

## 27 Key Changes Introduced in New ITR Forms for AY 2023-24

### **Return cannot be filed in ITR-1 if it is being filed due to the reason of depositing more than Rs. 1 crore in the current account [ITR-1]**

The seventh proviso to Section 139 provides that any person, who is otherwise not required to file the return, shall file the return of income if during the previous year if he falls under any of the under mentioned points:

- He has deposited more than Rs. 1 crore in one or more current accounts maintained with a bank or a cooperative bank;
- He has incurred more than Rs. 2 lakhs for himself or any other person for travel to a foreign country;
- He has incurred more than Rs. 1 lakh towards payment of electricity bill; or
- He fulfils such other conditions as may be prescribed.

Return can be filed in ITR forms 1 to 4 depending upon the nature of income he is earning.

However, **the option to file a return in ITR-1 by an individual, who has deposited more than Rs. 1 crore in one or more current accounts, has been removed for the AY 2023-24.**

### **Check-box for “self-occupied” omitted under Schedule HP for companies [ITR 6]**

A company cannot claim a house property as self-occupied because the term “self-occupied” refers to a property owned and occupied by an individual, not a company.

The Schedule HP available in ITR-6 has a check-box to declare a house property as ‘self-occupied’, which wasn’t logical. Accordingly, **the reference of self-occupied property from Schedule HP has been removed** from the new ITR-6 notified for AY 2023-24.

## New Schedule for income from transfer of virtual digital assets [ITR 2, 3, 5, 6 and 7]

Virtual Digital Asset covers crypto assets, Non-fungible tokens, and any other digital asset, but it does not cover Indian currency, CBDCs, Foreign currency, and notified digital assets. The Finance Act, 2022 introduced a new flat rate scheme for the taxation of income arising from the transfer of Virtual Digital Assets with effect from the AY 2023-24 wherein every transfer of virtual digital assets on or after 01-04-22 shall be covered under this scheme. Further, Section 194S requires the deduction of tax from the payment of consideration on the transfer of VDA.

To bring the necessary changes to the new ITR Form, **Schedule VDA has been added**. The Schedule asks for details like the date of acquisition, date of transfer, head under which income is to be taxed, cost of acquisition in case of gift and consideration received.

Taxable income will be recorded in Sch. CG or Sch. BP based upon the classification of income under the head of capital gains or business income.

Schedule VDA Income from transfer of virtual digital assets						
Sl. No.	Date of Acquisition	Date of Transfer	Head under which income to be taxed (Business/Capital Gain)	Cost of Acquisition (In case of gift; a. Enter the amount on which tax is paid u/s 56(2)(x) if any b. In any other case cost to previous owner)	Consideration Received	Income from transfer of Virtual Digital Assets (enter nil in case of loss) (Col. 6 – Col. 5)
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
Add Rows						
A. Total (Sum of all Positive Incomes of Business Income in Col. 7)						(Item No. 3f of Schedule BP)
B. Total (Sum of all Positive Incomes of Capital Gain in Col. 7)						(Item No. C2 of Schedule CG)

## Exclusion of dividend income taxable u/s 115BBD from Schedule OS [ITR-6]

Finance Act, 2020 abolished the DDT provided in section 115-O to, inter-alia, provide that dividend shall be taxed in the hands of the shareholder at applicable rates plus surcharge and cess.

In order to provide parity in the tax treatment in case of dividends received by Indian companies from specified foreign companies' vis a vis dividend received from domestic companies, Section 115BBD has been amended to provide that the provisions of Section 115BBD will no more be applicable to any AY beginning on or after the 01-04-23.

Necessary changes have been made to the ITR-6 by **removing the reference to dividend income taxable u/s 115BBD from the 'Schedule OS'**.

## Turnover from intraday trading is to be reported separately under Part A- Trading Account [ITR 3 and 5]

The gain or loss arising from intra-day trading, being a speculative transaction, is always taxable under the head PGBP. Speculative transaction means a transaction in which a contract for the purchase or sale of any commodity, including stock and shares, is periodically or ultimately settled otherwise than through actual delivery or transfer of the commodity or scrips.

The new ITR forms have been **amended to seek separate disclosure related to intraday trading under Part A – Trading Account**. The ITR forms seek the following two additional details from the assessee engaged in intraday trading:

- Turnover from Intraday Trading; and
- Income from Intraday Trading – transferred to Profit and Loss account.

