



VISHNU DAYA & CO LLP
CHARTERED ACCOUNTANTS

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BRIEF NOTE ON CHANGES IN NEW ITR FORMS FOR AY 2021-22

The Central Board of Direct Taxes (CBDT) has notified Income Tax Return (ITR) Forms for the Assessment Year 2021-22 vide Notification No. 21/2021, dated 31-03-2021. The Ministry of Finance in its press release dated 1st April 2021 has stated that “Keeping in view the ongoing crisis due to COVID pandemic and to facilitate the taxpayers, no significant change have been made to the ITR Forms in comparison to the last year’s ITR Forms. Only the bare minimum changes (mainly on account of amendments made by the Finance Act, 2020 to the Income-tax Act), necessitated due to amendments in the Income-tax Act, 1961 have been made.”

A. Summary of key changes in newly notified ITR forms for AY 2021-22

1. ITRs 1 and 4

Schedule	Changes made in ITR for AY 2021-22
Applicability	Apart from an individual who either is director of a company or has invested in unlisted equity shares, ITR-1 is not applicable in cases where TDS has been deducted u/s 194N or if income-tax is deferred on ESOP.
Part A - General Information	New field requiring taxpayer to intimate if new tax regime u/s 115BAC has been opted for by the taxpayer is inserted.
Schedule OS	In case of dividend income assessee is required to mention quarterly breakup for allowing applicable relief from section 234C
Schedule DI	Schedule DI requiring details of investment / deposit / payments for claiming deduction under Part B of Chapter VI-A has been deleted in ITR-1, 2, 3 and 4 Schedule DI required the following information: A) Eligible amount of deduction during FY 2019-20 B) Deduction attributable to investment/expenditure made between 01.04.2020 to 30.06.2020 [out of earlier A amount]

2. ITR -2 - [For Individuals and HUFs not having Income from Profits and Gains of Business or Profession

Schedule	Changes made in ITR for AY 2021-22
Part A – General - Option of new tax regime u/s 115BAC	Assessees opting for Sec. 115BAC need to specify so.
Schedule CG – Capital Gains - Disclosure of full value of consideration adopted u/s 50C	Variation of 1.05 times increased to 1.10 times
Schedule OS – Income from Other Sources	<ul style="list-style-type: none"> Gross Dividend Disclosure: All dividend to be disclosed since the exemption u/s 10(34)/(35) has been withdrawn w.e.f. April 1, 2020. Further deduction u/s 57(1) for interest incurred in respect such dividend is separately to be disclosed.

	<ul style="list-style-type: none"> • Disclosure for dividend taxable u/s 115BBDA is omitted. • Disclosure for interest income chargeable u/s 115A(1)(a)(iiaa) @ 4% is added. • Disclosure for Distributed income being dividend referred to in section 194LBA - chargeable u/s 115A(1)(a)(iiac) is inserted.
Schedule SI - Sec. 15BBDA	Omitted
Schedule PTI - Dividend (referred to in section 115-O)	Substituted by 'Dividend'. Reference to Sec.115-O removed.
Part B- TTI - Computation of tax liability on total income	<ul style="list-style-type: none"> • Tax on income to be bifurcated as: <ul style="list-style-type: none"> – Tax on ESOP (perquisite u/s 17(2)(vi)) received from eligible start up, which is deferred – Tax on income apart from the aforesaid perquisite – Bifurcation of surcharge before and after marginal relief is to be disclosed
Schedule TDS	With respect to TDS credit claimed during the year note is inserted stating – “only if corresponding income is being offered for tax this year, not applicable if TDS is deducted u/s 194N”. TDS u/s 194N is not eligible for carry forward.

3. ITR 3 - [For Individuals and HUFs having income from profits and gains of business or profession]

Schedule	Changes made in ITR for AY 2021-22
Part-A General Filing Status	New field requiring taxpayer to intimate if new tax regime u/s 115BAC has been opted for by the taxpayer is inserted. If yes date of filing of form 10-IE and acknowledgment number thereof is to be furnished.
Part A – Audit Information	<ul style="list-style-type: none"> • Where the taxpayer is liable to audit u/s 92E, the form requires reporting whether the accounts have been audited u/s 92E. • Threshold limit of sales/turnover/gross receipts increased from Rs. 5 Cr to Rs.10 Cr
Schedule DPM	For opening WDV, following details to be furnished: (a) WDV as on the first day of previous year (b) Amount as adjusted on account of opting for taxation under section 115BAC (c) Adjusted Written down value on the first day of previous year (a) + (b) above
Schedule CG - Disclosure of full value of consideration adopted u/s 50C	Safe harbor limit u/s 50C increased from 5% to 10% as amended by Finance Act, 2020
Schedule – 112A and Schedule 115AD(1)(b)(iii) proviso	Disclosure as to whether share/ unit are acquired to be specified.
Schedule OS	<ul style="list-style-type: none"> • Gross Dividend Disclosure: All dividend to be disclosed since the exemption u/s 10(34)/(35) has been withdrawn w.e.f. April 1, 2020.

	<p>Further deduction u/s 57(1) for interest incurred in respect such dividend is separately to be disclosed.</p> <ul style="list-style-type: none"> • Dividend taxable u/s 115BBDA is omitted • Disclosure for interest income chargeable u/s 115A(1)(a)(iiaa) @ 4% is added. • Disclosure for Distributed income being Dividend referred to in section 194LBA - chargeable u/s 115A(1)(a)(iiac) is inserted.
Schedule – CFL - Carry forward of loss	<ul style="list-style-type: none"> • Bifurcation of normal & PTI loss for House property, STCG and LTCG is omitted. • Loss from business other than from speculative or specified business is bifurcated into: (a) Brought forward loss and (b) Amount as adjusted on account of opting for taxation section 115BAA
Schedule UD – Unabsorbed Depreciation	New column for disclosure of Amount as adjusted on account of opting for taxation section 115BAA inserted.
Schedule – 80-IB	Deduction u/s 80-IB(4) and 80-IB(5) (in respect of industrial undertaking located in industrially backward states) is deleted.
Schedule EI – Exempt Income	Excludes dividend income
Schedule PTI	Substituted by 'Dividend'. Reference to Sec.115-O removed.
Schedule 5A- Information regarding apportionment of income between spouses governed by Portuguese Civil Code	<p>Following additional information to be provided:</p> <ul style="list-style-type: none"> • Whether books of accounts of spouse are audited u/s 44AB? Or whether your spouse is a partner of a firm whose accounts are required to be audited u/s 44AB under this Act? • Whether books of accounts of spouse are audited u/s 92E or whether your spouse is a partner of a firm whose accounts are required to be audited u/s 92E under this Act?
Part B- TTI - Computation of tax liability on total income	<ul style="list-style-type: none"> • Tax on income to be bifurcated as: <ul style="list-style-type: none"> ▪ Tax on ESOP (perquisite u/s 17(2)(vi)) received from eligible start up, which is deferred ▪ Tax on income apart from the aforesaid perquisite • Bifurcation of surcharge before and after marginal relief is to be disclosed
Schedule TDS	With respect to TDS credit claimed during the year note is inserted stating – <i>“only if corresponding income is being offered for tax this year, not applicable if TDS is deducted u/s 194N”</i> . TDS u/s 194N is not eligible for carry forward.

