the expenditure incurred on conveyance in the performance of duties of an office or employment of profit if the employer does not provide free conveyance
- Rule 2BB(2) (11) -) Transport allowance granted to an employee who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty
- It is further provided that while determining the value of perquisite, no exemption shall be available in respect of free food and non-alcoholic beverage provided by the employer through a paid voucher

Old Tax Regime vis-à-vis New Tax Regime Salaried Employees and Other assessee

Old Tax Regime –Benefits available- AY 24/25

Income from House Property (Individual/HUF)

- Interest on Self Occupied House property – maximum to the extent of Rs.2 Lakhs for each property owner
- Principal Repayment of monies borrowed for purchase/acquisition of residential property subject to limits specified u/s 80C of the Income Tax Act 1961 for each property owner
- Set off of loss under the head “ Income from House Property for Self-Occupied Property for each property owned by the assessee.
- **(Food for Thought- if clubbing u/s 64 is applicable whether such benefit is permissible?)**

New Tax Regime U/S 115BAC-Benefits not available- AY 24/25

Income from House Property (Individual/HUF)

- **Interest on Self-Occupied House property—a maximum of Rs.2 Lakhs for each property owner; however, such restriction doesn't apply to the let-out property during the previous year.**
- **Set off of loss under the head “Income from House Property for Self-Occupied Property for each property owned by the assessee.**
- **Carrying forward loss due to let-out property won't be permitted for AY 24/25 u/s 71B. However, the loss of house property brought forward u/s 71B of the assessee following the old tax regime arising in the previous assessment years before AY 24/25 can be carried forward, and the same can be set off against house property income under the old tax regime only.**
- **Principal Repayment of monies borrowed for purchase/acquisition of residential property subject to limits specified u/s 80C of the Income Tax Act 1961 for each property owner (Maximum deduction of Rs.1,50,000/-)**
- **(Food for Thought- if clubbing u/s 64 is applicable, whether such a benefit is permissible?)**

Old Tax Regime vis-à-vis New Tax Regime Salaried Employees and Other assessee

Old Tax Regime –Benefits available- AY 24/25

Chapter VI-A deductions(Applicable to all)- Illustrative

- 80C deductions – LIC premium/PPF/NSC/Principal repayment on Housing Loan etc.
- 80CCD (1)/80CCD(1B) – Employees contribution to NPS
- 80D – Mediclaim premium
- 80E – Loan taken for Higher Education
- 80G- Donations
- 80TTA – Interest on Savings Bank accounts
- 80QQB – Royalty Income by Authors up to Rs.3 Lakhs
- 80U – Person with disability

New Tax Regime U/S 115BAC-Benefits not available- AY 24/25

Chapter VI-A deductions(Applicable to all)- Illustrative

- **80C deductions – LIC premium/PPF/NSC/Principal repayment on Housing Loan etc.**
- **80CCD (1)/80CCD(1B) – Employees contribution to NPS**
- **80D – Mediclaim premium**
- **80E – Loan taken for Higher Education**
- **80G- Donations**
- **80TTA – Interest on Savings Bank accounts**
- **80QQB – Royalty Income by Authors up to Rs.3 Lakhs**
- **80U – Person with disability**

Old Tax Regime vis-à-vis New Tax Regime

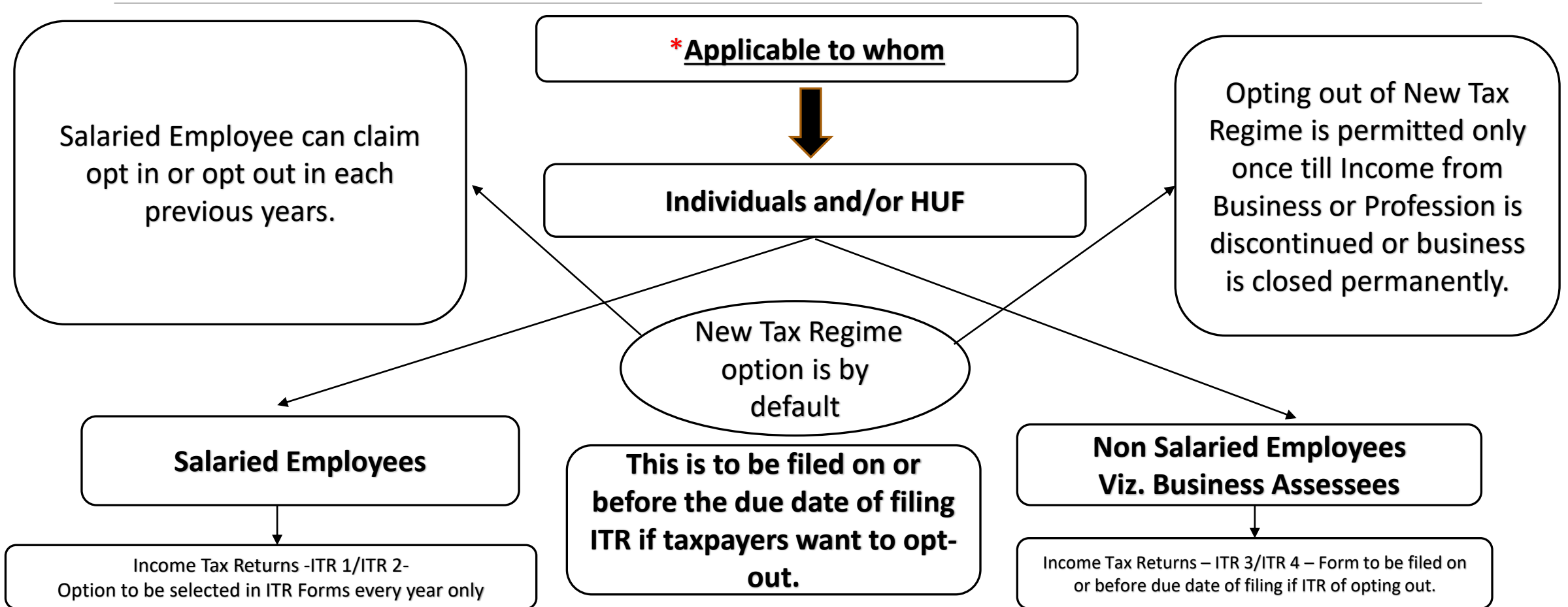
Old Tax Regime –Benefits available- AY 24/25

- It is generally suitable for taxpayers with incomes up to Rs.20 Lakhs who are claiming all deductions and exemptions.
- For each scenario, comparative working must be examined to opt for or opt out.
- Option can be exercised every previous year by the taxpayers who have primarily income from salaries only.
- The option exercised must be selected in the ITR (viz. ITR 1 and ITR 2) only on or before the time limits specified u/s 139(1) of the Income Tax Act 1961. There is no requirement to file a separate form.

New Tax Regime U/S 115BAC– AY 24/25

- In general, it is suitable for taxpayers with incomes of more than Rs.20 Lakhs, to whom benefits of deductions as well exemptions don't matter, & Taxpayers earning more than Rs.5 crores gross taxable income.
- For each scenario, comparative working must be examined to opt for or opt out.
- Once the option is exercised in any previous year by the taxpayers with Profits and Gains of Business or Profession primarily, then opting out is permitted only once.
- Taxpayers are required to file Form 10 IEA from AY 24/25 (earlier it was Form IE) only once in the year in which such an option is exercised or when They decide to opt out. This needs to be filed separately, and the acknowledgement number with the date of filing needs to be reported in the ITR by the Taxpayer (viz., ITR 3 and ITR 4). The form needs to be filed on or before the time limit specified u/s 139(1) of the Income Tax Act 1961.

Filing of Form 10IEA (earlier it was Form IE) – Applicability – Assessment Year 2024/25
(*even though the new tax regime also applies to AOP, BOI and/or AJP from AY 24/25)



Profit and Gains of Business / Profession

Old Tax Regime vis-à-vis New Tax Regime

Profit and Gains of Business/Profession

Old Tax Regime –Benefits available- AY 24/25

Profits and Gains of Business or Profession(Individual/HUFs)

- No changes in computation of total income under the head “Profits and Gains of Business or Profession u/s 28.
- No changes in the method of claiming depreciation u/s 32.
- No changes for complying with the provisions of Section 44AB/44AD/44ADA/44AE etc.

New Tax Regime U/S 115BAC- AY 24/25

Profits and Gains of Business or Profession(Individual/HUFs)

- No changes in computation of total income under the head “Profits and Gains of Business or Profession u/s 28.
- No changes in the method of claiming depreciation u/s 32.
- No changes for complying with the provisions of Section 44AB/44AD/44ADA/44AE etc.

Old Tax Regime vis-à-vis New Tax Regime Profit and Gains of Business/Profession

Old Tax Regime –Benefits available- AY 24/25

Profits and Gains of Business or Profession(Individual/HUFs)

- No impact on Brought forward and carry forward of business losses u/s 71 to 79 or unabsorbed depreciation u/s 32(3).

