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**New Income Tax Return Forms notified with additional disclosures**  
**Tax audit reports electronic filing made mandatory****Executive Summary**

This alert summarizes the recent notifications issued by CBDT prescribing the income tax return forms. The salient features of some of the important changes introduced are

- ❖ Individuals/HUFs must disclose personal assets and liabilities, if taxable income exceeds INR 25 lakhs
- ❖ Selection of Return Form governed by existence of special conditions
  - DTAA benefits claimed
  - Foreign assets held
  - Exempt income exceed INR 5000
- ❖ Electronic filing of returns mandatory for individuals/ HUFs whose taxable income exceed INR 5 Lakhs, and for all cases of taxpayers if DTAA benefit is claimed or holds foreign assets
- ❖ Mandatory electronic filing of audit report u/s 44AB, 92E, 115JB, etc. By chartered accountants
- ❖ Compulsory payment of Self assessment tax
- ❖ Return of Income in the case of partnership firms / LLPs etc. to disclose
  - Unsecured loan & advances from related parties
  - Investment breakup into properties and securities
  - Commission, royalty, professional fees/ consultancy fees/ fees for technical services, compensation and interest paid to non-resident
- ❖ Companies return disclosures aligned with Revised Schedule VI of the Companies Act

**Our comments**

The new disclosure requirements introduced in the Income Tax Return Forms are intended to seek penetrating financial information of the taxpayer which will help the tax department to generate meaningful specific information that can be used for varied purposes, including the selection of cases for scrutiny assessment. The compliance with disclosure of personal assets and liabilities in the Return of Income raises many practical issues

It would be advisable for taxpayers to diligently disclose the prescribed information, which may help defend concealment of income penalty proceedings.

## Income Tax Return (ITR) forms prescribed for Assessment Year 2013-14<sup>1</sup>

In respect of each assessment year, Central Board of Direct Taxes (CBDT) prescribes format of ITRs applicable to taxpayers corresponding to the status under which they are assessed to tax. The ITRs prescribed for assessment year 2013-14 reflect some additional features and conditions for selection of ITR for different class of taxpayers. This write up provides information and guidance on amendments applicable for filing the Tax Returns for the said assessment year.

Contents	
<ul style="list-style-type: none"> <li>❖ New disclosure requirements in ITRs</li> <li>❖ Parameters for selection of ITR</li> <li>❖ Mandatory payment of Self assessment tax</li> </ul>	<ul style="list-style-type: none"> <li>❖ Mode of furnishing the returns</li> <li>❖ Mandatory E-filing of audit reports</li> <li>❖ E-filing with digital signature</li> </ul>

### Individuals/ HUFs to disclose personal assets and liabilities

A Taxpayers being individual/ HUF whose

- total income exceeds 25 lakhs; and
- has business income, whether as a sole proprietor or as a partner of a firm

shall include details of his personal assets and liabilities, over and above the assets and liabilities of the business, in a separate schedule incorporated in the ITR 3 and 4, as per the format below

	Particulars of Asset	Amount (cost)
1	Immovable Asset	
	• Land	
	• Building	
2	Movable Asset	
	• Financial Asset	
	➤ Deposits in bank (including balance in any account)	
	➤ Shares and securities	
	➤ Insurance policies	
	➤ Loans and Advances given	
	➤ Cash in hand	
	• Jewellery, bullion, etc.	
	• Archaeological collections, drawings, painting, sculpture or any work of art	
	• Vehicles, yachts, boats and aircrafts	
3	<b>TOTAL</b>	
	Liability in relation to Assets	

#### Salient features and issues relating to disclosures of personal assets and liabilities in the case of Individuals / HUFs whose taxable income exceed 25 Lakhs

- The information is to be given "at cost" basis
- Information about only the specified assets and related liabilities to be furnished. As such a comprehensive personal balance sheet is not envisaged. However, where feasible, it would be advisable to maintain the same to prove acquisition and movement of the assets and liabilities.
- Only cost is to be disclosed, description or quantity is not required
- There is no clarity as to how the assets acquired under partition, gift, Will etc., be presented, since there is apparently no cost incurred. Jewellery received on marriage or other occasions, may not have cost. Should assessee disclose only those items where he has actually incurred cost?
- How insurance policy cost is to be ascertained? Is it aggregate premium paid as on the reporting date?