4. ITR-5 - [For persons other than, - (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7]

Schedule	Changes made in ITR for AY 2021-22
Part-A General Filing Status	New field requiring taxpayer to intimate if new tax regime u/s 115BAC has been opted for by the taxpayer is inserted. If yes date of filing of form 10-IF and acknowledgment number thereof is to be furnished.
Part A – Audit Information: Audit u/s 92E	Where the taxpayer is liable to audit u/s 92E, the form requires reporting whether the accounts have been audited u/s 92E
Schedule BP – Information related to life insurance	Computation of income from life insurance business as referred to in Sec.115B (introduced for AY 2020-21) has been deleted.

business u/s 115B	
Schedule – DPM Depreciation of plant and machinery	For opening WDV, following details to be furnished: (a) WDV as on the first day of previous year (b) Amount as adjusted on account of opting for taxation under section 115BAD (c) Adjusted Written down value on the first day of previous year (a) + (b) above
Schedule CG - Disclosure of full value of consideration adopted u/s 50C	Safe harbor limit u/s 50C increased from 5% to 10% as amended by Finance Act, 2020
Schedule – CG (LTCG)	Deductions claimed u/s 54EC from amount invested in specified/notified bonds shall not exceed Fifty Lakh Rupees
Schedule – 112A	Disclosure as to whether share/ unit are acquired to be specified. Further, specifies that deduction u/s 54EC shall not exceed Rs. 50 lakh
Proviso -115AD(1)(b)(iii) For Non-Residents	Disclosure as to whether share/ unit are acquired to be specified.
Schedule – OS - Other Sources	<ul style="list-style-type: none"> • Gross Dividend Disclosure: All dividend to be disclosed since the exemption u/s 10(34)/(35) has been withdrawn w.e.f. April 1, 2020. Further deduction u/s 57(1) for interest incurred in respect such dividend is separately to be disclosed. • Dividend taxable u/s 115BBDA is omitted • Disclosure for interest income chargeable u/s 115A(1)(a)(iiaa) @ 4% is added. • Disclosure for Distributed income being Dividend referred to in section 194LBA - chargeable u/s 115A(1)(a)(iiac) is inserted.
Schedule – CFL - Carry forward of loss	<ul style="list-style-type: none"> • Bifurcation of normal & PTI loss for House property, STCG and LTCG is omitted. • Loss from business other than from speculative or specified business is bifurcated into: (a) Brought forward loss and (b) Amount as adjusted on account of opting for taxation section 115BAA.
Schedule UD – Unabsorbed Depreciation	New column for disclosure of Amount as adjusted on account of opting for taxation section 115BAA inserted.
Schedule – 80-IB	Deduction u/s 80-IB(4) and 80-IB(5) (in respect of industrial undertaking located in industrially backward states) is deleted.
Schedule 80P	For claiming deduction u/s 80P, nature of business code is to be mentioned.
Schedule SI - Income chargeable to tax at special rates	Dividend taxable u/s 115BBDA omitted.
Schedule EI – Exempt Income	Excludes dividend income
Part B- TTI - Computation of tax liability on total income	Bifurcation of surcharge before and after marginal relief is to be disclosed
Schedule TDS	With respect to TDS credit claimed during the year note is inserted stating – “only if corresponding income is being offered for tax this year, not applicable if TDS is deducted u/s 194N”. TDS u/s 194N is not eligible for carry forward.

5. ITR 6- For Companies

Schedule	Changes made in ITR for AY 2021-22
Part A – Audit Information	Threshold limit of sales/turnover/gross receipts increased from Rs. 5 Cr to Rs.10 Cr
Part A – Audit Information: Audit u/s 92E	Where the taxpayer is liable to audit u/s 92E, the form requires reporting whether the accounts have been audited u/s 92E
Part A – P&L Ind AS	In the schedule seeking details of bad debts exceeding Rs. 1 lakh, new table for providing complete address is added.
Schedule BP – Information related to life insurance business u/s 115B	Computation of income from life insurance business as referred to in Sec.115B (introduced for AY 2020-21) has been deleted.
Schedule CG - Disclosure of full value of consideration adopted u/s 50C	Safe harbor limit u/s 50C increased from 5% to 10% as amended by Finance Act, 2020
Schedule – 112A and Schedule 115AD(1)(b)(iii) proviso	Disclosure as to whether share/ unit are acquired to be specified.
Schedule CFL	<ul style="list-style-type: none"> Bifurcation of normal & PTI loss for House property, STCG and LTCG is omitted. Loss from business other than from speculative or specified business is bifurcated into: (a) Brought forward loss and (b) Amount as adjusted on account of opting for taxation section 115BAA.
Schedule UD – Unabsorbed Depreciation	New column for disclosure of amount as adjusted on account of opting for taxation section 115BAA inserted.
Schedule 80-IB	Deduction u/s 80-IB(4), 80-IB(5) (in respect of industrial undertaking located in industrially backward states) and u/s 80-IB(11) (cold chain facility) is deleted.
Schedule VI-A	Claim for deduction u/s 80M to be made separately.
Schedule SI – Income chargeable to tax at special rates	Dividend taxable u/s 115BBDA omitted.
Schedule EI – Exempt Income	Excludes dividend income.
Schedule DDT – Dividend Distribution Tax	Schedule disclosing details of dividend distributed and tax paid thereon is omitted pursuant to amendment made by Finance Act 2020 abolishing DDT.
Schedule TDS	With respect to TDS credit claimed during the year note is inserted stating – “only if corresponding income is being offered for tax this year, not applicable if TDS is deducted u/s 194N”. TDS u/s 194N is not eligible for carry forward.