New Tax Regime U/S 115BAC- AY 24/25

Profits and Gains of Business or Profession(Individual/HUFs)

- **Specific unadjusted losses or depreciation of earlier years (related to specific exemption or deduction) shall be deemed to have been given full effect, and no further deduction for such losses or depreciation shall be allowed in the subsequent year. Thus, such losses or depreciation shall lapse permanently on opting for a new tax regime. (Not.43/2023)**
- **If opting for a new tax regime from AY 24/25, then the unabsorbed depreciation (attributable to the additional depreciation u/s 32 (1)(iia) would be allowed to be added to the written down value (WDV) of the block of assets as on 01.04.2023. If TAR is applicable for AY 2425, then such adjustment is to be appropriately reported in clause 18 (ca) in Form 3CD, besides reporting correctly in the ITR as applicable for the previous year under consideration. (Not.43/2023 & Not. 27/2024)**

Old Tax Regime vis-à-vis New Tax Regime Profit and Gains of Business/Profession

Old Tax Regime –Benefits available- AY 24/25

Profits and Gains of Business or Profession

- Deductions allowable u/s 80JJAA -**Deduction in respect of employment of new employees @ 30% subject to specified conditions – Any assessee**
- Deduction allowable u/s 80CCD (2) -**Deduction regarding contribution to the pension scheme of the Central/State Government or any other employer, subject to certain specified conditions. – Individual Assessee employed by the Central Govt. Only**
- Deduction allowable u/s 80CCH (2) - **Deduction in respect of contribution to *Agnipath* Scheme, subject to certain specified conditions – Individual Assessee Only**

New Tax Regime U/S 115BAC- AY 24/25

Profits and Gains of Business or Profession

- Deductions allowable u/s 80JJAA -**Deduction in respect of employment of new employees @ 30% subject to specified conditions – Any assessee**
- Deduction allowable u/s 80CCD (2) -**Deduction Regarding contribution to the pension scheme of the Central/State Government or any other employer, subject to certain specified conditions. – Individual Assessee employed by the Central Govt. Only**
- Deduction allowable u/s 80CCH (2) - **Deduction in respect of contribution to *Agnipath* Scheme, subject to certain specified conditions – Individual Assessee Only**

Old Tax Regime vis-à-vis New Tax Regime Profit and Gains of Business/Profession

Old Tax Regime –Benefits available- AY 24/25

- Additional depreciation u/s 32(1)(iia).
- Deduction u/s 32AD for investment in P & M in notified backward areas.
- Deduction u/s 33AB in respect of Tea, Coffee or Rubber business
- Deductions u/s 33ABA for prospecting or extraction, or production of petroleum or natural gas in India.
- Deduction u/s 35(1)(ii) -donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business
- The provisions of Section 115JC (AMT Tax) and Section 115JD (AMT Tax Credit) are applicable.

New Tax Regime U/S 115BAC- AY 24/25

- **No allowance for Additional depreciation u/s 32(1)(iia).**
- **No Deduction u/s 32AD for investment in P & M in notified backward areas.**
- **No Deduction u/s 33AB in respect of Tea, Coffee or Rubber business**
- **No Deductions u/s 33ABA for prospecting or extraction, or production of petroleum or natural gas in India.**
- **No Deduction u/s 35(1)(ii) -donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business**
- **The provisions of Section 115JC (AMT Tax) and Section 115JD (AMT Tax Credit) are not applicable.**

Old Tax Regime vis-à-vis New Tax Regime Profit and Gains of Business/Profession

Old Tax Regime –Benefits available- AY 24/25

Profits and Gains of Business or Profession(Individual/HUFs)

- Deduction u/s 35(1)(ia) -for payment made to an Indian company for doing scientific research which may or may not be related to business
- Deduction u/s 35(1)(iii) - for donation made to university, college, or other institution for doing research in social science or statistical research
- Deduction u/s 35(1)(iii) - for donation made for or expenditure on scientific research
- Deduction u/s 35AD regarding capital expenditures incurred for certain specified businesses, e.g., cold chain facility, warehousing facility, etc.
- Deduction u/s 35CCC - for expenditure on agriculture extension project

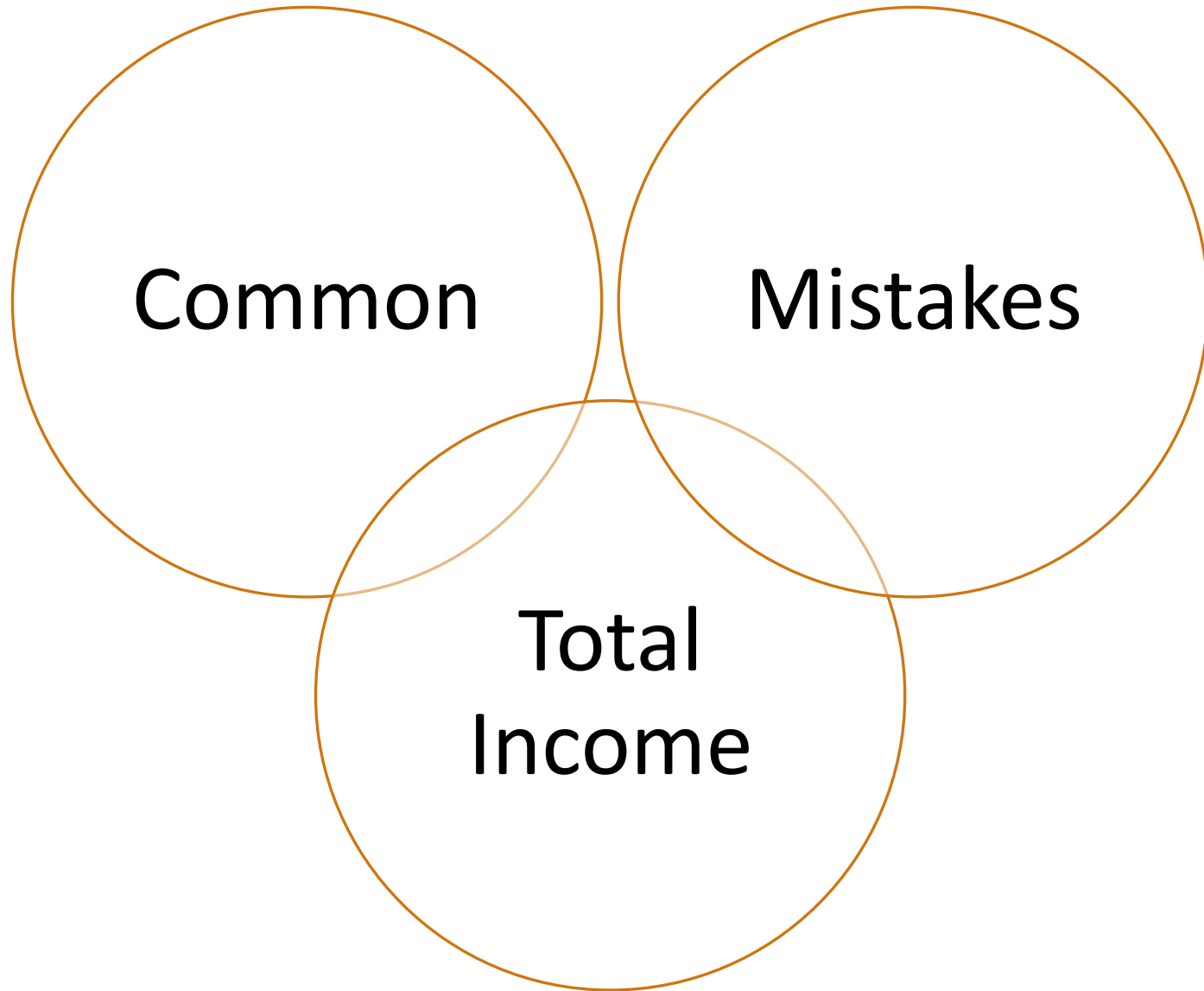
New Tax Regime U/S 115BAC- AY 24/25

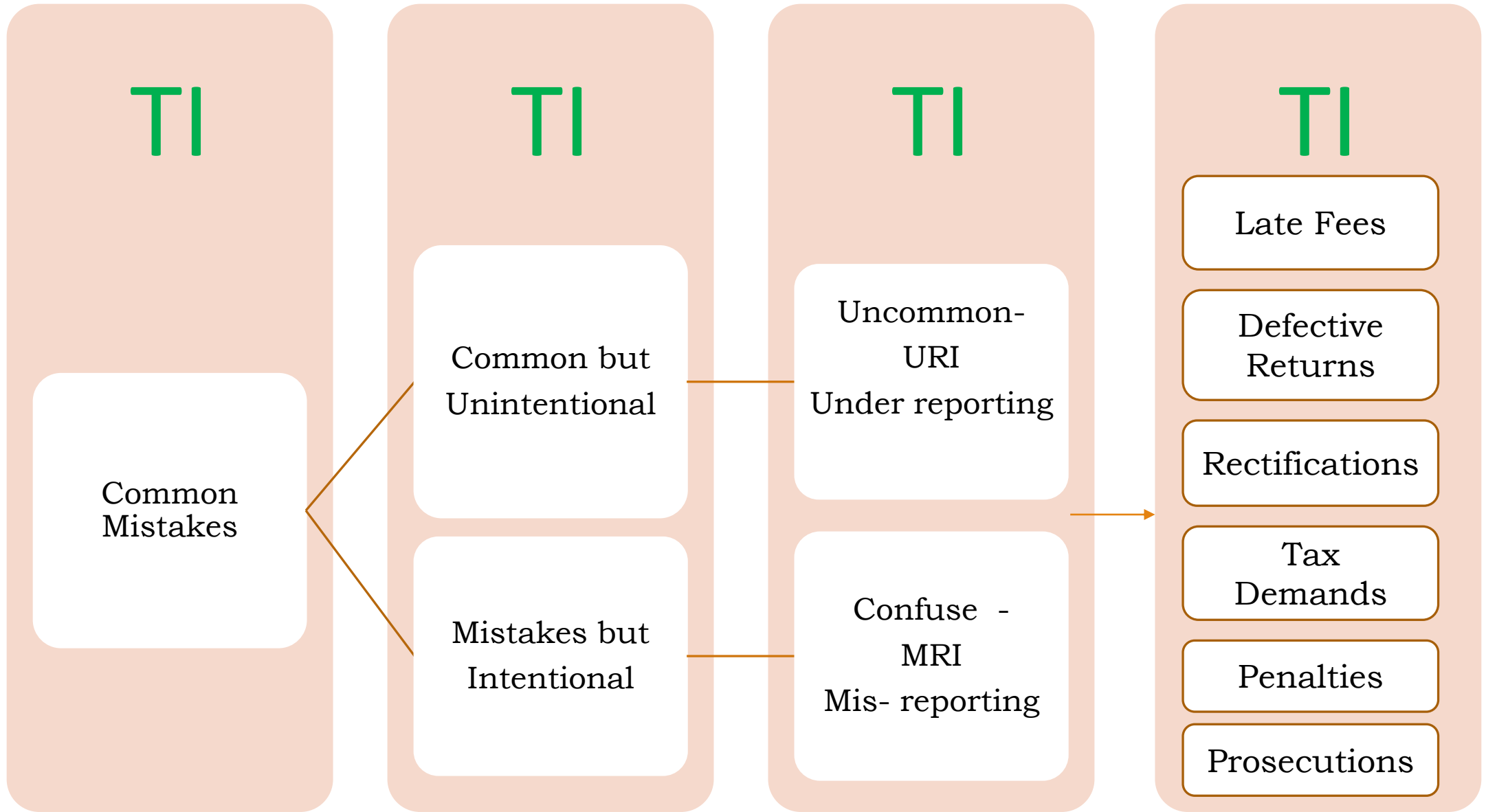
Profits and Gains of Business or Profession(Individual/HUFs)