<sup>1</sup> Corresponding Financial Year 1/04/2012 to 31/03/2013

### Disclosure changes in ITR 5 and ITR 6 applicable to Firms, LLPs, AOPs and Companies

<ul style="list-style-type: none"> <li>• Basic Information to also include country as information</li> <li>• Taxpayer can provide two e-mail addresses</li> <li>• Separate mention of Return filed in case of Advance Pricing Agreement u/s. 92CD</li> <li>• Date of furnishing of other audit reports viz. Form 3CEB and 29B, etc</li> <li>• "Credit Balance of Profit &amp; Loss A/c" to be stated separately under Reserves &amp; Surplus</li> <li>• Specific disclosure of long term &amp; short term Investments:             <ul style="list-style-type: none"> <li>▪ Investment in property</li> <li>▪ Investment in equity</li> <li>▪ Investment in Preference Shares</li> <li>▪ Government Securities</li> <li>▪ Debentures, bonds</li> <li>▪ Mutual Funds</li> <li>▪ Others</li> </ul> </li> <li>• Separate disclosure of following items in Revenue from Operation:             <ul style="list-style-type: none"> <li>▪ Sale of Goods</li> <li>▪ Sale of Services, and</li> <li>▪ Other operating revenues</li> <li>▪ Finished Goods</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Separate disclosure of closing stock &amp; opening stock:             <ul style="list-style-type: none"> <li>▪ Raw Material</li> <li>▪ WIP</li> </ul> </li> <li>• Commission, royalty, professional fees/consultancy fees/fees for technical services, compensation and interest paid to non-residents to be disclosed separately</li> <li>• PAN (if available) of concerned debtor required to be given, along with the exact amount of bad debt if exceeding Rs. 1 Lakh</li> <li>• Details of total number of employees ( in case the taxpayer has recognised provident fund) along with bifurcation of employees deployed in India and outside India to be given</li> <li>• Mention of bank's IFSC code instead of MICR</li> <li>• Deduction u/s 10B &amp; 10BA available to 100% EOU and exporters not to be shown separately under "Business Income"</li> <li>• STT payment/non - payment in the case of non-residents, under computation of Short Term Capital Gains</li> </ul>
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### Disclosure changes in ITR 5 for Partnership firms, LLPs, AOPs

<ul style="list-style-type: none"> <li>• Unsecured loan &amp; advances from persons specified in sections 40A(2)(b) of the I.T. Act (related parties) to be disclosed separately</li> <li>• Inventories details categorise into: stock in trade, goods acquired for trading, packing materials, stores and loose tools</li> </ul>	<ul style="list-style-type: none"> <li>• Separate disclosure of Sundry Debtors outstanding for more than 1 year</li> <li>• Loans and advances for the purpose of business and for other purposes to be disclosed separately</li> </ul>
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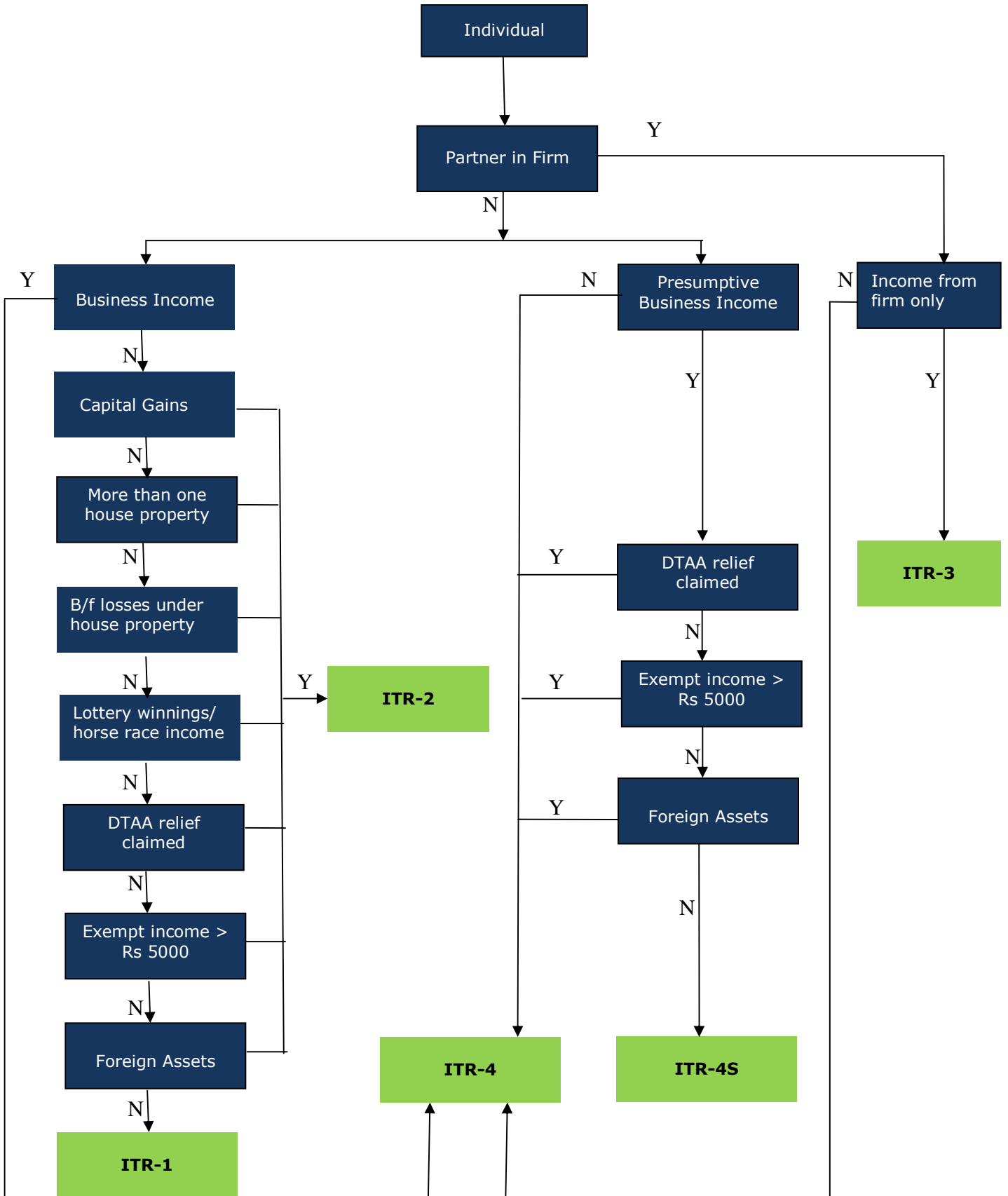
### Disclosure changes in ITR 6 applicable to companies