6. ITR 7- For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) only

Schedule	Changes made in ITR for AY 2021-22
Schedule – OS	<ul style="list-style-type: none"> • Disclosure for interest referred to in Proviso to section 194LC(1) - chargeable u/s 115A(1)(a)(iiaa) @ 4 % is newly inserted. • Disclosure for Distributed income being Dividend referred to in section 194LBA - chargeable u/s 115A(1)(a)(iiac) is newly inserted. • Income by way of dividend received by specified assessee, being resident, from domestic company exceeding rupees ten lakh chargeable u/s 115BBDA is omitted. • In information about accrual/receipt of income from Other Sources - 'Dividend Income' inserted in the place of Dividend Income u/s 115BBDA.
Schedule PTI - Other Sources	'Dividend' inserted in the place of Dividend u/s 115-O.
Schedule SI - Income chargeable at special rates	Sec. 115BBDA omitted.
Schedule TDS	With respect to TDS credit claimed during the year note is inserted stating – <i>“only if corresponding income is being offered for tax this year, not applicable if TDS is deducted u/s 194N”</i> . TDS u/s 194N is not eligible for carry forward.

B. Major changes in new ITR Forms for AY 2021-22

The major changes made in ITR Forms are mentioned in subsequent paragraphs

1. ITR – 1 and ITR – 4 cannot be filed in case of deferment of tax on ESOPs

The Finance Act, 2020, has allowed to defer the payment or deduction of tax on ESOPs allotted by an eligible start-up referred under Section 80-IAC. The tax is required to be paid or deducted in respect of such ESOPs within 14 days from the earliest of the following period:

- After expiry of 48 months from the end of Assessment year relevant to the financial year in which ESOPs are allotted;
- From the date the assessee ceases to be an employee of the organization; or
- From the date of sale of shares allotted under ESOP.

Consequently, Rule 12 has been amended to provide that an assessee in whose case payment or deduction of tax in respect of such ESOPs has been deferred shall not be eligible to furnish his return of income in ITR-1 and ITR-4. Corresponding changes have been made to ITR-1 and ITR-4.

2. Reporting of amount deferred in respect of ESOPs [ITR 2 & 3]

If an employee has received ESOPs from an eligible start-up referred to in Section 80-IAC in respect of which the tax has been deferred, the Part B of Schedule TTI (Computation of tax liability on total income) seeks the disclosure of the tax amount which has been deferred in this respect.

The tax to be deferred can be computed in accordance with the guidance give below.

2.1. Applicable rate of tax

As the perquisite arising from ESOPs shall be taxable in the year in which shares are allotted or transferred by the employer to employees, the tax shall be calculated on the basis of rates applicable in the year in which shares are allotted or transferred.

Example, X Pvt. Ltd launched an Employee Stock Option Scheme for its employee in year 00 under which shares of the company would be allotted to employees at free of cost. Mr. A, one of the employees of X Pvt. Ltd., exercises his option to apply for the shares of the company in year 01. At the time of exercising of option, the fair market value of shares was Rs. 100. However, the company allots shares to Mr. A in Year 02. What shall be the amount of perquisite and in which year it shall be chargeable to tax in hands of Mr. A and at what rate?

In the above example, the amount of perquisite chargeable to tax in the hands of Mr. A shall be the fair market value of shares on the date of exercising of option, i.e., Rs. 100 and it shall be chargeable to tax in the year in which shares are allotted by the company, i.e., Year 02. Thus, tax on perquisite shall be calculated at the rate as applicable in Year 02.

2.2. How to calculate the amount of tax to be deferred?

An employee is required to disclose the value of perquisite from ESOPs in his return of income (Schedule TTI) of the year in which shares are allotted. However, due to the deferment of payment of tax, the employee shall not be required to pay tax on perquisite arising from ESOPs in such year. The tax to be payable on the salary income, excluding the perquisite value of ESOPs, should be computed as per following formula.

$$\text{Tax payable on salary income excluding ESOPs perquisite} = \text{Tax on total income including ESOPs perquisites} \times \frac{\text{Total income excluding ESOPs perquisites}}{\text{Total income including ESOPs perquisites}}$$

Example, Mr. A, working in a start-up company, has been allotted 100,000 shares at the rate of Rs. 10 per share under ESOP scheme in the Financial Year 2020-21. The fair market value of shares at the time of exercising of option by Mr. A is Rs. 100. The perquisite value of ESOPs taxable in the hands of Mr. A shall be Rs. 90 Lakhs [100,000 shares* (Rs. 100 – Rs. 10)]. The annual salary of Mr. A (excluding perquisite value of ESOPs) in that year is Rs. 40 Lakhs. He continues with the company even after expiry of 48 months from the end of the assessment year in which shares are allotted and he does not sell the shares even after expiry of said period. What shall be the mechanism for deferment of TDS and tax on perquisite value of ESOPs in such a case?

(a) Assessment Year 2021-22

Mr. A would be required to disclose the perquisite value of ESOPs, i.e., Rs. 90 lakh in his return of income

but he shall not be liable to pay any tax thereon in the year of allotment of shares. The tax to be payable on the salary income, excluding the perquisite value of ESOPs, shall be computed in the following manner:

Particulars	Amount (in Rs.)
Total Income before including perquisite value of ESOPs (A)	40,00,000
Add: Perquisite Value of ESOPs (B)	90,00,000
Total Income after including perquisite value of ESOPs (C)	1,30,00,000
Tax on Rs. 1.30 crores as per slab rates applicable for Assessment Year 2021-22 as per old taxation regime (D)	37,12,500
Add: Surcharge [E = D * 15%]	5,56,875
Add: Education Cess [F = (D + E) * 4%]	1,70,775
Total tax liability for Assessment Year 2021-22 after considering perquisite value of ESOPs [G = D + E + F]	44,40,150
Tax liability attributable to salary income (excluding the perquisite of ESOPs) [G * A / C]	13,66,200