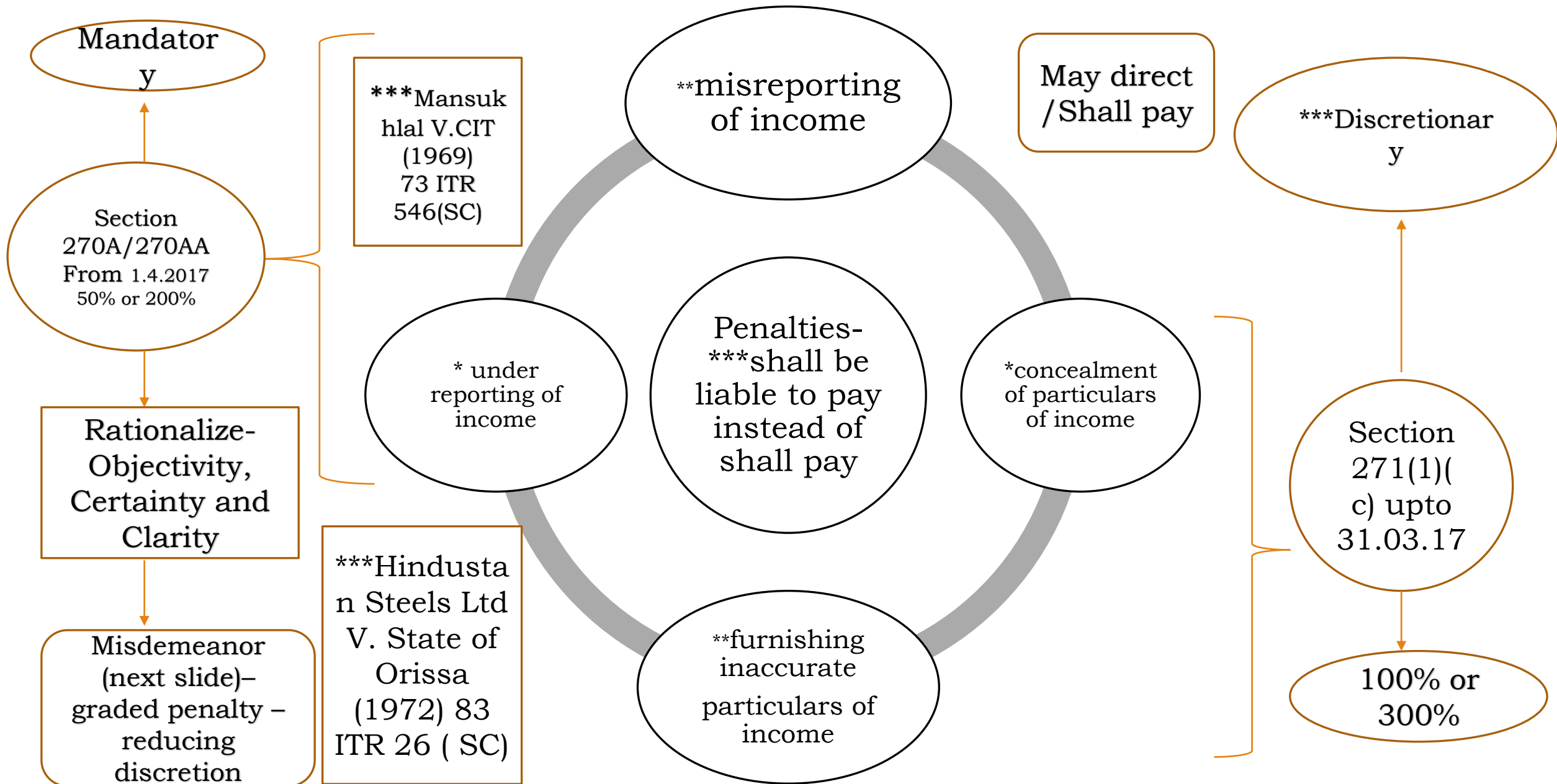
- **No Deduction u/s 35(1)(ia) -for payment made to an Indian company for doing scientific research which may or may not be related to business**
- **No Deduction u/s 35(1)(iii) - for donation made to university, college, or other institution for doing research in social science or statistical research**
- **No Deduction u/s 35(1)(iii) - for donation made for or expenditure on scientific research**
- **No Deduction u/s 35AD - regarding capital expenditures incurred for certain specified businesses, e.g., cold chain facility, warehousing facility, etc.**
- **No Deduction u/s 35CCC - for expenditure on agriculture extension project**

Income Tax Returns Due Dates AY 2425

Returns	Due date	Extended Due Date
Any other assessee	31/07/2024	NA
Other than Company and Partnership Firm whose accounts are required to be audited	31/10/2024	NA
Partnership Firm/ Partner of Firm whose accounts are required to be audited	31/10/2024	NA
Assessee being a company (any other)	31/10/2024	NA
Assessee required to furnish a report under Section 92E	30/11/2024	NA
Tax Audit Reports in Form 3CA/3CB and 3CD	30/09/2024	NA
Furnishing of Report by Accountant under Section 92E	31/10/2024	NA
Belated and Revised Returns	31/12/2024	NA







270A(11) – no
double levy

Misdemeanor

270A(12) – order
in writing

Minor wrongdoing

A non-indictable offense or less serious crime

Slightly bad or breaks the rule but not a crime (absence of mens rea)

Act of wrongness or unacceptable

**Under Reporting of Income* – Section 270A -
(2) to (7)/(10)
(a lesser offence)**

- 1. AI or Deemed TIA/RA > ROI u/s 143(1) (a)**
- 2. AI or Deemed TIA/RA > Threshold Limits**
- 3. ROI filed for the first time u/s 148**
- 4. Reassessed income > Income assessed or before reassessment**
- 5. AI /RA has the impact of reducing loss or converting such loss into income**

**Penalty- a sum equal to 50% of Tax payable
on unreported income**

**Misreporting of Income*- Section 270A- (8) to (10)
(subset of underreporting – for prescribing different
rates of penalties) (committed offence)**

- 1. Misrepresentation or suppression of facts**
- 2. Failure to record investments in BOAs**
- 3. Claim of expenditure nor substantiated by evidence**
- 4. Recording of false entry in BOAs**
- 5. Failure to record any receipt in BOAs having a bearing on TI**
- 6. Failure to report any international transactions or Specified Domestic Transactions**

**Penalty- a sum equal to 200% of Tax payable on
unreported income as determined.**

* Undefined terms – only certain instances are specified

Penalty

MANDATORY

- ✓ **May if conditions satisfied**
- ✓ **Objective of doing away with discretion**
- ✓ **The issue of SCN is to ensure that case does not fall away under clause (6)**
- ✓ **Section 273B provides that a penalty shall not be levied if the assessee establishes reasonable cause and the said is not amended to incorporate section 270A.**

DISCRETIONARY

- ❖ **Penalty may be levied**
- ❖ **Judicial precedents u/s 271(1) (c) support the view that it is discretionary –*Todarmal Safarishmal Lashkar v. CIT [(1979) 118 ITR 759 (MP)]*,**
- ❖ **The issue of SCN itself provides that the penalty may not be leviable**

Non-Companies Entities classification

Level I

- Listed entities or in the process of Listing in India or outside India or
- Banks (including co-op. banks, FI, Insurance Business or
- Turnover (excluding other income) > 250 cr in the last FY or
- Borrowing (including Public deposits) > 50 cr in the last FY or
- Holding or Subsidiary entities of any of the above.

All AS applies

Level II

- 50 cr < Turnover (excluding other income) < 250 cr in the last FY or
- 10 Cr < Borrowing (including Public deposits) < 50 Cr in the last FY or
- Holding or Subsidiary entities of any of the above.

Almost all AS applies with some disclosure exemptions*

Level III

- 10 cr < Turnover (excluding other income) < 50 cr in the last FY or
- 2 Cr < Borrowing (including Public deposits) < 10 Cr in the last FY or
- Holding or Subsidiary entities of any of the above.

Mostly AS applies with some disclosure exemptions*

All other entities are termed Level IV entities.

NA or disclosure exemptions*
AS 17 Segment Reporting
AS 20 EPS
AS 21 CFS
AS 23 CFS-Associates
AS 25 IFR
AS 27 JV
AS 28 Impairment AS29 Provisions, Contingent, etc.

Common Mistakes - PGBP

✓ **Non Corporates** -Individuals/Firms /AOP/BOI etc.