12a	Turnover from Intraday Trading	12a
12b	Income from Intraday Trading - transferred to Profit and Loss account	12b

## FII/FPI are required to mention the SEBI Registration number [ITR 2, 3, and 5]

In the previous ITR Forms, there was no requirement for FII (Foreign Institutional Investors) or FPI (Foreign Portfolio Investors) to furnish their SEBI (Securities and Exchange Board of India) registration number. For transparency and accountability, the **new ITR forms seek the SEBI registration number allotted to the FIIs and FPIs**. Part A- General Information has been modified to include a clause for furnishing such information.

(m)	Whether you are an FII / FPI? Yes/No If yes, please provide SEBI Regn. No.	
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## Insertion of reference of Section 153C for the return filed in response to a notice [ITR 1 to 7]

Section 153C provides for the assessment of income of any other person where AO is satisfied that any valuable article seized/requisitioned belongs to, any books of account or documents seized/requisitioned pertain to or any information contained therein relates to such other person (not the one in whose case the search or requisition proceedings are initiated).

The Finance Act, 2021, introduced a sunset clause with effect from 01-04-21, to provide that the above assessment process will not apply where the search/requisition proceedings are initiated on or after 01-04-21.

In cases where the search was initiated before 01-04-21, it could be possible that the assessment of other person is yet to be made u/s 153C, and the person will be required to file the Income-tax return in response to notice u/s 153C. Hence, **the new ITR Forms restore the check-boxes of '153C' in the section of filing status of return income in response to the notice**. Earlier, this check-box was removed in the ITR Forms for AY 2022-23.

**ARN (Donation Reference Number) is to be mentioned if the donation is eligible for Section 80G deduction [ITR 2, 3, 5, and 6]**

Any assessee who has paid any sum by way of donation is eligible to claim a deduction u/s 80G to the extent of 50% to 100% of the donation made. In the new ITR forms, **a column has been inserted to disclose ARN (Donation Reference Number) in case the donation is made to entities wherein a 50% deduction is allowed subject to the qualifying limit.**

**Consequential changes due to the sunset date for Section 80-IB deduction to an industrial undertaking located in Jammu & Kashmir or Ladakh [ITR 3 and 6]**

Section 80-IB provides for a deduction for a specified percentage of profits and gains derived from an industrial undertaking established in a particular region. The undertaking can claim deduction under this provision for 10 assessment years beginning with the initial assessment year in which it begins its operation.

An industrial undertaking in Jammu & Kashmir had time until 31-03-12 to commence operations. As the 10 years for claiming deductions u/s 80-IB for such undertaking expired on 31-03-22, these undertakings are no longer eligible for such deductions in the FY 2022-23. As a result, **the new ITR forms have removed any mention of Section 80-IB deductions for industrial enterprises located in Jammu & Kashmir or Ladakh.** Similar changes have been made for the company carrying on scientific research u/s 80-IB.

**Transfer of TCS credit to another person [ITR 2, 3, 5, 6 and 7]**

All citizens who are domiciled in Goa and to whom the Portuguese Civil Code of 1860 apply are governed by the system of Community of Property. Under this system, a person is entitled to inherit 50% of the property of his spouse, and the income therefrom is also liable to be shared equally among the spouse. U/s 5A, the statute has recognized the system of community of property for the purpose of assessment in respect of all income other than salary. In this situation, if an income added to the common pool has been subjected to TCS, the assessee's face difficulties in proving their claim for TCS credit. In other similar situations, a person is entitled to claim the credit for tax deducted in the name of another person, i.e., inheritance, etc.

Currently, the TCS disclosed in ITR is matched by the Deptt. with the amount of TCS as shown in Form 26AS and in case of a mismatch, the taxpayers were facing difficulties in claiming the TCS credit.

To overcome this problem, the ITR forms have introduced **new columns in the TCS Schedule, allowing CPC to correlate the PAN, amount of income, and TCS thereon as disclosed by both parties in their respective return of income.** It would be more convenient for the assessee to claim the credit of tax deducted in the name of another person.



# DIRECT TAX

C Details of Tax Collected at Source (TCS) [As per Form No. 27D issued by the Collector(s)]											
TCS ON INCOME	Sl No	TCS credit relating to self /other person [other person as per rule 37I(1)]	Tax Deduction and Tax Collection Account Number of the Collector	PAN/Aadhaar No. of Other Person (if TCS credit related to other person)	Unclaimed TCS brought forward (b/f)		TCS of the current financial Year  (Tax collected during FY 2022-23)		TCS credit being claimed this Year		TCS credit being carried forward
					Fin. Year in which collected	Amount b/f	Collected in own hands	Collected in the hands of any other person as per rule 37I(1) (if applicable)	Claimed in own hands	Claimed in the hands of any other person as per rule 37I(1) (if applicable)	
	(1)	2(i)	(2)(ii)	(3)							(4)
	i										TCS PAN/Aadhaar No.