(b) Assessment Year 2026-27

As Mr. A continues with the company after expiry of 48 months from the end of the Assessment Year in which shares are allotted and he does not sell the shares even after expiry of said period, the liability to deduct tax or make payment of tax on perquisite value of ESOP will arise in the Assessment Year 2026-27, i.e., after expiry of 48 months from the end of the Assessment year (2021-22) in which shares are allotted. The TDS shall be deducted within 14 days from the end of the assessment year 2025-26. The tax liability for the Assessment Year 2026-27 shall be computed as under:

Particulars	Amount (in Rs.)
Total tax liability for Assessment Year 2021-22 after considering perquisite value of ESOPs	44,40,150
Less: Tax already paid at the time of filing of return for the Assessment Year 2021-22	13,66,200
Differential amount to be deducted or paid by the employer or employee in the Assessment Year 2026-27	30,73,950

3. ITR – 1 cannot be filed in case tax has been deducted under Section 194N

Section 194N provides that every banking company (including any bank or banking institution), co-operative bank or a post-office, which is responsible for payment of cash to a person, from one or more accounts maintained by him, shall be required to deduct tax under this provision. Tax under this provision is required to be deducted if the amount of cash withdrawn during the year exceeds Rs. 20 lakhs in case of certain non-filers of return and Rs. 1 crore in other cases.

Rule 12 of the Income-tax Rules has been amended to restrict an assessee, in whose case tax has been

deducted under this provision, from furnishing return of income in ITR-1. Consequential changes have been made to ITR-1.

4. No option to carry forward TDS deducted under Section 194N

Section 199 read with Rule 37BA provides that credit for tax deducted at source shall be given in the assessment year in which such income is assessable. However, where such income is assessable over a number of years, credit for tax deducted at source shall be allowed across those years in the same proportion in which the income is assessable to tax.

As TDS under section 194N is deducted on cash withdrawal and it can't be directly linked to relevant income of the assessee. Thus, in case of tax deducted under Section 194N, credit for tax deducted shall be allowed in the assessment year relevant to the previous year in which such tax has been deducted and, accordingly, if any excess TDS is deducted during the year under such section, then it shall be claimed as refund in the same year only. In other words, the TDS deducted under Section 194N shall not be allowed to be carried forward to subsequent years. Corresponding amendment has been made in ITR-2 to ITR-7 to restrict carry forward of TDS deducted under Section 194N.

5. Consequential changes due to change in taxability of dividend Income

The Finance Act, 2020 reverts to taxation of dividends in the hands of the recipient shareholders instead of payment of dividend distribution tax (DDT) on declaration, distribution or payment of dividend by the domestic company. Thus, no DDT shall be payable by the company or mutual fund on any dividend distributed on or after 01-04-2020 and the recipient shall be liable to pay tax on such dividend income.

Sections 10(34), 10(35), 115-O, 115-R, 115BBDA, etc. have been amended to bring the suitable changes in the Act. The new ITR forms notified for the Assessment Year 2021-22 have been amended to incorporate these changes.

5.1 Schedule OS (other sources)

The information of the residuary income is disclosed in 'Schedule OS' of ITR forms. Dividend income earned by a person is taxable as 'income from other sources' under section 56(2)(i). Up to the Assessment Year 2020-21, Schedule OS required disclosure of that dividend income only which is not exempt in hands of taxpayer. In the new ITR forms, Schedule OS has been amended to include disclosure of all dividend income earned by the taxpayers.

- a) Deduction of expenses from dividend income - Section 57 allows a taxpayer to claim deduction of interest expenses subject to a threshold limit incurred in relation to dividend income in certain cases. A new row has been inserted in Schedule OS to allow deduction of interest expenses. However, the deduction is available only if the dividend income is offered to tax in Schedule OS.
- b) Dividend income chargeable to tax at special rate - Prior to Assessment Year 2021-22, companies were liable to pay Dividend Distribution Tax (DDT) and Shareholders were liable to pay tax on

dividend under Section 115BBDA only when the amount of dividend exceeds Rs. 10 lakhs during the year. The Finance Act, 2020, has abolished the DDT. Consequently, provisions of section 115BBDA are not applicable on dividends distributed, declared or paid by companies on or after 01-04-2020. Thus, reference of section 115BBDA has been removed from Schedule OS in the new ITR forms.

- c) Dividend Income of non-resident unit holders - When a SPV distributes dividend to Business Trust, same is exempt in the hands of Business trust under Section 10(23FC). When such dividend is further distributed by Business Trust to its unitholders same shall be exempt from tax in the hands of unitholder if the SPV distributing the dividend has not exercised the option to pay tax at concessional rate as prescribed under Section 115BAA. Whereas, if such SPV has exercised the option to pay tax at concessional rate as prescribed under Section 115BAA, dividend income shall be taxable in the hands of the unitholders.

Thus, a new row has been inserted under the column 'any other income chargeable at special rate' of Schedule OS to seek details of such dividend income taxable in the hands of the unitholders of the Business trust.

5.2 Schedule SI (Special Income)

Schedule SI contains list of incomes which are chargeable to tax at special rate (long-term capital gains, winning from lotteries, games etc.). Since Section 115BBDA has become redundant, corresponding changes have been made to Schedule SI.

5.3 Schedule EI (Exempt Income)

'Schedule EI' of the ITR forms provides for disclosure of incomes which are exempt from tax. As dividend income (not exceeding Rs. 10 lakhs) was previously exempt from tax under Section 10(34), the taxpayer had to report such income in Schedule EI.

Now the entire dividend income is taxable in the hands of the shareholders, hence the reference of 'Dividend income from domestic company (amount not exceeding Rs. 10 lakh)' has been removed from Schedule EI.

5.4 Schedule PTI (Pass through Income)

Pass through status is a business structure through which tax is eliminated at the pool level and tax is levied at the investor level. In other words, income earned by an entity is exempt from tax in its hands and same is taxable in the hands of its investor or unitholders in the same manner and to the same extent as if the investment in underlying assets been made directly by him. 'Schedule PTI' seeks details of Pass-through Income from business trust or investment fund as per Section 115UA and Section 115UB.

Section 115UA/115UB deals with taxation of income of business trust/investment funds and their unitholders. It allows pass-through of the income of certain nature from business trust/investment funds

to its unitholders. Certain incomes, inter-alia, interest, rental income is taxable in the hands of unit holders and not trust. Some of incomes which are required to be reported in the Schedule are mentioned below:

- House property income
- Capital gains
- Dividend (referred to in section 115-O)
- Other exempt income

DDT has been abolished on or after 01-04-2020 and hence all the dividend income is taxable in the hands of the unitholders in every case. So, the reference of section 115-O has been removed from the dividend income which is being passed to the unitholders of the trust/ fund.