✓ **Vertical Format of Financial Statements or**

✓ Horizontal Format of Financial Statements

✓ Accounting Standard 22– Accounting for Taxes

✓ Accounting Standard 9 – Revenue Recognition

✓ Accounting Standard 2 - Valuation of Inventories

✓ Accounting Standard 16 – Borrowing Costs

✓ Accounting Standard 10 – Property, Plant and Equipment - Depreciation – Companies Act, Income Tax Act and/or Fair Estimation basis?

Level IV Entities (Residuary classification)

1. Verification - solemnly declare that to the best of my knowledge and belief, the information given in the return and the schedules thereto is correct and complete and is in accordance with the provisions of the Income-tax Act, 1961

2. Form 3CB

In **My** opinion and to the best of **My** information and according to the explanations given to **Me**, the particulars given in the said Form No. 3CD are true and correct, subject to the following observations/qualifications, if any:

Common Mistakes - PGBP

- ✓ Assessee – Offering Income Tax under presumptive Schemes - 44AD/44ADA – claiming Input Tax credits as per the provisions of GST Act, 2017? Whether Section 145A will trigger for determining Total Income u/s 28?
- ✓ Are all cash receipts to be declared in the ITR? - Business and **Personal??** – **Rent, Interest, Dividend, CG, Gifts etc.**

Common Mistakes – PGBP/IOS

- ✓ Assessee – Non-Resident – can he/she opt for a presumptive taxation scheme?
- ✓ If no, and if such a person is earning just 1 Lakh of Professional fees, does he/She need to file a complete schedule of BS and PL in ITR?

Common Mistakes – PGBP/IOS

✓ Assessee—Running a business of Rent-A-Cab Operator—without yellow plate—vehicle given on rent/hire—can he/she claim ITC on such vehicle and depreciation u/s 32 on net value (excluding ITC)?

Whether it would trigger Explanation 3 to Section 37(1)?

If Tax Audit applies to such entity, whether such claim of depreciation as per section 32 is valid and correct?

If No, can rectification proceedings can be initiated u/s 154/155?

Common Mistakes - PGBP

- ✓ Firm – LLP
 - ✓ Remuneration paid to Partner as per deed
 - ✓ Interest paid to Partner as per deed
 - ✓ Such Firm/LLP is subject to Tax Audit as per Section 44AB of the Income Tax Act, 1961.
- Can Firm/LLP deduct TDS u/s 192B on partners remuneration?
- Can Firm/LLP deduct TDS u/s 194 in respect of interest paid to Partners?
- Whether Firm/LLP can deduct PT on such remuneration?

Common Mistakes - PGBP –RP- TP

- ✓ Individual - Firm – LLP – Company etc.
 - ✓ Paying Commission to Related Party located outside India @ 75% of Sales, Turnover or Receipts?
 - ✓ Valid Form 15CA/15CB are executed?
 - ✓ It is appropriately disclosed in the records maintained?
- Will it trigger the provisions of Section 40A(2)(b)?
 - Whether such payments would trigger TP compliances u/s 92B/92CB/92D?
 - If yes, whether Form 3CEB needs to be filed?
 - If TAR Applicable/Not Applicable

Common Mistakes - PGBP –TDS

✓TDS on Property Purchase

- ✓ Section 194IA/Section 195?

- ✓ Consequential filing of Form 26QB/27Q/Form 16B/16A?

✓TDS on Rent

- ✓ Section 194I/Section 194IB/Section 195?

- ✓ Consequential filing of Form 26Q/26QC/27Q/Form 16A/16C/16A?

✓Filing of Form 68 for FTC credit?

- ✓ For online subscriptions to Taxmann, CENTAX, SCC Online, TIOL, TMI, etc., that exceeded the threshold limit of Rs.30000 in a previous year, the key question is whether TDS need to be deducted u/s 194J?

- ✓ Director Fees of Rs.10,000 paid, whether TDS need to be deducted u/s 194J?

- ✓ When Services are performed using the technology and the process is completely automated, whether it would be termed as fees for technical service u/s 9(1)(viib) and consequently TDS to be deducted u/s 195 of the Income Tax Act, 1961?

Common Mistakes – TDS/TCS

- ✓ TCS—Travelling expenses—Singapore Airlines— such trip was cancelled, and the full monies were refunded. Can the Assessee claim the TCS in the ITR?
- ✓ TCS collected u/s 194N - cash withdrawals - is carrying forward of TCS credit permissible?
- ✓ TDS deducted u/s 194Q and/or TCS collected u/s 206C(1H) – incorrectly? Should it be reported in clause 34 of Form 3CD?
- ✓ If TDS is deducted u/s 194R in the following scenario :
 - ✓ Incorrect information reported
 - ✓ Values incorrectly reported
- ✓ Is it to be reported as Income while determining Total Income u/s 28?
- ✓ Whether such TDS deducted would be termed as supply u/s 7 of CGST Act, 2017?

Residential Status – Section 6

6. For the purposes of this Act,—

(1) An individual is said to be resident in India in any previous year, if he—

(a).....

(b).....

(c) having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods **amounting in all to sixty days or more in that year.**

Explanation 1.—In the case of an individual,—

(a) being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship as defined in clause (18) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ;

Mr. A Individual resident in India leaves India for taking up employment in USA , What would be his residential status for the purpose of filing Income Tax Returns if he satisfies the conditions of Section 6(1)(c) ?

A. Assuming his stay in India is more than 182 days;

B. Assuming his stay in India is less than 182 days;

C. Assuming his stay in India is less than 182 days but he is not able to get any kind of employment in USA ?

Answer – Resident or Not Ordinarily Resident or Non Resident.

Assessment Year/Previous Year

Section 2(9) defines "assessment year" means the period of twelve months commencing on the 1st day of April every year ;

Section 2 (34) "previous year" means the previous year as defined in section 3 ;

"Previous year" defined.

3. For the purposes of this Act, "previous year" means the financial year immediately preceding the assessment year :

Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the said financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.

Previous Year	Assessment Year
FY 2324	AY 2425
Business started on 10.01.2024	AY 2425
Business closed on 15.03.2024	AY 2425
Company Incorporated on 31.12.23	AY 2425

Incorrect Selection during upload

Tax Audit Applicability

Revision in Tax Audit Limits ***

- **Tax Audit Limits has been increased from Rs.1 Crore to Rs.10 Crores by the Finance Act, 2021 (w.e.f A.Y 2021-22) to get the books of account audited by the Assessee only if the following conditions are satisfied:**
 - **All receipts in cash during the previous year do not exceed 5% of such receipts. (viz. aggregate of all amounts received) ****
 - **All payments in cash during the previous year do not exceed 5% of such payments (viz. aggregate of all payments made) ****
- **Special care should be taken to ensure above postulated conditions are strictly adhered to and such documentation should be kept on record for every previous year.**

****Cash includes other than account payee cheques/drafts (Fin. Act. 2021) & and non account payee cheque or DD while computing the limit of**

- **For A.Y 2020-21, such limit was Rs.5 Crores.**

*****LLP excluded**

1. **Milk Traders having Turnover of Rs.1.5 Crores – all in cash ? Can he opt for Section 44AD ? Can he file ITR 4 or ITR 3 only ? If opted for Section 44AD , whether disallowances u/s 40A(3) would trigger in the cases where payments exceeds Rs.10000/- in cash ?**

2. **Restaurant having a Turnover of Rs.5 Crores – 90% in cash ? Whether Tax Audit would be applicable ?**

3. **Builder receiving Rs.15 crores as advances towards under construction projects whether TAR is applicable or not ?**

DCIT vs Gopal Krishna Builders (2004), ITAT 92 TTJ Lucknow (Gross receipts.....)

Tax Audit Applicability

Revision in Tax Audit Limits ***

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 - All payments in cash during the previous year do not exceed 5% of such payments (viz. aggregate of all payments made) **
 - Special care should be taken to ensure above postulated conditions are strictly adhered to and such documentation should be kept on record for every previous year.
- **Cash includes other than account payee cheques/drafts (Fin. Act. 2021) & and non account payee cheque or DD while computing the limit of**
- For A.Y 2020-21, such limit was Rs.5 Crores.

***LLP excluded

4. Disallowances reported in TAR – not considered while filing ITR as well as for computation of Total Income u/s 28 ?

5. Registration details and non compliance reporting ???

5. Doctor carrying and profession and also selling medicines , can he opt for Section 44AD of the Income Tax Act 1961 ?

Tax Audit Applicability

Business – >1 Crore/ 10 Crore

Profession – > 50 Lakhs

Presumptive scheme –

44AD/44ADA/44AE specified percentages or limits

Exception: Less than Threshold Limits

7. Firm opting for Section 44AD/44ADA of the Income Tax Act 1961, can they claim separate deduction towards Remuneration & Interest to the Partners ?

