

Changes in ITR Forms applicable for AY 2022-23

CBDT has notified ITR Forms applicable for AY 2022-23 with several modifications, gist of such changes is as under:

Total secondary adjustments made to be disclosed [ITR-3, 5 & 6]

Section 92CE provides that the assessee shall be required to carry out secondary adjustment where primary adjustment to transfer price has been made. If due to primary adjustment, there is an increase in total income or reduction in the loss of the assessee, the excess money shall be deemed to be an advance made to associated enterprise and the interest on such advance, shall be computed.

Section 92CE(2A) also provides that where the excess money has not been repatriated in time, then the assessee will have an option to pay additional income tax at the rate of 18% plus surcharge on such excess money or part thereof. The old ITR Forms require the details of such tax on secondary adjustment.

The new ITR forms have been modified wherein Schedule TPSA provides that the assessee needs to indicate the total adjustments made in respect of all the assessment years.

Schedule ESOP (Employee Stock option Plan) has been inserted for reporting of deferred tax [ITR-2 & 3]

Schedule Tax deferred on ESOP has been newly inserted in the ITR Form; details required to be punched in the said schedule are as under:

- Amount of tax deferred in ITR filed for AY 2021-22,
- Sale date of specified securities and amount of tax attributable to such sale,
- Date on which he ceased to be an employee of the organization,
- Amount of tax payable in current assessment year, and
- Balance amount of tax deferred to be carried forward to the next AY

As the outer limitation period of 48 months from the end of AY relevant to the FY in which the ESOPs are allotted is not yet over, the employee shall be liable to pay tax deferred for the AY 2021-22 in the previous year 2025-26. The new schedule has been inserted to keep track of the amount of tax deferred by the employee and the year where the same should be taxed which will be exported in a new row of the schedule Part B- TTI.



Additional disclosures required in Capital Gains Schedule [ITR-2,3,5 & 6]

The under mentioned additional disclosures are required in Schedule CG:

- **Date of purchase & sale of land/building**
 - Date of purchase and sale of land/Building is now mandatory.
 - Country code and Zip code, if the property is situated outside India.
- **Disclosure of FMV of capital assets and consideration received in a slump sale transaction**

The new ITR forms reporting has been modified in consonance with Rule 11UAE wherein Full value of consideration is higher of the following as on the date of slump sale:

- Fair Market Value of the capital assets transferred by way of slump sale; or
 - Fair Market Value of the consideration received or accruing due to transfer by way of slump sale.
- **Year-wise details of the cost of improvement to land/building**

The new ITR forms seek the following additional details from the taxpayers:

- Cost of improvement,
 - Year of improvement, and
 - Cost of improvement with indexation
- **Separate disclosure of cost of acquisition and indexed cost of acquisition**

The new ITR Form the assessee to mention both the 'cost of acquisition' and the 'indexed cost of acquisition'.

Dividend income taxable as per section 2(22)(e) to be reported separately [ITR-2,3,5 &6]

Until last year, there was no separate disclosure of dividend income taxable under Section 2(22)(e) and the entire dividend received was clubbed and reported in Schedule OS. The ITR form has now been amended to separately report dividend income u/s 2(22)(e) in the said schedule.

Adjustment of unabsorbed depreciation (pertaining to additional depreciation) from WDV of the block of assets as on 1st April 2022 [ITR-3 & 6]

Schedule DPM for depreciation on Plant & Machinery has been amended to provide that WDV of the block as on 01-04-2020 shall be increased by the amount of unabsorbed depreciation (pertaining to additional depreciation), which was not allowed to be adjusted on account of opting for section 115BAC.

Similar changes have been made in Schedule DPM of ITR 5, in case of a co-operative society opting for the alternative tax regime u/s 115BAD.

Disclosures in respect of Significant Economic Presence [ITR-3,5 & 6]

The new ITR form has been amended for the non-residents to confirm their Significant Economic Presence (SEP) in India or not. If yes, the under mentioned details of transaction and users is to be reported in the ITR form.

- Any transaction in respect of any goods, services or property carried out by an NR 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
- Systematic and continuous soliciting of business activities or engaging in interaction with 3 lakh users in India.