5.5 Quarterly breakup of dividend income under ITR-1

All ITR forms (except ITR-1) sought quarter-wise breakup of dividend income earned by the taxpayer during the previous year. This break-up helps in computing interest leviable under section 234C for default in payment of advance tax liability. To provide similar relief to the taxpayer filing return in ITR-1, this form has been amended to allow taxpayers to provide quarterly break up of dividend income earned during the year.

5.6 Schedule DDT removed from ITR-6

Schedule DDT seeks details of distributed profits of domestic companies and payment of DDT. Since the payment of DDT has been abolished on any distributed profit on or after April 1, 2020, Schedule DDT has been removed from the new ITR-6 Form.

6. Effect of marginal relief to be highlighted in the ITR - [ITR 2, 3, 5]

Marginal relief is allowed when taxable income is beyond the threshold limit after which surcharge is payable, but the net income in excess of threshold limit is less than the amount of surcharge.

Computation of marginal relief

Particulars	Amount
◆ Tax on actual total income [A]	xxx
◆ Tax on deemed total income [B]	xxx
Difference in tax [C]	xxx
◆ Actual total income [D]	xxx
◆ Deemed total income [E]	xxx
Difference in income [F]	xxx
Marginal Relief (if C is more than F)	xxx

Earlier no separate effect of marginal relief was required to be shown in the ITR while computing total tax of the assessee. Now, the ITR Forms for the Assessment year 2021-22 have been amended to specifically require the assessee to show the effect of marginal relief on the tax payable by disclosing "surcharge computed

before marginal relief" and "surcharge computed after marginal relief" separately.

7. Increase in threshold limit for tax audit [ITR 3 & 6]

As per the provisions of section 44AB an assessee shall get the books of accounts audited if its gross turnover or receipts exceeds specified threshold limit prescribed in this behalf. To reduce compliance burden on small and medium enterprises, Section 44AB was amended by the Finance Act, 2020, to increase the threshold limit, for a person carrying on business, from Rs. 1 crore to Rs. 5 crore. if the following conditions are satisfied:

- (a) Cash receipts, including amount received for sales, turnover or gross receipts, does not exceeds 5% of the aggregate amount received during the previous year; and
- (b) Cash payments, including amount incurred for expenditure, does not exceed 5% of the aggregate amount paid during the previous year.

The ceiling limit of Rs. 5 crore has been further increased by the Finance Act, 2021 to Rs. 10 crores with effect from the assessment year 2021-22.

Previous year ITR forms required the assessee to furnish whether during the year total sales/ turnover/ gross receipts of business exceeds Rs. 1 crore but does not exceed Rs. 5 crores. Necessary amendments have been brought in the ITR forms as notified for assessment year 2021-22 to enhance the limit.

8. Adjustment of unabsorbed depreciation if Assessee has opted for Section 115BAC or 115BAD [ITR 3 & 5]

Section 115BAC provides a special taxation regime for Individuals or HUF. Similarly, Section 115BAD provides a special taxation regime for co-operative societies. These, regimes can be opted by an assessee subject to fulfilment of certain conditions. One of such conditions is that the assessee cannot claim additional depreciation. Further, any unabsorbed depreciation relating to such additional depreciation shall be deemed to have been given full effect to and no further deduction for such depreciation shall be allowed for any subsequent year. However, as a one-time relief, the proviso to sub-section (3) of Section 115BAC and Section 115BAD allow the assessee to increase the WDV of the block of asset by the amount of the unabsorbed depreciation provided he opts for the alternative tax regime in the assessment year 2021-22. Such adjustment shall be made in accordance with Rule 5.

Accordingly, the ITR forms notified for Assessment Year 2021-2022 has amended Schedule DPM (Depreciation on Plant and Machinery) to make such one-time adjustment to the WDV of the respective block of asset. Further, Schedule UD [Unabsorbed Depreciation and allowance under Section 35(4)] has also been amended to make the corresponding adjustment to the unabsorbed depreciation for the amount of depreciation already adjusted with the WDV of the respective block of asset.

9. Adjustment of carried forward losses if assessee has opted for Section 115BAC or 115BAD [ITR 3 & 5]

Assessee opting for alternative tax regime of Section 115BAC or Section 115BAD has to forego various exemptions and deductions. Further, carried forward losses attributable to such exemptions and deduction are not allowed to be set off. These losses are deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year.

ITR Forms notified for Assessment Year 2021-2022 have been amended to require the adjustment of such losses which are not allowed to be carried forward and set off.

10. Introduction of Section 80M [ITR 6]

Section 80M was introduced by the Finance Act, 2020 to provide a deduction to a domestic company for the amount received as dividend from another domestic company, a foreign company or a business trust. The deduction is allowed when the company further distributes the dividend to the shareholders.

Deduction can be claimed for an amount received by way of dividend to the extent it is further distributed as dividend on or before one month prior to the due date of furnishing the return of income. ITR forms for the assessment year 2021-22 have been accordingly modified to include Section 80M in Schedule VI-A so as to enable the company to claim the said deduction.

11. Deletion of Schedule DI [ITR 1 to 6]

The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, has extended the time-limit to make investments, deposits, payments, etc. for the financial year 2019-20 for claiming deduction under Chapter VI-A, section 10AA and section 54 to 54GB till 30-06-2020. This date was further extended to 31-07-2020 in case of investments or payment eligible for deduction under Chapter VI-A and 30-09-2020 in case of investments eligible for deduction under section 54 to 54GB.

To allow taxpayers to avail the deduction for the investments/deposits made during the extended period, the ITR forms notified for the Assessment Year 2020-2021 inserted a new Schedule DI (Detail of Investments/deposit/payment for the purpose of claiming deduction).

Since the benefit of such extension was available for the Assessment Year 2020-2021 only, ITR forms for the Assessment Year 2021-2022 has removed the Schedule DI. Further, it has been clarified that investment/deposit/payments made during such extended period, which has already been claimed as deduction or exemption during the Assessment Year 2020-2021 cannot be claimed again. Other consequential amendment has also been made to remove reference of Schedule DI.