8. Can Company opt for presumptive scheme option u/s 44AE of the Income Tax Act 1961 ?

(44AE any person)

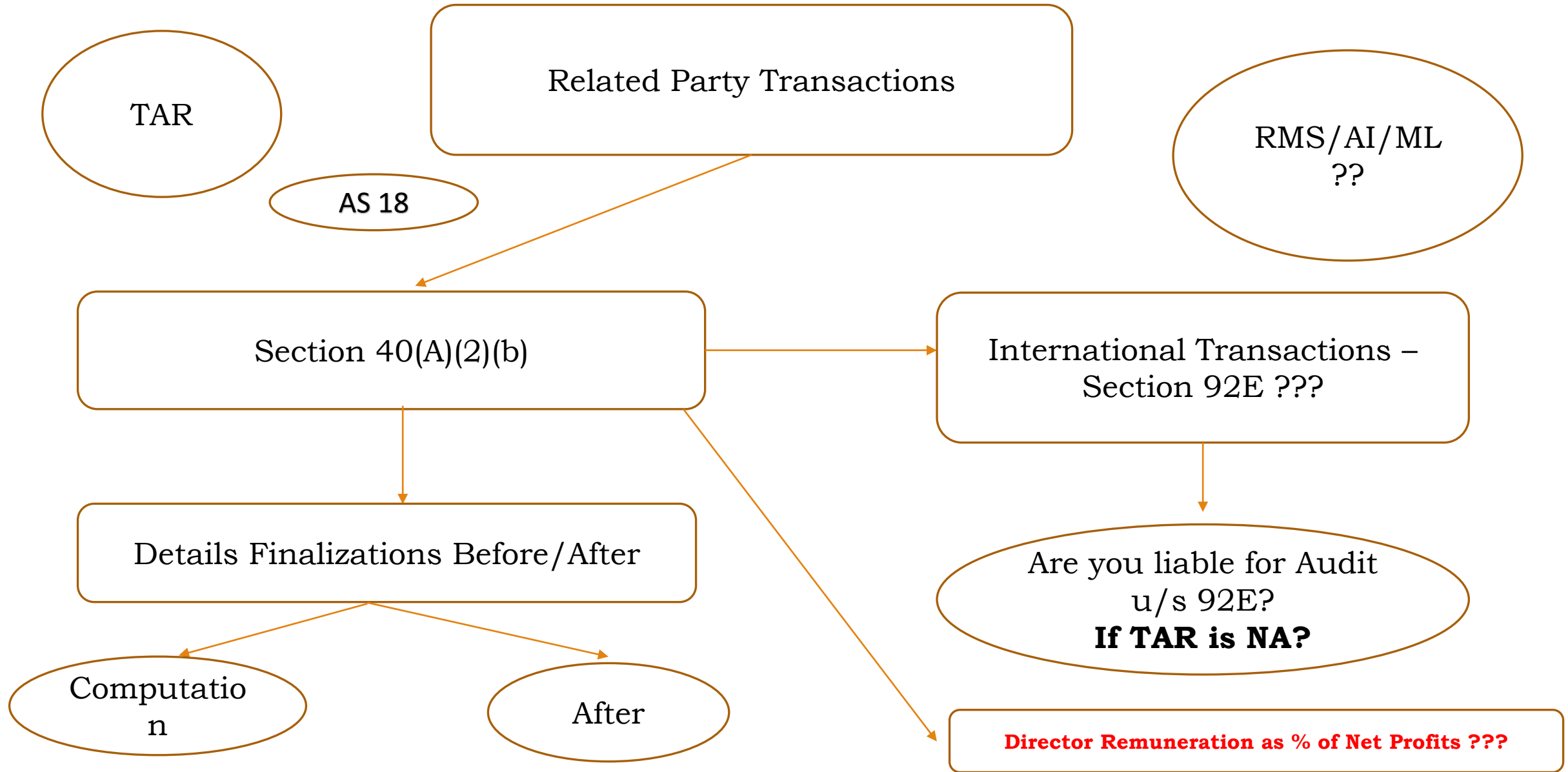
9. Can Non Resident assessee opt for presumptive scheme of Taxation u/s 44AE of the Income Tax Act 1961 ?

TAR Reporting Issues

- **Provision for Gratuity u/s 40(A) (7)... clause 21 (e) of Form 3CD**
- **Delay in depositing PF Contribution and ESIC contributions ...Clause 20(b) of Form 3CD.**
- **Interest paid to MSME Vendors ? – clause 22 of Form 3CB**
- **TDS Reporting if merger and acquisition is involved in previous year...Clause 34(a) of Form 3CD**
- **Contingent Liabilities Reporting... clause 21 (g) of Form 3CD**
- **Brought forward and Carry forward of losses if incorrectly processed u/s 143(1) – Clause 32.a of Form 3CD**

Section 44AD/44ADA

- Partner receiving remuneration and interest from Firm , can Partner claim the benefits of presumptive scheme of taxation u/s Section 44AD / Section 44ADA ?
- What can be claimed as deductible?



Form 26AS/AIS/TIS Reconciliations

Sr No	Information Category (1)	Income Head (2)	Section (3)	Processed value (4)	Derived Value (5)	As per Comp (6)	Difference (7)=(5)-(6)	As per Form 26AS (8)	Difference (9)=(8)-(7)
1	Salary	Salary	192				If positive then it is to be verified further		If positive then it is to be verified further
2	Dividend	Other Source	194						
3	Interest from Savings Bank	Other Source	194A						
4	Interest from Deposit	Other Source	194A						
5	Rent on P & M	HP/OS/PGBP							
6	Sale of Land & Building	CG							
7	Receipts from transfer of Immovable Property	CG							
8	Sale of Securities & MF	CG							
9	Purchase of Immovable Property	CG Exemptions /Investments							
10	Purchase of Securities & MF	CG/ Investments							

GST Reconciliations & Issues

- **Method of Accounting**
- **Reconciliations with ITR/TAR/FS/Form 26AS/TIS/AIS/ ROC Returns**
- **Reconciliations with Individual GSTIN Registrations – Branches /Divisions**
- **Unbilled Revenue reported in GST Returns**
- **Reconciliation of Input Tax Credits vis-à-vis Clause 27(a) of Tax Audit Reports in Form 3CD.**

GST Reconciliations & Issues

- **Reconciliations of GST Refunds vis-à-vis Books of accounts**
- **Fake Invoices or Bogus Invoices menace**
- **Bill of Entry Issues – Auction goods under Customs Laws**
- **Non-levy of GST on Tax Invoices**
- **Non-payment of RCM levies**
- **Incorrect payment of levies**
- **Assessee if not registered even though he is required to register?**

Capital Gains

- **Substitution of Fair Market Value as on April 1, 2001 – compulsory or optional???**
- **Cost to the previous owner?**
- **Incorrect deduction /Non-deduction of TDS u/s 194IA of the Income Tax Act 1961 ?**
- **Incorrect reporting of Listed Securities with/without STT?**
- **Taxation of Shares sold through IPOs/OFS. – Tax rate 10% or 20%???? Plus surcharge plus cess**
- **Incorrect reporting of ISIN Number**

Capital Gains

- **Jewellery sold through Barter/Exchange ????**
- **Non-reporting of Capital Gains on Switch Out from one Scheme to Another scheme?**
- **Non-reporting of Capital Gains accruing due to the Sale of Foreign Exchange Securities?**
- **Non-reporting of Sale of Unlisted company shares? (Information reported in ITR 6 by the company as well as ROC records – under-reporting of valuations ????)**

Capital Gains

Additional disclosures in AY 22/23 onwards

➤ **Disclosures of dates for sale as well as the cost of improvements besides the cost of acquisition and cost of indexations- capital gains exemptions**

➤ **Country and ZIP code if the property is located in a Foreign Country beside the address**

➤ **Section 50B read with new Rule 11UAE – Higher of the following :**

(a) Fair Market Value of the capital assets transferred by way of slump sale or

(b) Fair Market Value of the consideration received or accruing due to transfer by way of slump sale.

Income from Salaries – Reporting

- **Can income from Salary be reported in the case of multiple employers in single ITRs? Employment contract??**
- **Is it necessary to reconcile Income from Salaries with Form 16 and Form 12BA?**
- **Is it necessary to reconcile Income from Salaries with Form 26AS/AIS/TIS?**
- **Can the Assessee claim HRA exemption if the same is not considered in Form 16 by the Employer?**

Income from Salaries – Reporting

- **Perquisite values not considered by Employer: do the Assessee need to report such values in his computation as well as ITR?**
- **Can the Assessee claim an 80G exemption if the same is not considered in Form 16 by the Employer?**
- **Can the Assessee claim an 80EE deduction if the same is not considered in Form 16 by the Employer?**
- **Can Assessee Profession Tax deduction u/s 16(iii) if the same is not considered in Form 16 by the Employer?**

House Property – Reporting

- **Whether Income from Only One House Property to be reported ?**
- **Whether Income from All Properties to be reported? – Self Occupied/Let Out/Deemed Let Out – Residential/Commercial ?**
- **(2 Res + 1 Commercial???) Depreciation on Commercial property ???? (Ref Explanation 5 to Section 32(1)...For the removal of doubts, it is hereby declared that the provisions of this sub-section shall apply whether or not the assessee has claimed the deduction in respect of depreciation in computing his total income;**
- **How to report property owned jointly? (Percentage)**
- **Claim of Interest on Housing Loan from Financial Institutions – Provisional or Final Certificate ? What about Interest on Personal Loans ? Is it possible to claim interest paid on housing loan in respect of under construction property ?**
- **Can Assessee report income from Property which is not legally owned by him/her ?**
- **Reporting of House Property where clubbing provisions are applicable u/s 64? (property co-owned or not co-owned by the assessee)**

House Property – Reporting

- **Do I need to reconcile such income with information reflected in Form 26AS ?**
- **If Assessee has claimed HRA benefits by paying house rents to parents and such information is reflected in AIS, in such case, do parents need to file their Income Tax Returns showing such income and pay taxes as applicable?**
- **Is it necessary to reconcile with information reported in AIS/TIS/Form 26AS ?**
- **Is it necessary to report Overseas Property in case of Residents? Is it require to declare the income from such property in the Indian ITRs ?**
- **Is it necessary to report properties for which assessee is holding nominations? Or he is beneficiary as per the will ?**

House Property Plus TDS Reporting

- **Mr A has given the property on a 7-year-long Lease to HDFC Bank Ltd. For an upfront advance rent of Rs.84 Crores, viz. Rs.12 crores per annum during FY 2324 relevant to AY 24/25.**
- **HDFC Bank Ltd has deducted the TDS @ 10% u/s 194I of the Income Tax Act 1961?**
- **HDFC Bank Ltd have filed their TDS Returns accordingly under the provisions of the Income Tax Act 1961 by showing only one entry, which is appropriately reflected in Form 26AS/AIS/TIS of Mr. A in AY 24/25, i.e. 8.4 crores**
- **Can Mr A claim TDS of Rs.8.4 crores in AY 24/25 against yearly rent of Rs.12 crores? If yes, why, and if not, why?**
- **Is there any better option to report such transactions ? Section 199- Matching of Income vis-à-vis TDS??? – Carry forward of TDS???**

Profits and Gains of Business or Profession

Matching of Revenue with Costs

- Provisions for Expenses /Outstanding Expenses
- Prepaid Expenses
- Deferred Revenue Expenditure ????
- Income received in Advance – GST ??? Tax Invoice raised??? (next slide.....)