<ul style="list-style-type: none"> <li>• Separate disclosure of money received against share warrants as well as share application money pending allotment for more that 1 year</li> <li>• Disclosure of various items of "Long Term Borrowings" as well as for "Short Term Borrowings", such as deposits or loans &amp; advances from related parties, etc</li> <li>• Other disclosures aligned with Revised Schedule VI of the Companies Act</li> </ul>	<ul style="list-style-type: none"> <li>• Separate disclosure required for short term and long term capital gains</li> <li>• Bifurcation required for income chargeable to tax at special rates, and at normal rates</li> <li>• Exempt Income, income from firm/AOP to be shown with Firms/AOPs</li> </ul>
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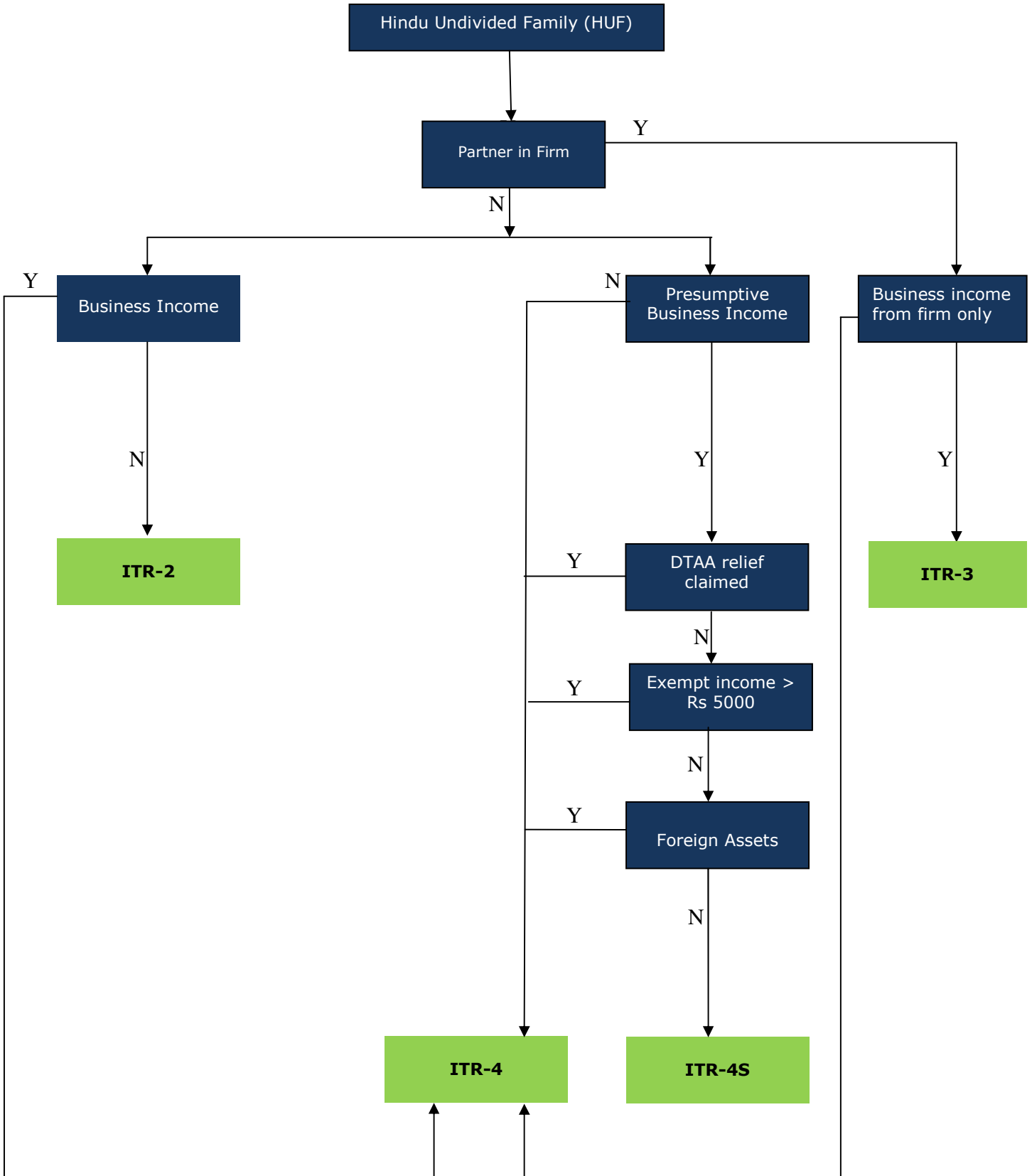
### ITR selection parameters