12. Exercise of option prescribed under section 115BAC [ITR 1 to 4]

The Finance Act, 2020, has inserted a new Section 115BAC to provide special tax regime (also known as 'alternate tax regime') for Individuals or HUF wherein they have an option to pay taxes at concessional rates subject to fulfilment of certain conditions.

In Part-A (General Information) the assessee is required to choose whether he is opting for the alternative tax regime of Sections 115BAC or not.

Further, an assessee having income from business or profession, is required to exercise such option on or before the due date for furnishing the returns of income by filing Form 10-IE. Thus, such assessee is required to mention the date of filing of Form 10-IE and Acknowledgement number in case he has chosen the alternate regime of Section 115BAC.

13. Clause-wise disclosure in respect of interest taxable under Section 115A read with Section 194LC [ITR 2, 3, 5, 6 & 7]

Section 115A specifies the tax rates on the specified incomes in the hands of a non-resident assessee, namely, dividend, interest, royalty and fee for technical services. In respect of interest income referred to in section 194LC, it provides that such income shall be taxable at the rate provided in the respective Section.

The Finance Act, 2020 has amended Section 194LC to provide for deduction of tax shall be done at 5% except in case the interest is payable in respect of monies borrowed from a source outside India by way of issue of any long-term bond or rupee denominated bond, TDS is required to be deducted at the rate of 4%, subject to fulfilment of certain conditions. Prior to such amendment tax was required to be deducted under Section 194LC at the flat rate of 5%. Previously in ITR a single disclosure was required in respect of the income which is taxable under Section 115A read with Section 194LC.

Since, two different rates have been prescribed under Section 194LC (4% and 5%), ITR forms have been amended to require a separate disclosure in respect of the income taxable at the rate of 4% and 5%.

14. Increase in safe harbour limit prescribed under Section 50C [ITR 2, 3, 5 & 6]

Section 50C lays down the special provision for determination of full value of consideration in case of transfer of land or building or both. As per the said provision, where the consideration received/acrued is less than the stamp duty value (SDV) adopted by the state government, then such stamp duty shall be deemed to be the full value of consideration. Upto Assessment Year 2020-2021, this provision was not applicable if the value adopted for the payment of stamp duty was upto 105% of the consideration received. The Finance Act, 2020, has increased such tolerable limit from 105% to 110% from Assessment Year 2021-2022. Consequential changes have been made to ITR-2, 3, 5 and 6.

15. Exercise of option prescribed under section 115BAD [ITR 5]

The Finance Act, 2020, has inserted a new Section 115BAD which provides for special tax regime (also known as 'alternate tax regime') for co-operative societies. This provision provides an option to pay taxes at concessional rates subject to fulfilment of certain conditions. The Co-operative society has to exercise this option on or before the due date for furnishing the returns of income by filing Form 10-IF.

In Part-A (General Information) a co-operative society is required to choose if it is opting for the alternative tax regime of Sections 115BAD. Further, it is required to mention the date of filing of Form 10-IF and Acknowledgement number if it is exercising the option of Section 115BAD.

16. Date of cash donation in case of deduction under Section 80GGA [ITR 2, 5 & 6]

Section 80GGA provides deduction for the donations made by an assessee who is not earning income under the head 'profits and gains of business or profession'. No deduction is allowed for the cash donation in excess of Rs. 2,000.

ITR-2, 5 and 6 contain a Schedule 80GGA which requires separate reporting of the donation made in cash and donation made through other modes. The ITR forms notified for Assessment year 2021-2022 requires additional disclosures of the date on which such cash donation has been made.

17. Reference of Form 16D has been inserted in Schedule of Tax payments [ITR 3 to 7]

Section 194M provides that every Individual or HUF (who is not required to deduct tax under Section 194C, Section 194H and Section 194J) shall deduct tax at source under this provision at the rate of 5% from the payment made to a contractor or commission agent or broker or professional. The CBDT has amended Rule 31 to provide that certificate of tax deducted under Section 194M shall be issued in Form No. 16D.

ITR forms require details of tax deducted at source as per the certificate issued by the Deductor. The ITR Forms for Assessment Year 2021-2022 have included a reference of Form 16D.

18. Undertakings not eligible for deductions removed from Schedule Section 80-IB [ITR 3, 5, 6]

Assessee deriving profits and gains from specified businesses is eligible to claim deduction under Section 80-IB. These specified businesses are - Industrial undertaking in backward area, Undertaking engaged in production or refining of mineral oil, Housing projects and Processing, Preservation and Packaging of specified food products.

Due to sunset provisions, deduction under this section is not available for the following business:

- (a) Deduction in respect of industrial undertaking located in industrially backward states specified in Eighth Schedule [Section 80-IB(4)],
- (b) Deduction in the case of an undertaking operating a cold chain facility [Section 80-IB(5)],
and

- (c) Deduction in respect of industrial undertaking located in industrially backward districts [Section 80-IB(11)].

Schedule 80-IB has been amended to remove appropriate rows allowing deduction under above obsolete sub-sections.

19. No separate reporting of income from life insurance business [ITR 5 & 6]

ITR forms notified for the Assessment Year 2020-2021 required a separate reporting of income from the life insurance business in Schedule BP. The following information were required in this respect:

- (a) Net profit or loss from insurance business referred to in Section 115B;
(b) Additions in accordance with Section 30 to Section 43B;
(c) Deductions in accordance with Section 30 to Section 43B; and
(d) Income from life insurance business under Section 115B.

The ITR forms notified for Assessment Year 2021-2022 has removed such separate reporting requirements in respect of income from the life insurance business in Schedule BP.

20. Adjustment of unabsorbed depreciation and losses in case of assessee opting for Section 115BAA has been removed [ITR 6]

Section 115BAA provides a special tax regime for domestic companies. This regime can be opted by an assessee subject to fulfilment of certain conditions. One of such conditions is that assessee is not allowed to claim deduction in respect of additional depreciation. Further, any unabsorbed depreciation relating to such additional depreciation shall be deemed to have been given full effect to and no further deduction for such depreciation shall be allowed for any subsequent year. However, as a one-time relief, the proviso to sub-section (3) of Section 115BAA allows the assessee to increase the WDV of the block of asset by the amount of the unabsorbed depreciation provided the Co. opts for the alternative tax regime in the assessment year 2020-21. Such adjustment shall be made in accordance with Rule 5.