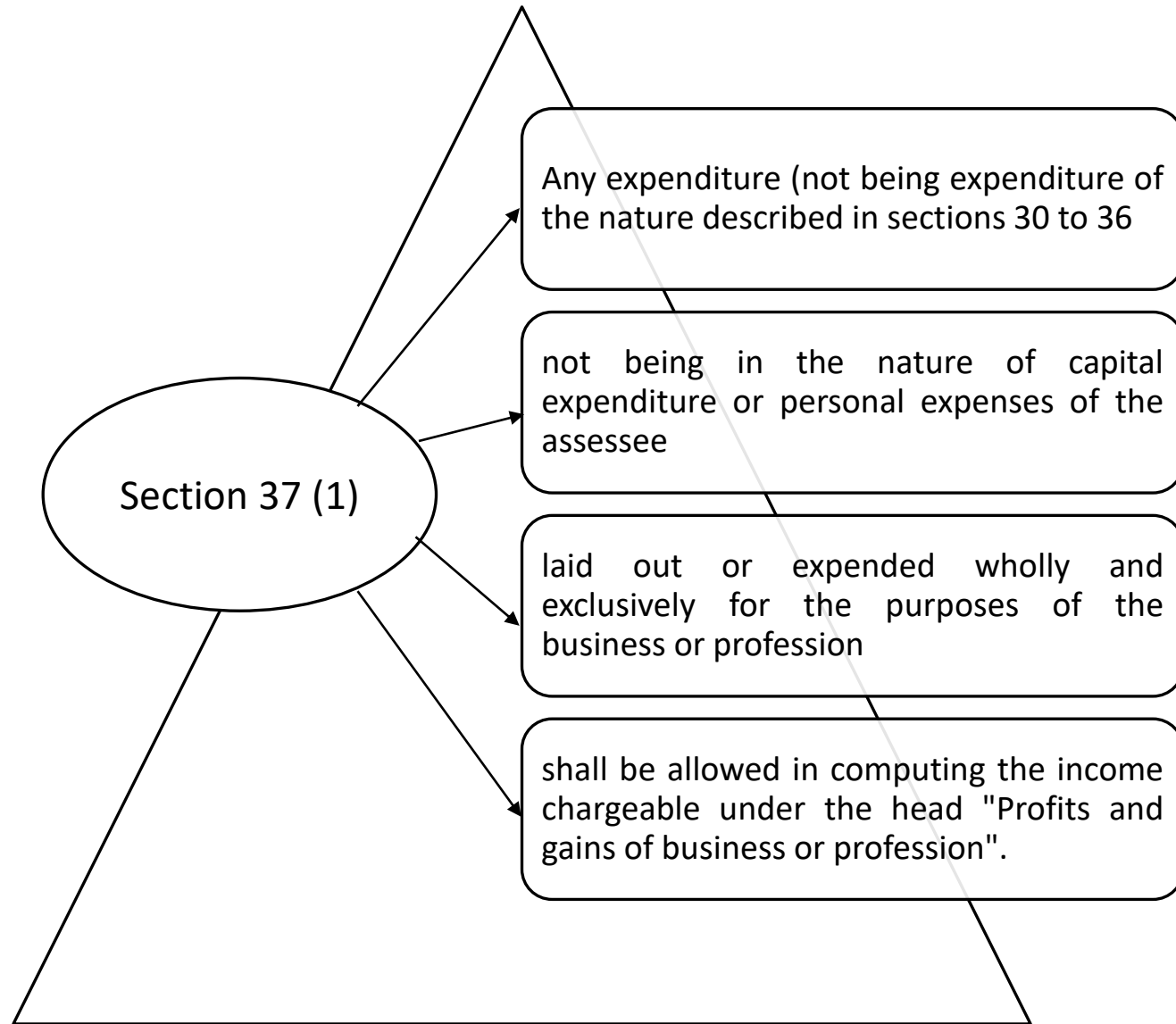
Other Issues

- Withholding Taxes Issues
- Depreciation on Assets not owned by the Assessee e.g. Motor Car in the name of Directors of the Company????
- Depreciation on Self Created Goodwill

Profits and Gains of Business or Profession

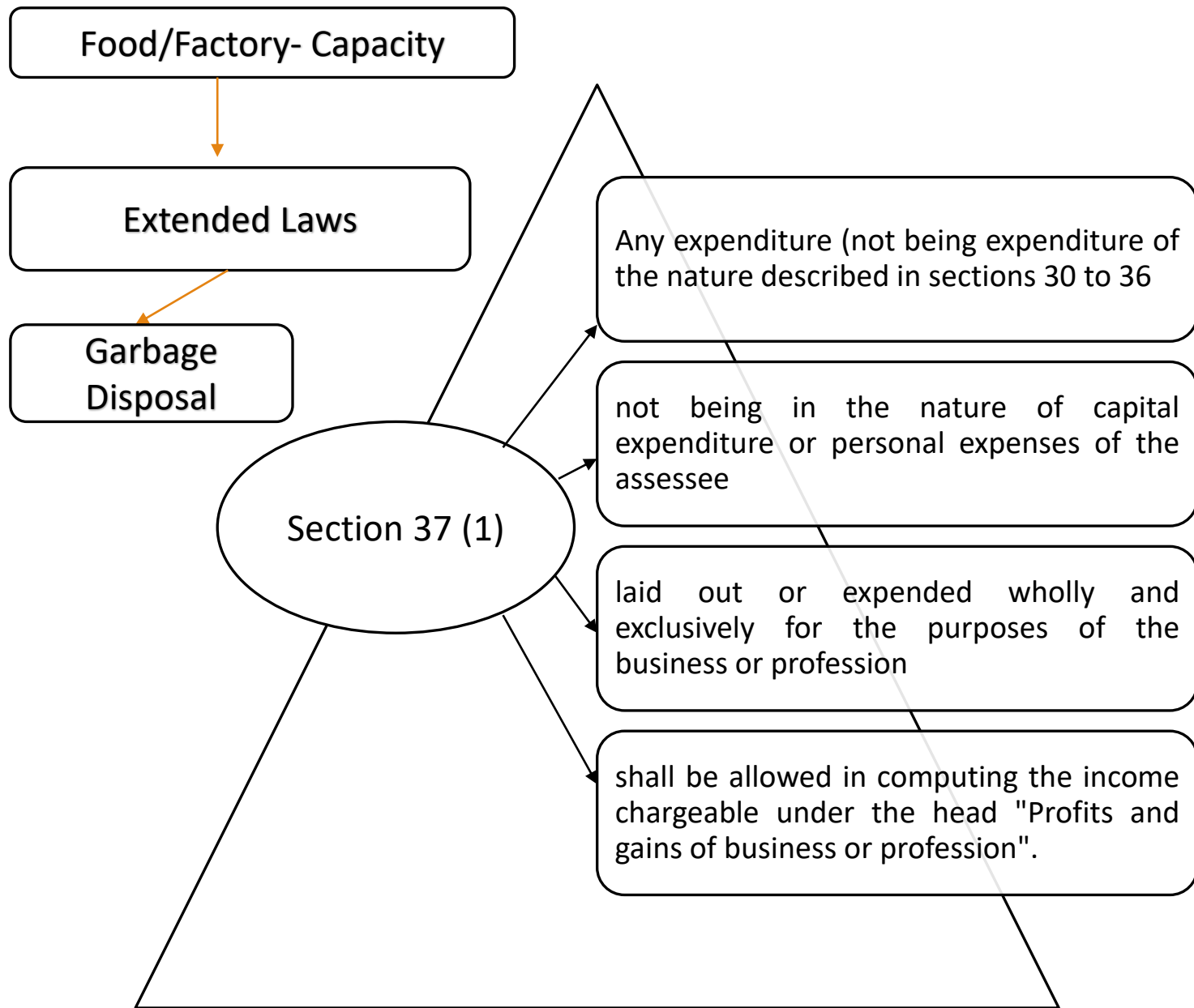
Matching of Revenue with Costs – Non-Corporate/Corporate Assessee

- **A tax invoice is raised in FY 2324 for the services provided, but actual services are provided and completed in FY 2425. Information correctly reported in GSTR 1 of FY 2324 as well as GSTR 3B. Please note that transactions is exactly the opposite of unbilled revenue booked in the books of accounts**
- **Question: 1. can such income be recognized in the audited financial statements of FY 2324 or FY 2425?**
- **2. If such income can't be recognized in FY 2324, how to disclose such transactions in the Financial statements of FY 2324?**
- **3. How to report such information in audited financial statements as per Income Tax/Companies Act?**
- **4. Are there any specific remarks in the auditor's report for FY 2324?**
- **5. If clients deduct TDS in FY 2324, can it be claimed in AY 2425 or AY 2526?**
- **6. TDS on expenses to be deducted in which FY 2324 or FY 2425?**



Explanation 1.—For the removal of doubts, it is hereby declared that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure.

Explanation 2.—For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.