## Disclosure of income on which Section 89A relief was claimed in the prior year [ITR 2, 3 and 4]

When a non-resident becomes a resident in India, the income in his foreign retirement benefits account is chargeable to tax in India on accrual basis. However, some countries tax such an amount at the time of receipt. Due to a mismatch in the year of taxability of such income in retirement funds, the taxpayers (generally non-residents who have permanently returned to India) face difficulties in availing of the foreign tax credit in respect of tax paid outside India on such income.

Section 89A, inserted with effect from the AY 2022-23 has removed the aforesaid difficulty by providing that the income of a specified person from the specified account shall be taxed in such manner and for such year as may be prescribed by rules. Schedule S (Details of Income from Salary) of ITR forms seek the following details:

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

The new ITR forms have added a row to disclose income taxable during the previous year on which relief u/s 89A was claimed in any earlier previous year.

## Disclosure of information if the assessee opted out from the alternative tax regime u/s 115BAC [ITR 3 and 4]

An Individual or HUF can opt for an alternative tax regime u/s 115BAC. In the case of the assessee having income from business or profession, the option, once exercised, is allowed to be withdrawn only once for a previous year other than the year in which it was exercised. Once such option has been withdrawn, assessee shall never be eligible to exercise option under this section, except where such person ceases to have any income from business or profession. To opt-out from the regime,

Form No. 10-IE shall be furnished electronically either under a digital signature or electronic verification code. The new ITR forms seek details if the assessee has ever opted out of Section 115BAC in earlier years. **If the taxpayer has opted out, he is required to give details of the following:**

- **Assessment Year in which said option is opted out;**
- **Date of filing; and**
- **Acknowledgement number of Form 10-IE**

## **Additional disclosure requirement by a firm in case of change in partnership [ITR 5]**

The partnership firm/AOP/BOI is required to disclose information in the ITR-5 in case there is any change during the previous year in the partners or members. The societies and cooperative banks are required give details of the Managing Committee. The following disclosures are required to be made in this regard:

- Name of partner/member
- Admitted/retired
- Date of admission/retirement
- Percentage of shares

New ITR-5 Form seeks the following **two additional details:**

- PAN
- Remuneration paid/payable in case of retiring partner (in the case of a firm)

## **Disclosure of 'Advances' in the balance sheet [ITR 3]**

**ITR 3 Schedule Balance Sheet has been amended to incorporate disclosures related to 'Advances'.**

It seeks the following two details:

- Advances from persons specified in Section 40A(2)(b); and
- Advances from others.

4	Advances				
i	From persons specified in section 40A(2)(b) of the I. T. Act	ii			
ii	From others	ii			
iii	Total Advances (i + ii)				
				4iii	

## **Computation of income on the applicability of 22nd Proviso to Section 10(23C) or Section 13(10) [ITR 7]**

The new ITR-7 form seeks the details of whether the provisions of 22nd proviso to Section 10(23C) or Section 13(10) is applicable. The Finance Act, 2022 inserted special provisions for the computation of income in the following cases:

- the institution has not obtained the audit report;

- the books of account and other documents have not been kept in the prescribed form/manner/place; or
- the institution has not furnished the return of income within the time allowed u/s 139(4A).

The consequential changes have also been made in **Part B-TI** in the ITR form. **A separate table in Part B3 is given if total income is chargeable to tax under 22nd proviso to Section 10(23C) or Section 13(10).**

In such cases, the income chargeable to tax due to withdrawal of exemption shall be computed after allowing a deduction for expenditure (other than capital expenditure) incurred in India for the objects of the institution. The deduction is allowable subject to the satisfaction of the following conditions:

- The expenditure is not from the amount of corpus donations credited in the books of account up to the end of the financial year immediately preceding the relevant previous year;
- The expenditure is not from any loan or borrowing;
- Depreciation shall not be allowed in respect of an asset whose full cost has been claimed as an application of income;
- The expenditure is not in the form of a contribution or donation to any person.

The income shall be computed without deduction of the following expenditures:

- the capital expenditure;
- Disallowance shall be made u/s 40(a)(ia) for the default made in deduction of tax;
- Disallowance shall be made Section 40A(3)/40A(3A) for the payment made in cash;
- the expenditure not incurred in India.