Since, such adjustment was required to be made to WDV as on 01-04-2019 only, ITR-6 notified for Assessment Year 2021-2022 has removed the respective columns in which such adjustment was required to be disclosed.

21. Nature of security to be furnished in Schedule 112A and Schedule 115AD [ITR 2, 3, 5, 6]

Section 112A is applicable in case of long-term capital gains arising from transfer of securities, being equity shares, units of equity-oriented mutual fund or units of business trust, provided transfer of such capital asset is chargeable to Securities Transaction Tax (STT). Tax shall be charged at the rate of 10% on long-term capital gains in excess of Rs. 1 lakh.

Proviso to section 115AD(1)(b)(iii) provides that long-term capital gains arising from the abovementioned securities in the hands of the FPI will be taxed at the rate of 10% in excess of Rs. 1 lakh.

Schedule 112A and Schedule 115AD requires the assessee to furnish various details of the securities so transferred if the resultant capital gains are taxable under these sections. Such details included number of shares/units so transferred, cost of acquisition, fair market value, sale consideration etc.

The ITR forms notified for the Assessment year 2021-2022 have inserted one new column in both the schedules requiring the assessee to provide the nature of the securities transferred (shares or units).

22. Computation of cost of acquisition for Section 112A and 115AD [ITR 2, 3, 5, 6]

Section 55 contains provisions for the computation of cost of acquisition of various assets. If the equity shares, units of equity-oriented fund or unit of business trust were acquired on or before 31-01-2018 and sold on or after 01-04-2018, the cost of acquisition of such securities shall be higher of the following:

- (a) Actual cost of acquisition; or
- (b) Lower of fair market value of such asset as on 31-01-2018 or full value of consideration as a result of transfer.

Schedule 112A and Schedule 115AD requires the assessee to fill the relevant information regarding the capital gains arising from the specified securities. The relevant schedules in the ITR forms notified for Assessment year 2021-2022 have been modified to enable the assessee to put information regarding the sale price, FMV and the cost of acquisition of the security and ascertain the gains appropriately.

23. Schedule 5A requires assessee to furnish tax audit requirement of the spouse under sections 44AB or 92E [ITR 3]

The due date for filing of original return of income for the partner of a firm whose accounts are required to be audited under the Income-tax Act or under any other law for the time being in force shall be 31st October of the assessment year. Further, Finance Act, 2021 has extended the due date to file return of income in case of a person, who is a partner of firm who is required to obtain a Transfer Pricing report under Section 92E, to 30th November of the assessment year.

Section 5A provides for apportionment of income between the spouses. Such apportionment requires computation of total income in the hands of spouses. However, the total income of a spouse who is partner in any firm can be determined only after the books of accounts of firm have been finalized. Considering the same, the Finance Act, 2021, has amended the due date for filing of return of income in case of spouse of a person, being a partner in a firm whose accounts are required to be audited or who is required to furnish a Transfer pricing report under Section 92E, if such spouse is governed by the provisions of Section 5A.

Schedule 5A requires the assessee to furnish information regarding apportionment of income between spouses governed by Portuguese Civil Code. Various details regarding the spouse in such cases are captured in the ITR such as Name and PAN of the spouse, income under various heads of income.

In order to ensure that such spouse has furnished return of income by the applicable due date, the consequential changes have been made in ITR -3 notified for the Assessment year 2021-22 to seek the due

dates applicable in case of spouse.

24. Ceiling to claim deduction under section 54EC specifically provided [ITR 5]

Section 54EC provides for deduction of up to Rs. 50 lakhs from the long-term capital gains arising from transfer of land or building or both. The exemption is allowed if the amount of capital gains is invested in bonds of NHAI, REC and other notified bonds.

The quantum of exemption shall be lower of following:

- (a) Amount of capital gains, whether long-term or short-term;
- (b) Amount invested in specified bonds; or
- (c) Rs. 50 lakhs.

Further, the investment in specified bonds during the financial year in which the original asset is transferred and in the subsequent financial year should not exceed Rs. 50 lakh.

All the ITR Forms (except ITR 5) contained the ceiling for deduction under this section. The ITR-5 for the Assessment year 2021-22 also provides that deduction under section 54EC shall not exceed Rs. 50 lakhs.

25. Nature of business code to be mentioned if assessee is claiming deduction under Section 80P [ITR 5]

As per Section 80P a co-operative society engaged in specified business is allowed to claim the deduction in respect of the profit and gains arising from such business. Further, income in the nature of interest or dividend is also eligible for deduction subject to fulfilment of certain conditions.

Schedule 80P of the ITR requires the assessee to furnish various information relating to income and the amount of deduction. ITR form for the assessment year 2021-22 has inserted one more column in the Schedule 80P. This column requires the assessee to provide the nature of business code in front of various types of income of such person.

26. Additional question for ensuring the compliance under Section 92E [ITR 3, 5, 6]

Additional questions have been inserted in Part-A (General Information) to ensure that the assessee has complied with the requirements to obtain a Transfer Pricing report under Section 92E. Earlier the assessee was only required to answer as to whether he is required to obtain a Transfer Pricing report under section 92E and if yes, then he had to furnish the date of filing such report.

Now, the ITR forms for Assessment year 2021-22 has inserted a new question as to if the assessee was liable to obtain a Transfer Pricing report under section 92E, then whether he has actually complied with such requirement or not. And after clicking yes, the assessee is required to furnish the date of filing of report.

27. Reference of distribution of accumulated loss by Investment fund has been removed [ITR 5 & 6]

Section 115UB provides for pass-through of income earned by the Category-I and Category-II Alternative Investment Fund (AIF), except for business income which is taxed at AIF level. The Finance (No. 2) Act, 2019, has amended Section 115UB to allow pass-through of losses also. Additionally, it was provided that the losses (other than business losses) accumulated at the level of investment fund as on 31-03-2019, shall be deemed to be the losses of a unitholder who held the unit on 31-03-2019 in respect of the investments made by him in the investment fund. Such losses shall be carried forward by him for the remaining period calculated from the year in which the loss had occurred for the first time taking that year as the first year and it shall be set-off by him.

Since adjustment of such accumulated losses was allowed to be made in the Assessment Year 2020-2021 only, the ITR forms for Assessment Year 2021-2022 has removed the reference for adjustment of such losses.