AY 22/23 Explanation 3.—For the removal of doubts, it is hereby **clarified** that the expression **"expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law"** under Explanation 1, **shall include** and **shall be deemed to have always included** the expenditure incurred by an assessee,—

(i) for **any purpose** which is an offence under, or which is **prohibited by, any law** for the time being in force, **in India or outside India**; or

(ii) to provide **any benefit or perquisite**, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is **in violation of any law or rule or regulation or guideline**, as the case may be, for the time being in force, governing the conduct of such person; or

(iii) to **compound an offence** under **any law** for the time being in force, **in India or outside India**.

Form 3CD changes – Clause 21(a)

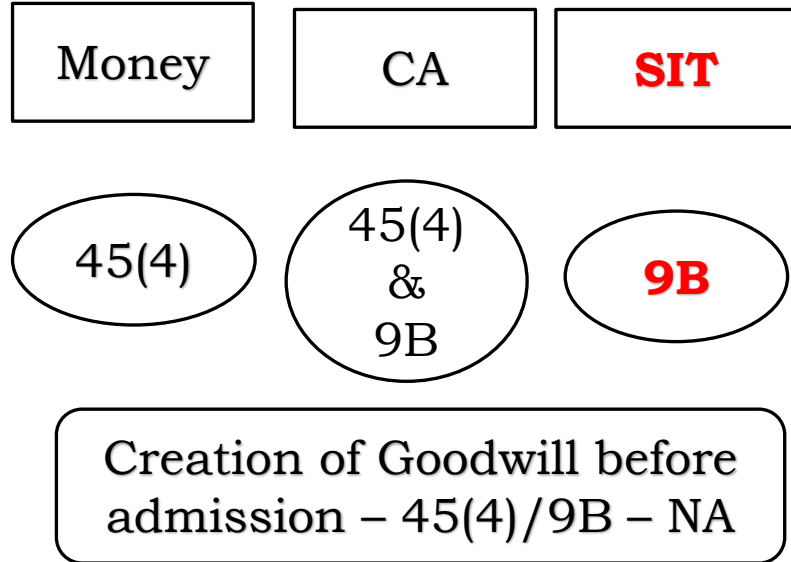
Form 3CD changes from AY 23/24	Form 3CD changes from AY 24/25
(vi) Expenditure by way of penalty or fine for violation of any law for the time being in force	<i>(vi) Expenditure for any purpose which is an offence or is prohibited by law or expenditure by way of penalty or fine for violation of any law (enacted in India or outside India).....(vi+vii of AY 2324)</i>
(vii) Expenditure by way of any other penalty or fine not covered above.	(vii) Expenditure by way of any other penalty or fine not covered above. <u>(no change)</u>
(viii) Expenditure incurred for any purpose, which is an offence or which is prohibited by law	<i><u>(viii) Expenditure incurred for any purpose which is an offence or which is prohibited by law</u></i> ,
	<i>(ix) “Expenditure incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person (new clause added – 194R)</i>

TDS Issues

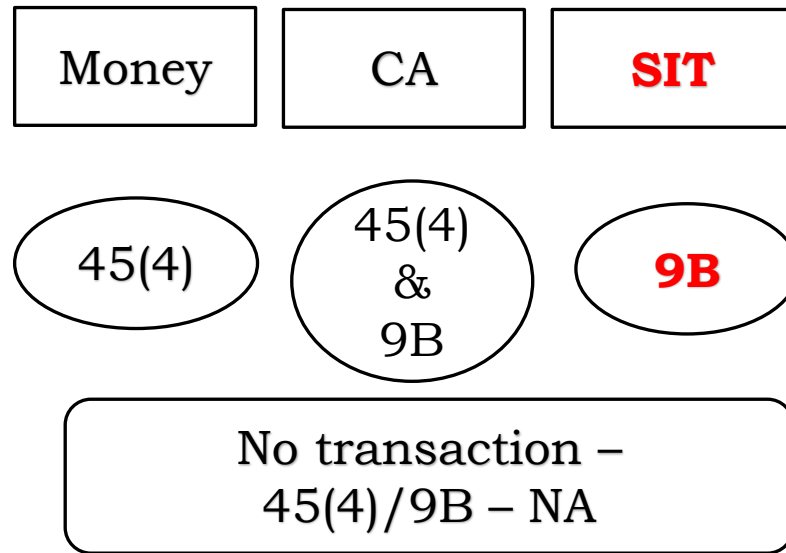
- If the Land and Building are transferred to Partners on reconstitution of the Firm in FY 2324, then
- Does such transfer attract the provision of Section 43CA and/or Section 50C of the Income Tax Act 1961?
- Whether such transfer attracts the provision of Section 194IA of the Income Tax Act 1961?
- Ref. Section 9B, Section 45(4), Section 48(iii) read with Rule 8AB.

Partnership - Constitution & Reconstitution Matrix

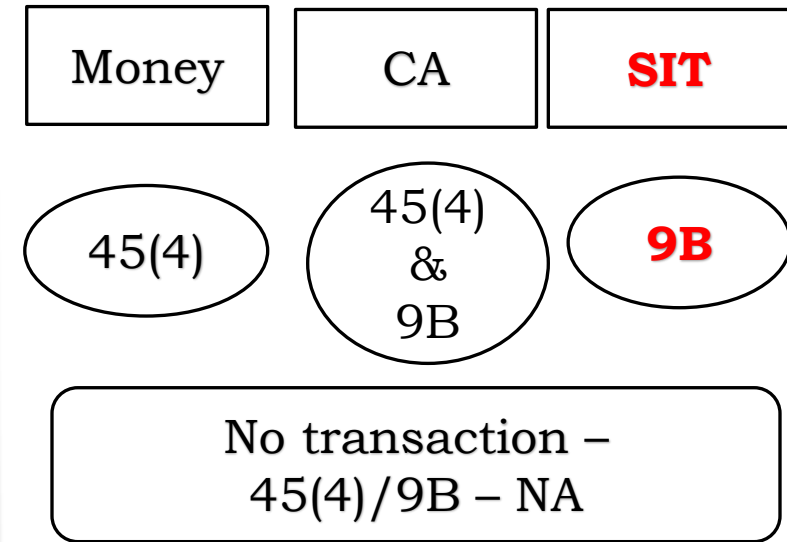
Admission



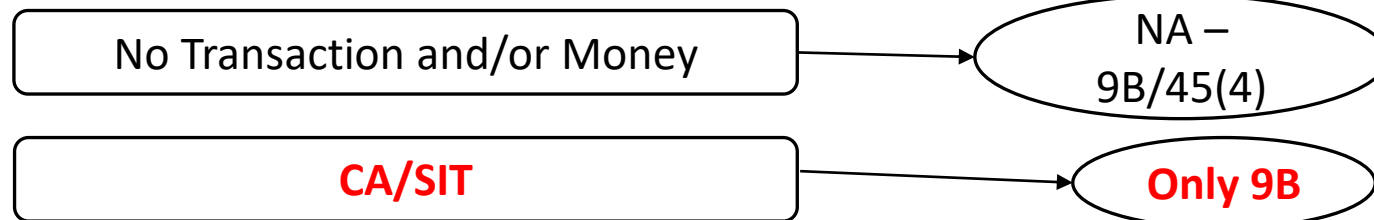
Retirement



PSR changes



Dissolution



Tax Deduction at Source

- **If TDS is deducted at source, but TDS Returns not filed as per the request from the recipient, will it trigger disallowance u/s 43B of the Income Tax Act 1961?**
- **If A, Non Resident is holding 100 shares of XYZ Limited for a consideration of Rs.1000/- to Mr.B, who is also non resident. Both A & B don't have PAN Numbers. In such situation whether TDS would trigger under the provisions of the Income Tax Act 1961 ?**
- **If TDS is applicable who will deduct the TDS? Company or Mr. B or Mr. A? Under which section such TDS would be deducted?**
- **If TDS is applicable whether quarterly filing of TDS returns apply as well as whether provisions of issuing TDS certificate would apply?**

Clubbing of Income

- **Non-reporting of clubbing income in respect of assets transferred to spouse? Documentation?**
- **Non-reporting of clubbing income-Minor?**
- **Income earned by Minor on his own account?**
- **Loss on account of clubbing provisions**

Other Incomes

- **Agricultural Income**
- **Acting**
- **Any other Income – TikTok / YouTube**
- **Beauty Parlour Receipts**
- **Singing Receipts**
- **Deductions against Income from Other sources**

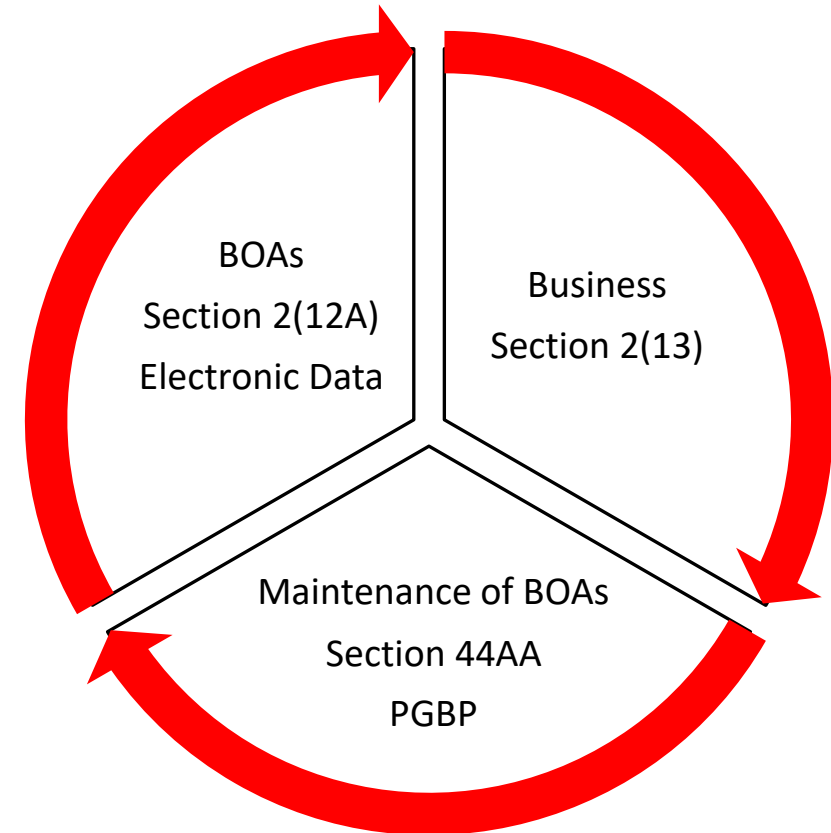
Ref:

Section 68- Unexplained Cash Credits

- Section 115BBE – Flat Tax Rate 60%+SC 25% + Cess 4% =83.25% plus Penalty @ 6% (is threshold exemption benefits available?)-isn't equal to 100%????