Reporting of Interest accrued on Provision fund to which no exemption is available [ITR-2 & 3]

Interest income accruing in respect of the employee's contribution in excess of Rs. 2.50 lacs shall be taxable under the head Other Sources. The limit of Rs. 2.50 lac is replaced with Rs. 5 lacs in case there is no contribution by the employer. Schedule OS in the ITR Form have been amended to incorporate the reporting requirement of such interest income.



Limiting the rate of surcharged on dividend income [ITR-2,3 & 5]

As dividend income is now taxable in the hands of investors, the rate of surcharge on such income shall be levied at 10% if income exceeds 50 lacs but does not exceed Rs.1 crore and at a rate of 15% where income exceeds Rs. 1 Crore. The significant changes have been made in Schedule B-TTI of the ITR Form to limit rate of surcharge on dividend income taxable u/s 115AD and other dividend income.

Relief u/s 89A from taxation in income from retirement benefit account maintained in a notified country [ITR-1,2,3 & 4]

Where non-resident becomes a resident in India, the amount of income in his foreign retirement benefits account is chargeable to tax in India on an accrual basis. Section 89A have been inserted with effect from the AY 2022-23 to provide credit for taxes paid outside India. To remove the difficulties being faced by the NR's in availing the foreign tax credit for taxes paid outside India, Schedule Salary of the ITR form has been amended to disclose:

- Income from retirement benefits account maintained in a notified country u/s 89A.
- Income from retirement benefit account maintained in a country other than notified country u/s 89A.

A similar disclosure has to be made in the Schedule OS in respect of the family pension.

Nature of employment for pensioners is further categorized [ITR-1,2,3 & 4]

In new ITR forms, the following options have been incorporated for pensioners:

- Pensioners - CG,
- Pensioners - SC,
- Pensioners - PSU &
- Pensioners - Others

Disclosure of interest income taxable at a concessional rate of 4% under Section 194LC [ITR-6]

The rate of TDS in respect of interest payment to a non-resident against borrowings in foreign currency through issues of long-term bonds and Rupee Denominated Bonds, which are listed on a recognized stock exchange in any IFSC was reduced to 4% from earlier 5% by Finance Act, 2020. To incorporate the change in the ITR form, a new row has been inserted in the Schedule OS to disclose such interest referred to in Section 194LC.

Disclosure of Income of FII and specified fund chargeable under section 115AD [ITR-6]

The ITR forms have been amended to incorporate new line items for the under mentioned changes introduced by Finance Act 2021 in Schedule OS:

- Section 194LD: Interest income in respect of investment made by an FPI in Rupee-Denominated Bond of an Indian company, Government Securities or municipal debt taxable @ 5%
- Dividend or interest income earned by the specified fund taxable at a concessional rate of 10%

Separate disclosure of Income from Units located in IFSC in Schedule AMT [ITR-3 & 5]

AMT rate is 9% if an assessee is a unit of an IFSC deriving income solely in convertible foreign exchange. To incorporate the same in the ITR Form, Schedule AMT has been modified as to separately disclose computation of adjusted total income under Section 115JC in respect of:

- Units of IFSC
- Other Units

From now onwards, the income from units located in IFSC shall be reported separately in the Schedule AMT for computing the adjusted total income and tax payable thereon.



Mandatory to choose the suitable option in support of residential status in India [ITR-2 & 3]

The ITR forms has been amended to incorporate an option of choosing the residential status from the suitable description of different clauses, gist of which is as under:

- Resident and Ordinarily Resident
 - You were in India for 182 days or more during the previous year [Section 6(1)(a)];
 - You were in India for 60 days or more during the previous year, and have been in India for 365 days or more within the 4 preceding years [section (6)(1)(c)] [where Explanation 1 to section 6 is not applicable];
 - You are a citizen of India, who left India, for the purpose of employment, as a member of the crew of an Indian ship and were in India for 182 days or more during the previous year and 365 days or more within the preceding 4 years [Explanation 1(a) of section (6)(1)(c)];
 - You are a citizen of India or a person of Indian origin and have come on a visit to India during the previous year and were in India for:
 - 182 days or more during the previous year and 365 days or more within the preceding 4 years; or
 - 120 days or more during the previous year and 365 days or more within the preceding 4 years if the total income, other than income from foreign sources, exceeds Rs. 15 lakhs
- Resident but not Ordinarily Resident
 - You have been a non-resident in India in 9 out of 10 preceding years [section 6(6)(a)];
 - You have been in India for 729 days or less during the 7 preceding years [section 6(6)(a)];
 - You are a citizen of India or person of Indian origin, who comes on a visit to India, having total income, other than the income from foreign sources, exceeding Rs. 15 lakh and have been in India for 120 days or more but less than 182 days during the previous year [section 6(6)(c)];