28. STCG other than those covered under section 111A can't be shown in Schedule PTI [ITR 3]

Short term capital gains other than those covered under section 111A cannot be disclosed in Schedule PTI.

29. No need to bifurcate carried forward losses into Pass through losses and Normal losses [ITR 2, 3, 5 & 6]

Losses carried forward by an assessee has same treatment under the Income-tax Act even if they are in nature of pass-through losses. Old ITR forms bifurcated the losses under the head House property and Capital gains in Schedule CFL between pass-through losses and Normal losses. However, ITR utilities issued by the department does not require any such bifurcation. To bring the ITR forms in line with the ITR utilities issued by department, ITR forms notified for the assessment year 2021-2022 has removed such bifurcation and now consolidated figure of such losses is to be disclosed.

C. Income Tax Return Forms for AY 2021-22

Form to be used by an individual / HUF to file the Income-tax return for the Assessment Year 2021-22

Nature of income	ITR 1*	ITR 2	ITR 3	ITR 4*
Salary Income				
Income from salary/pension (for ordinarily resident person)	✓	✓	✓	✓
Income from salary/pension (for not ordinarily resident and non-resident person)		✓	✓	
Any individual who is a Director in any company		✓	✓	
If payment of tax in respect of ESOPs allotted by an eligible start-up has been deferred		✓	✓	
Income from House Property				
Income or loss from one house property (excluding brought forward losses and losses to be carried)	✓	✓	✓	✓

forward)				
Individual has brought forward loss or losses to be carried forward under the head House Property		✓	✓	
Income or loss from more than one house property		✓	✓	
Income from Business or Profession				
Income from business or profession			✓	
Income from presumptive business or profession covered under section 44AD, 44ADA and 44AE (for person resident in India) having total income upto Rs. 50 lakhs.				✓
Income from presumptive business or profession covered under section 44AD, 44ADA and 44AE (for not ordinarily resident and non-resident person)			✓	
Interest, salary, bonus, commission or share of profit received by a partner from a partnership firm			✓	
Capital Gains				
Taxpayer has held unlisted equity shares at any time during the previous year		✓	✓	
Capital gains/loss on sale of investments/property		✓	✓	
Income from Other Sources				
Family Pension (for ordinarily resident person)	✓	✓	✓	✓
Family Pension (for not ordinarily resident and non-resident person)		✓	✓	
Income from other sources (other than income chargeable to tax at special rates including winnings from lottery and race horses or losses under this head)	✓	✓	✓	✓
Income from other sources (including income chargeable to tax at special rates including winnings from lottery and race horses or losses under this head)		✓	✓	
Dividend income exceeding Rs. 10 lakhs taxable under Section 115BBDA		✓	✓	
Unexplained income (i.e., cash credit, unexplained investment, etc.) taxable at 60% under Section 115BBE		✓	✓	
Person claiming deduction under Section 57 from income taxable under the head 'Other Sources' (other than deduction allowed from family pension)		✓	✓	
Deductions				
Person claiming deduction under Section 80QQB or 80RRB in respect of royalty from patent or books		✓	✓	
Person claiming deduction under section 10AA or Part-C of Chapter VI-A			✓	
Total Income				
Agricultural income upto Rs. 5,000	✓			
Agricultural income exceeding Rs. 5,000		✓	✓	
Total income upto Rs. 50 lakhs	✓			

Total income exceeding Rs. 50 lakhs		✓	✓	
Assessee has any brought forward losses or losses to be carried forward under any head of income		✓	✓	
Computation of Tax liability				
If an individual is taxable in respect of an income but TDS in respect of such income has been deducted in hands of any other person (i.e., clubbing of income, Portuguese Civil Code, etc.)		✓	✓	
Claiming relief of tax under sections 90, 90A or 91		✓	✓	
Others				
If Assessee has: <ul style="list-style-type: none"> • Income from foreign sources • Foreign Assets including financial interest in any foreign entity • Signing authority in any account outside India 		✓	✓	
Income has to be apportioned in accordance with Section 5A		✓	✓	
If the tax has been deducted on cash withdrawal under Section 194N		✓	✓	✓

* ITR-1 can be filed by an Individual only who is ordinarily resident in India. ITR-2, ITR-3, and ITR-4 can be filed by an Individual or HUF.

Form to be used by other Assesseees to file the Income-tax return for the Assessment Year 2021-22

Status of Assessee	ITR 4	ITR 5	ITR 6	ITR 7
Firm (excluding LLPs) opting for presumptive taxation scheme of section 44AD, 44ADA or 44AE	✓			
Firm (including LLPs)		✓		
Association of Persons (AOPs)		✓		
Body of Individuals (BOI)		✓		
Local Authority		✓		
Artificial Juridical Person		✓		
Companies other than companies claiming exemption under Section 11			✓	
Persons including companies required to furnish return under: Section 139(4A), 139(4B), 139(4C), 139(4D);				✓
Business Trust		✓		
Investment Fund as referred to in Section 115UB		✓		

D. ITR forms for AY 2021-22

1. ITR 1 Form - [Click here](#) to read / download the ITR 1
2. ITR 2 Form - [Click here](#) to read / download the ITR 2
3. ITR 3 Form - [Click here](#) to read / download the ITR 3
4. ITR 4 Form - [Click here](#) to read / download the ITR 4
5. ITR 5 Form - [Click here](#) to read / download the ITR 5
6. ITR 6 Form - [Click here](#) to read / download the ITR 6
7. ITR 7 Form - [Click here](#) to read / download the ITR 7

About Us:

Vishnu Daya & Co LLP is a Professional Services Firm under which dedicated professionals have developed core competence in the field of audit, financial consulting services, financial advisory, risk management, direct and indirect taxation services to the clients. Each Partner is specialized in different service area. The services are structured differently in accordance with national laws, regulations, customary practice, and other factors. We continuously strive to improve these services to meet the growing expectations of our esteemed customers.

Started in the year 1994 as audit firm in Bangalore with an ambition to provide services in the area of accountancy and audit our legacy of vast experience and exposures to different types of industries made us rapidly adaptable to the changing needs of the time and technology by not only increasing our ranges of services but also by increasing quality of service. With diversification, our professional practice is not only limited to Bangalore but has crossed over to the other parts of India with a motto to provide "One Stop Solutions" to all our clients.

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