Taxpayer	Parameters	Forms
Individual	<ul style="list-style-type: none"> <li>Not a partner in a firm</li> <li>No business income</li> <li>No capital gains</li> <li>Not more than one house property</li> <li>No brought forward losses under house property</li> <li>No winnings from lottery &amp; income from horse races</li> <li>No DTAA relief claimed</li> <li>No exempt income exceeding Rs 5000</li> <li>No foreign assets</li> </ul>	ITR-1
HUF	<ul style="list-style-type: none"> <li>Not a partner in a firm</li> <li>No business income</li> </ul>	ITR-2
Individual/HUF	<ul style="list-style-type: none"> <li>Partner in a firm</li> <li>Business income only from firm</li> </ul>	ITR-3
Individual/HUF	<ul style="list-style-type: none"> <li>Not a partner in a firm</li> <li>Has presumptive business income</li> <li>No DTAA relief claimed</li> <li>No exempt income exceeding Rs 5000</li> <li>No assets from outside india</li> </ul>	ITR-4S
Individual/HUF	<ul style="list-style-type: none"> <li>Has business income</li> <li>ITR 1,2,3,4S is not applicable</li> </ul>	ITR-4
Firm/AOP/BOI	No specific conditions prescribed	ITR-5
Companies	<ul style="list-style-type: none"> <li>All companies whether private or public, listed or unlisted- except charitable companies claiming exemption under section 11</li> </ul>	ITR-6
Any Person	<ul style="list-style-type: none"> <li>Trustee of a trust or representative assessee [Sec 139(4A)]</li> <li>Political party [Sec 139(4B)]</li> <li>Specified associations, institutions, board, universities, college or other institutions [Sec 139 (4C) / (4D)]</li> </ul>	ITR-7