- You are a citizen of India having total income, other than income from foreign sources, exceeding Rs. 15 lakhs during the previous year and not liable to tax in any other country or territory by reason of your domicile or residence or any other criteria of similar nature [section 6(6)(d) read with section 6(1A)].

Schedule FA requires reporting of foreign assets held and foreign income earned during the calendar ending 31st December [ITR-2,3,5 & 6]

In Schedule FA of the old ITR form, reporting of foreign assets was required only when a person had held them at any time during the 'relevant accounting period'. The expression "accounting period" has now been replaced with the "Calendar year ending as on 31st December" which has removed all the doubts regarding reporting period.

For e.g., in the return to be filed for the AY 2022-23, an assessee shall furnish the details of all foreign assets held between 01-01-2021 and 31-12-2021.

Additional disclosure required of income exempt under certain clauses of Section 10 [ITR-5 & 6]

The New ITR Form requires disclosure of the following of Exempt Income in Schedule EI:

- Section 10(23FB): Exemption to Venture Capital Fund or Venture Capital Company
- Section 10(23FBA): Exemption to Investment Fund and Unit Holder
- Section 10(23FC)/10(23FCA): Exemption to Business Trust
- Section 10(23FE): Exemption to wholly owned subsidiary of ADIA, Sovereign Wealth Fund or Pension Fund
- Section 10(23FE): Capital Gains from transfer of shares of a company resident in India on account of relocation of offshore funds
- Section 10(4D): Exemption to Specified Fund.



Disclosure of interest paid to Deposit-taking NBFCs or Systemically Important Non-Deposit Taking NBFCs [ITR-3, 5 & 6]

The Finance Act, 2019 has amended Section 43B to include in its scope any sum payable by the assessee as interest on any loan or advances from a Deposit-taking NBFCs or Systemically Important Non-deposit taking NBFCs. To incorporate the amendment, ITR Forms have inserted a new row in Part A-OI "Other Information" requiring the assessee to disclose the amount of interest on any loan or advances from a Deposit-taking NBFCs or Systemically Important Non-Deposit Taking NBFCs which was disallowed in the earlier year, but it is allowable during the previous year.

Disclosure for alternative tax regime opted under Section 115BAD [ITR-5]

The ITR form has been modified to incorporate the under mentioned details in case of Co-operative Societies:

- Where Option is exercised for the first time: Assessment Year, Date of filing of the Form 10-IF along with the acknowledgement number of filing such form.
- Where Option is exercised this year also: Date of furnishing Form 10-IF along with the acknowledgement number of furnishing such form.

Disclosure for alternative tax regime opted under Section 115BAC [ITR-3 & 4]

The under mentioned disclosures are required in ITR Forms for AY 2022-23, wherein the assessee opting for new tax regime u/s 115BAC has to choose from the following options:

- Opting in now
- Not opting
- Continue to opt
- Opt-out

Removal of reference of Section 153A and 153C for the return filed in response to a notice [ITR-1 to 6]

Where the search is initiated or requisition is made on or after 01-04-2021, the assessments, reassessments or re-computation is made under Section 147, and the notice for the same is issued under Section 148, the assessee shall now be eligible to file his return in such cases in response to notice u/s 148 in new ITR forms. The new ITR Forms, for ease of the assessee, has removed the check-boxes of Sections 153A and 153C from the field of filing status of return income.

Exclusion of 'Dividend Income' from schedule BP [ITR-3, 5 & 6]

The new ITR Forms has added "Dividend" in the list to exclude it from Schedule BP if it is credited to the Profit and Loss account. This explicit exclusion of dividend income from Schedule BP is in line with Section 56(2) (i), which provides that the dividend income is taxable under the head of "income from other sources".

Further, in a case where dividend is received in respect of shares or securities held as stock-in-trade, for the purpose of chargeability, it is included under the head of "income from other Sources".

