

E-filing of Tax Return (Different type of ITR Forms and its applicability)

Teacher: Amit Mitra

Sem : VSub: Computerised Accounting and E-Filing of Tax Return

1. What is ITR?

Income Tax Return (ITR) is a form in which the taxpayers file information about his income earned and tax applicable to the income tax department. The department has notified 7 various forms i.e. ITR 1, ITR 2, ITR 3, ITR 4, ITR 5, ITR 6 & ITR 7 till date. Every taxpayer should file his ITR on or before the [specified due date](#). The applicability of ITR forms varies depending on the sources of income of the taxpayer, the amount of the income earned and the category the taxpayer belongs to like individuals, HUF, company, etc.

2. Why you should file ITR?

It is mandatory to file income tax returns (ITR) in India if any of the conditions mentioned below are applicable to you:

1. If your gross annual income is more than-

Particulars	Amount
For individuals below 60 years	Rs 2.5 Lakh
For individuals above 60 years but below 80 years	Rs 3.0 Lakh
For individuals above 80 years	Rs 5.0 Lakh

2. If you have more than one source of income like house property, capital gains etc.

3. If you want to claim an income tax refund from the department.

4. If you have earned from or have invested in foreign assets during the FY.

5. If you wish to apply for visa or a loan

6. If the taxpayer is a company or a firm, irrespective of profit or loss.

3. Which ITR to file?

The following info will help you find out which type of income tax return is applicable to you for FY 2018-19.

ITR-1 OR SAHAJ

This Return Form is for a resident individual whose total income for the assessment year 2018-19 includes:

- Income from Salary/ Pension or
- Income from One House Property (excluding cases where loss is brought forward from previous years); or
- Income from Other Sources (excluding Winning from Lottery and Income from Race Horses)
- Agricultural income up to Rs.5000.

Who cannot use ITR 1 Form?

- Total income exceeding Rs 50 lakh
- Agricultural income exceeding Rs 5000
- If you have taxable capital gains
- If you have income from business or profession
- Having income from more than one house property
- If you are a Director in a company
- If you have had investments in unlisted equity shares at any time during the financial year
- Owning assets (including financial interest in any entity) outside India) if you are a resident, including signing authority in any account located outside India
- If you are a resident not ordinarily resident (RNOR) and non-resident
- Having foreign assets or foreign income
- If you are assessable in respect of income of another person in respect of which tax is deducted in the hands of the other person.

ITR-2

ITR 2 is for the use of an individual or a Hindu Undivided Family (HUF) whose total income for the AY 2018-19 includes:

- Income from Salary/Pension; or
- Income from House Property; or
- Income from Other Sources (including Winnings from Lottery and Income from Race Horses).

(Total income from the above should be more than Rs 50 Lakhs)

- If you are an Individual Director in a company

- If you have had investments in unlisted equity shares at any time during the financial year
- Being a resident not ordinarily resident (RNOR) and non-resident
- Income from Capital Gains; or
- Foreign Assets/Foreign income
- Agricultural income more than Rs 5,000

Further, in a case where the income of another person like one's spouse, child etc. is to be clubbed with the income of the assessee, this Return Form can be used where such income falls in any of the above categories.

Who cannot use this Return Form

This Return Form should not be used by an individual whose total income for the AY 2018-19 includes Income from Business or Profession.

For declaring these types of income, you may have to use ITR-3 or ITR-4 .

ITR-3

The Current ITR3 Form is to be used by an individual or a Hindu Undivided Family who have income from proprietary business or are carrying on profession. The persons having income from following sources are eligible to file ITR 3 :

- Carrying on a business or profession
- If you are an Individual Director in a company
- If you have had investments in unlisted equity shares at any time during the financial year
- Return may include income from House property, Salary/Pension and Income from other sources
- Income of a person as a partner in the firm

ITR-4 or Sugam

The current ITR 4 is applicable to individuals and HUFs, Partnership firms (other than LLPs) which are residents having income from a business or profession. It also includes those who have opted for the presumptive income scheme as per Section 44AD, Section 44ADA and Section 44AE of the Income Tax Act. However, if the turnover of the business exceeds Rs 2 crore, the taxpayer will have to file ITR-3.

Who cannot use ITR 4 Form?

- If your total income exceeds Rs 50 lakh
- Having income from more than one house property
- If you have any brought forward loss or loss to be carried forward under any head of income
- Owning any foreign asset
- If you have signing authority in any account located outside India
- Having income from any source outside India

- If you are a Director in a company
- If you have had investments in unlisted equity shares at any time during the financial year
- Being a resident not ordinarily resident (RNOR) and non-resident
- Having foreign assets or foreign income
- If you are assessable in respect of income of another person in respect of which tax is deducted in the hands of the other person.

ITR-5

ITR 5 is for firms, LLPs (Limited Liability Partnership), AOPs (Association of Persons), BOIs (Body of Individuals), Artificial Juridical Person (AJP), Estate of deceased, Estate of insolvent, Business trust and investment fund.

ITR-6

For Companies other than companies claiming exemption under section 11 (Income from property held for charitable or religious purposes), this return has to be filed electronically only.

ITR-7

For persons including companies required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) or section 139(4E) or section 139(4F).

- Return under section 139(4A) is required to be filed by every person in receipt of income derived from property held under trust or other legal obligation wholly for charitable or religious purposes or in part only for such purposes.
- Return under section 139(4B) is required to be filed by a political party if the total income without giving effect to the provisions of section 139A exceeds the maximum amount, not chargeable to income-tax.
- Return under section 139(4C) is required to be filed by every –
 - Scientific research association;
 - News agency ;
 - Association or institution referred to in section 10(23A);
 - Institution referred to in section 10(23B);
 - Fund or institution or university or other educational institution or any hospital or other medical institution.
- Return under section 139(4D) is required to be filed by every university, college or other institution, which is not required to furnish return of income or loss under any other provision of this section.
- Return under section 139(4E) must be filed by every business trust which is not required to furnish return of income or loss under any other provisions of this section.