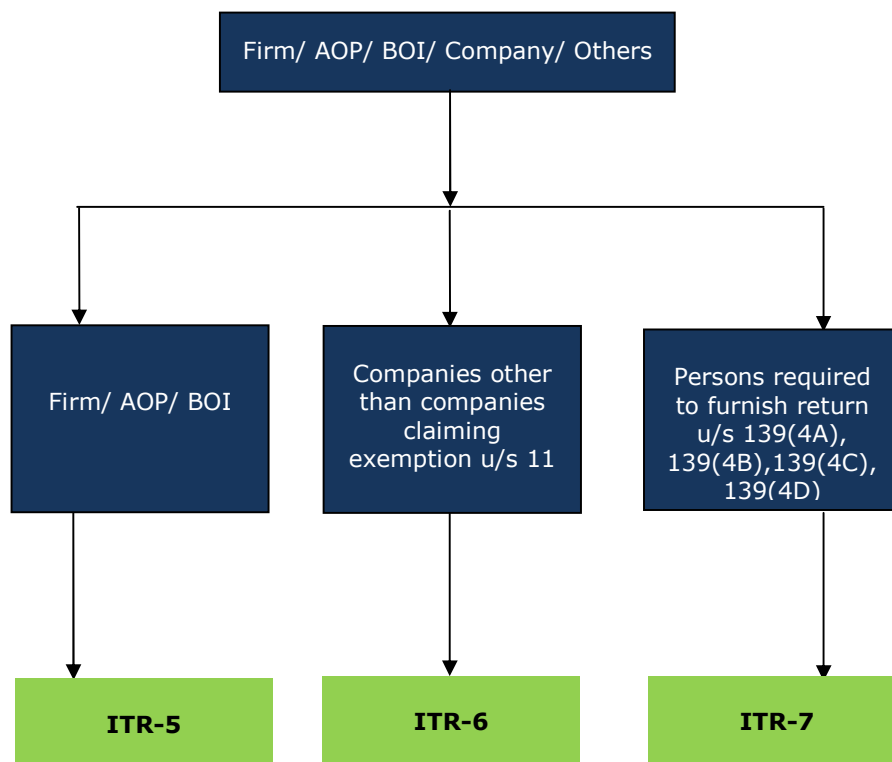
### Schematic presentation for selection of ITR for Individual



### Schematic presentation for selection of ITR for HUF



## Schematic presentation for selection of ITR for Firm/ AOP/ BOI/ Company/ Others



### Mandatory payment of Self assessment tax

W.e.f. 1 June 2013 compulsory payment of self assessment tax is to be made else the return would be treated as defective.

### Mode of furnishing the returns

#### E-filing of return is mandatory if

- Total income of person (*not being a company or person filing return in ITR 7*) exceeds INR 5 Lakhs
- Taxpayer claims double tax avoidance relief
- Resident individual or a HUF having foreign assets
- Taxpayers covered under tax audit provisions
- A firm required to furnish the return in Form ITR-5 or an individual or HUF required to furnish the return in Form ITR-4 and to whom provisions of section 44AB are applicable
- A company required to furnish the return in Form ITR-6

However, the charitable trusts and educational institutions etc. who are required to file their Income-tax Return in Form No 7 will not be compulsorily required to file the Return electronically irrespective of their income

#### Taxpayers not covered by above can file return in any of the following mode

- Paper form;
- Bar-coded return in a paper form;
- Electronically under digital signature;
- Electronically without digital signature and submit the verification of the return in Form ITR-V by ordinary post to Central Processing Unit, Bangalore.

## Mandatory electronic filing of audit reports

Section	Particulars	Forms	Due Dates
44AB	<ul style="list-style-type: none"> <li>Business turnover exceeds Rs. 1 Crore</li> <li>Gross receipts from profession exceeds Rs. 25 Lakhs</li> </ul>	Form 3CA or 3CB along with Annexure in Form 3CD	30.09.2013 or 30.11.2013 if 92E applies
92E	Person who has entered into an international transaction or specified domestic transactions	Form 3CEB	30.11.2013
115JB	Companies required to pay Book Profit Tax	Form 29B	30.09.2013 or 30.11.2013 if 92E applies

Note: CBDT has further prescribed mandatory filing of audit reports under various other provisions of the Act. For details, please connect to our tax update team.

## E-filing with digital signature

Class of Taxpayers	Mandatory of e-filing	Mandatory digital signature
Individual/HUF/AOP whose income > INR 5 Lakhs	Yes	No
Partnership firm/LLP	Yes	Yes
DTAA relief claimed	Yes	No
Individuals/HUF holding foreign assets	Yes	No
Individual/HUF/Firms/AOP required to get their books audited u/s 44AB	Yes	Yes
Company required to file in form ITR - 6	Yes	Yes

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