New Schedule IF inserted to seek the disclosure of investment made in unincorporated entity [ITR-6]

Schedule IF (Information regarding investment in unincorporated entities) that requires the companies to disclose the following information in respect of the investment made in the unincorporated entity:

- Name of the entity;
- Type of the entity;
- PAN of the entity;
- Whether the entity is liable for the audit;
- Whether section 92E is applicable to the entity;
- Share in the profit of the entity;
- Amount of share in the profit; and
- Capital balance on 31st March in the entity.



Disclosure for alternative tax regime opted under Section 115BA/115BAA/115BAB [ITR-6]

The ITR form has been amended to incorporate the under mentioned details in case of Domestic Companies:

- Where Option is exercised for the first time: Assessment Year, Date of filing of the relevant form (10-IB/ 10-IC/ 10-ID) along with the acknowledgement number of filing such forms.
- Where Option is exercised this year also: Date of furnishing the relevant form (10-IB/ 10-IC/ 10-ID) along with the acknowledgement number of furnishing such forms.

Separate disclosure of Income from Units located in IFSC in Schedule MAT [ITR-6]

MAT rate is 9% if an assessee is a unit of an IFSC deriving income solely in convertible foreign exchange. To incorporate the same in the ITR Form, Schedule MAT has been modified as to separately disclose computation of adjusted total income under Section 115JB in respect of:

- Units of IFSC
- Other Units

From now onwards, the income from units located in IFSC shall be reported separately in the Schedule MAT for computing the adjusted total income and tax payable thereon.

Separate disclosure for interest and dividend incomes taxable under Section 115AC [ITR-3, 5 & 6]

ITR Forms have amended Schedule SI to seek separate disclosure of the following income taxable u/s 115AC:

- Income by way of interest received by a non-resident from bonds purchased in foreign currency; and
- Income by way of dividend received by a non-resident from GDRs purchased in foreign currency.

Further, a residuary clause has been inserted in Schedule SI to report any other income taxable at a special rate.

Schedule 80GGA has been inserted for the partners deriving only profit from firm [ITR-3]

The said section allows deduction in respect of amount contributed to a specified association or institution to an assessee not having any income under the head PGBP. To capture complete details of such contribution, Schedule 80GGA has been inserted in ITR-3, applicable to partner of the firm deriving only profits from the firm.

The following disclosures are required in this Schedule if partner of a firm seeks to claim deduction under Section 80GGA, and he is not earning any business or professional income except the share of profit from the firm:

- Relevant clause under which deduction is claimed;
- Name and address of Donee;
- PAN of Donee;
- Amount of donation (In cash and other mode); and
- Eligible amount of donation.

Additional information sought from the assessee not opting for the presumptive tax scheme [ITR-3, 5 & 6]

The old ITR Forms did not considered the receipts or payments through non-account payee cheque or DD. To incorporate the same, the following additional disclosures are now required under the head Audit Information:

- Whether total sales, turnover or gross receipt is between Rs. 1 crore and Rs. 10 crores. If not, is it below Rs. 1 crore or exceeds Rs. 10 crores?
- The new ITR forms require aggregation of receipts and payment in cash and non-account payee cheque or DD while computing the limit of 5% as mentioned above.

Deduction in respect of Capital gains charged u/s 45(4) which is attributable to assets remained with firm [ITR 5]

Section 48(iii) allows an additional deduction on account of capital gains charged to tax under section 45(4), which is attributable to the capital



asset remaining with the firm. CBDT has inserted Rule 8AB to prescribe the manner in which such attributable amount is to be computed. Schedule CG has been amended to disclose the said deduction allowable u/s 48(iii) in respect of the capital gain charged to tax under section 45(4) attributable to capital asset remaining with the firm.

Consequential changes in Schedule 80-IA and 80-IB due to sun-set clause on the eligibility to claim the deduction [ITR-3, 5 & 6]

Due to sunset date, the deduction under this section is not available for certain businesses, like, telecommunication services, revival of power generating plant, cross-country natural gas distribution network, multiplex theatres, convention centre, etc. To capture the non-availability of the said deduction, Schedule 80-IA and 80-IB have been amended to remove the rows allowing deduction under the above obsolete provisions.



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