Unexplained Scenarios family

- **Section 68- Cash Credits**
- **Section 69- Investments –all SOI**
- **Section 69A – Unrecorded money, bullion & Jewellery etc. –all SOI**
- **Section 69B – Investments-all SOI**
- **Section 69C – Expenditure**
- **Section 69D – Hundi Loans & interest thereon obtained or repaid otherwise than through account payee cheques.**
- **Section 115BBE – Flat Tax Rate 60%+SC 25% + Cess 4% =83.25% plus Penalty @ 6% (is threshold exemption benefits available?)-isn't equal to 100%????**



Deemed Dividends – Section 2(22)(e)

Any payment by way of loan or advance, by a closely held company, to a shareholder who is the beneficial owner of 10% or more equity capital of the company, or to a concern in which the shareholder has a substantial interest is deemed to be a dividend to the extent it is covered by the accumulated profits, excluding capitalised profits.

Separate disclosure from AY 22/23 – mapped with TAR disclosure as well as ITR 6 reporting by the company.

Deductions under Chapter VI-A

- **Principal Repayments in respect of Housing Loan in respect of under construction property ?**
- **PPF Contribution by Father and Minor son ?**
- **Deduction in respect of Donations u/s 80G if it is not reflected in Form 26AS/AIS/TIS due to non filing of Form 10BD ?**
- **Deductions without making investments to reduce tax burden ?**
- **Interest earned on NRO Banking accounts?**

Declaration of Foreign Sources of Income

A resident law firm in India received fee from foreign client in convertible foreign exchange. No withholding tax was deducted by the payer. The resident law firm included the same in its professional income. However, on filling the tax return form, such receipt was not disclosed in Schedule FSI of the form.

Query: since no withholding tax was deducted by foreign payer, should it still have been disclosed in Schedule FSI?

Schedule FSI -Details of Income from outside India and tax relief (available only in case of resident)

Schedule TR-Summary of tax relief claimed for taxes paid outside India (available only in case of resident)

Filing of Form 67 ?

When it should be filed? (before the due date as specified u/s 139(1) of the Income Tax Act 1961 or any date before the completion of the assessment ?

Exception is Updated Returns scheme u/s 139(8A) of the Income Tax Act 1961.

Declaration of Foreign Assets in ITR

AY 24/25

Accounting Period means only Calendar year ending as on 31st December 2023. (Circular No 21/2019 dated 27.08.2019)

Questions:

Whether Assets acquired in the last quarter of FY 23/24 to be reported or not? **Can we anticipate the Calendar Year for ITR reporting in future?**

If assets were declared in FY 22/23, i.e. up to 31.03.23 in AY 23/24, how can such details be reported in Schedule FA?

What about the income offered in FY 23/24 AY 24/25 pertaining to the quarter ending 31 March 24? Is such income to be reported again?

Declaration of Foreign Assets in ITR

Reassessment Proceedings

- Ashish Agarwal Judgement July 4,2022

Black Money Act (July 1,2015 – Foreign Assets & Foreign Income)

- Rate of tax is 30%- surcharge and cess not applicable
- Penalty – 3 times of tax i.e. 90%
- Lump sum penalty of Rs.10 Lakhs

PMLA

- Schedule I, II & III.

GST

Any Other Laws

Common Mistakes – Reporting in ITR

- **Impact of ICDS adjustments in ITR**
- **Non-reporting of impact due to non compliance of Section 145A of the Income Tax Act 1961 - Inventory**
- **Non-matching of Revenue vis-à-vis TDS claimed in the ITR.**
- **Section 206AB defaults not considered at the time of filing of ITRs.**
- **Method of Accounting**
- **Bad Debts - Reporting of PAN Number in ITR**
 - **Where write off exceeds Rs.1 Lakhs**
 - **Where write off is less than Rs.1 Lakhs**
 - **Others**

Common Mistakes – Reporting in ITR

- **Non-reporting of Directorship in the Company**
- **Non-reporting of Shareholding in Unlisted Companies**
- **Non-reporting of Sale of Unlisted Companies Shares in ITR**
- **Incorrect brought forward of Business Losses and Unabsorbed Depreciation from previous years**
- **Set off of Short Term Capital Gains against Long Term Capital Loss**

New Tax Rate Slabs

➤ **Filing of Form 10IEA**

- **New Tax Rate slabs claimed after filing after the due date**
- **New Tax Rate slabs claimed without filing before the due date in Original Returns**
- **New Tax Rate slabs claimed by filing before the due date in Revised Returns? Is it permissible?**

Bank Accounts – Reporting

- **Whether Only Single Bank account to be reported ?**
- **Whether Only Two or Three Bank accounts to be reported ?**
- **Whether All Bank accounts to be reported ?
What about inoperative bank accounts???**
- **What care should be taken for reporting of IFSC Code?**
- **IT Refunds to be claimed in which bank account ? (can IT Refund be claimed in Co-operative Bank ???)**
- **Whether such account is required to be validated on the ITD Portal by mapping with E-mail id and Mobile Number ?**

Bank Accounts – Reporting

- **How Joint Banking accounts to be reported in the ITRs ? (Primary/Secondary)**
- **Is it possible to claim Refunds in the Deceased Persons Banking accounts ?**
- **Is it necessary to reconcile Bank Interest details with information reported in AIS/TIS ?**
- **Is it necessary to report Overseas banking accounts in case of Residents ITRs?**
- **Is it necessary to report Overseas banking accounts in case of Residents where he holds authority to sign the cheques on behalf of other assessee ?**
- **Is it necessary to report Overseas banking accounts in case of non- Residents ITRs?**

Income Tax Returns - Verifications

- **Is it necessary to verify the Income Tax Returns filed ?**
- **Can ITR be validated through Aadhaar OTP when it is not linked with PAN Number ?**
- **Can ITR be verified by DSC where such DSC is expired ?**
- **Is it possible to register multiple DSCs ?**
- **Is it possible to validate ITRs within 120 days ? Or after 120 days ?**
- **Is it possible to verify corporate ITRs without DSC ?**
- **Is it possible to verify ITRs through ATMs ?**
- **Is it possible to send ITR physically for all the assessee ?**

Income Tax Returns Peculiar Issues

Income Tax Returns -Peculiar Issues

Income Tax Returns –

Income Tax Returns – Balance Sheet and Profit and Loss Reporting

1. Purchases & Inventory reporting – complex business structures
2. Business Codes correlation reporting-monitoring and correlations
3. Section 43B Reporting – unreported to save taxes
4. Tax Audit Disallowances - unreported to save taxes
5. Other Expenses reporting
6. Report Structuring – Assets and Liabilities – Personal /Business
7. Clubbing of Income Reporting
8. Exemption/deductions claims and TDS Reporting vis-à-vis Rule 37BA
9. ICDS Compliance Reporting For E.g. Inventory valuations – applicable only for computations and no impact in BOAs.
10. Claim of TDS pertaining to multiple-year income, claim and/or carry-forward issues
11. Bad Debts vis-à-vis Method of accounting
12. Rent or Rent plus Maintenance plus electricityTDS u/s 194I ?
13. How do I file ITR pursuant to reassessment notices received by Deceased Persons?

WFH
Digital Trails
Online
Residence issues

Income Tax Returns – AY 24/25

ITR 2 & 3 ?

ITR 1 & 4 ?

Verification in any ITR forms

I....., son/ daughter of, **solemnly declare** that to the *best of my knowledge and belief*, the **information given** in the return and the schedules thereto is *correct and complete* is in **accordance** with the *provisions of the Income-tax Act, 1961*.

I further declare that I am making this return in my capacity as _____ (*drop down to be provided*) and I am also **competent** to make this return and **verify it**. I am holding permanent account number..... (if allotted) (*Please see instruction*).

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)

Income Tax Returns - **Conclusions**

- **ITR – Income (Information) Tax (Trail) Returns (Review)**
- **AIR – Annual (Accurate) Information(Intel) Reports(Resources)**
- **SFT – Specified (Systems) Financial (Factual) Transactions(Timeless - Transparency)**
- **Quicker Processing – 63 days to 1 Day - Reality or Dream or Fantasy ?????**
- **New ITD Portal Challenges and Deadlines**
- **Law Changes – Minimum Wages Act- more than 3K Salary has to be paid through bank transfer only????**
- **100% knowledge about the facts of clients due to digital synchronization (KYC).**
- **Self Validation of Related Party Transactions, deductions and exemptions.**
- **Substance over Form/ Consistency, Disclosure and Claim Strategies**
- **100% knowledge about facts of ROI filed**
- **100% knowledge of tech requirements**
- **Group Returns filing – can it be anticipated as a possibility in the future ????**
- **Why is the scope of disclosure expanding every now and then ?????**

Back To School

(journey of exploration.....Ocean)

SURROUND YOURSELF WITH PEOPLE WHO TALK ABOUT VISION AND IDEAS NOT PEOPLE

Appreciated all of You.



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