It should be noted that the disallowance made of the above expenditure or allowance shall not be allowed as a deduction to the assessee under any other provision. Further, if any loss arises due to such expenditure, no set-off shall be allowed for such losses.

Part B3- Applicable if total income chargeable to tax u/s twenty-second proviso to section 10(23C) or section 13(10)	
I. If yes in Sl. No. A(26) of Part A-General, specify the reason why the provisions of twenty-second proviso to Clause (23C) of section 10 or sub-section (10) of section 13 are applicable?	
II. If yes in Sl. No. A(26) of Part A-General, please provide computation of Income chargeable under twenty second proviso to Clause (23C) of section 10/Sub-section (10) of section 13	

## Details of Author/Founder/Trustee/Manager [ITR 7]

The new ITR-7 form seeks the details of the particulars regarding the Author/Founder/Trustee/Manager of the trust or institution at any time during the previous year. So, **if a person held a position at any time during the previous year, his details would be furnished.** Earlier, these details were required to be provided as on the **date of application.**

## Disclosure of accumulated income taxed in earlier years [ITR 7]

**A new Schedule IA has been inserted** that requires the details to be furnished for the accumulated income taxed in earlier assessment years u/s 11(3). The exemption is allowed to a trust for the income accumulated in excess of 15%, subject to the fulfilment of certain conditions. Section 11(3) provides for the circumstances when the exemption allowed to a trust for the accumulated income shall be withdrawn if specified conditions are not complied with by the assessee. **In new Schedule IA, the details need to be provided for the year of accumulation and the assessment year in which such accumulated amount was taxed.**

Schedule IA		Details of accumulated income taxed in earlier assessment years as per section 11(3)					
FY	AY	<u>Assessment year in which the amount referred at Col 6 of Schedule I was taxed (Figures in Rs.)</u>					
	Year of accumulation (F.Yr.)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
		(A)	(B)	(C)	(D)	(E)	(F) (A+B+C+D+E)
	2016-17						
	2017-18						
	2018-19						
	2019-20						
	2020-21						

Another new Schedule DA has been inserted that requires the details of accumulated income taxed in earlier assessment years u/s 11(1B). When a charitable institution cannot utilize 85% of its income for charitable or religious purposes in India, it shall be deemed to be applied for such purposes upon the filing of Form 9A.

When such income is not applied to charitable or religious purposes in India during the specified period, then it shall be deemed as the income of the previous year immediately following the previous year in which it was received or derived, and it shall be taxable u/s 115BBI. In this new Schedule DA, the details have to be furnished of the year of deemed application and the assessment year in which such amount was taxed.

### Details of investments made in specified modes [ITR 7]

B Details of corpus investment/deposits made under section 11(5) as on 31.03.2023			
Sl No	Investment out of	Mode of investment as per section 11(5)	Amount of investment
(1)	(2)	(3)	4
i	corpus representing donation donations received for the renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020	Dropdown to be provided (Please specify the nature)	
ii	ii. – Corpus other than (i) above received on or after 01.04.2021		
iii	Other than (i) and (ii) above		

The Finance Act, 2022 provided that if the institutions approved u/s 10(23C) apply the income (or part of income or property) of any trust or institution directly or indirectly for the benefit of any person referred to in Section 13(3), such income or property shall be deemed to be the income of fund or institution of the previous year in which it is so applied.

C	Investment held at any time during the previous year (s) in concern (s) in which persons referred to in section 13(3) and 21 <sup>st</sup> Proviso of Section 10(23C) have a substantial interest
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The breakup of the total application of funds shown in the balance sheet shall be further classified into the investments made in the modes specified u/s 11(5) and the investment made in modes other than specified u/s 11(5).

6	Out of 5, Investment made in modes specified u/s 11(5)	6	
7	Out of 5, Investment made in modes other than specified u/s 11(5)	7	

## Reconciliation of corpus [ITR 7]

A new Schedule R has been inserted wherein the reconciliation of the corpus of Schedule J and the Balance sheet is to be shown. The reasons for the difference in the closing balance of the corpus shown in Schedule J and the closing balance as per the balance sheet are to be given.

The reasons for the difference have to be given as under:

- Purchase of fixed Assets
- Depreciation
- Any other reasons (Specify the reason)

Schedule R		Reconciliation of Corpus of Schedule J and Balance sheet		
Particulars	Corpus out of the donations received for renovation or repair of places notified u/s 80G(2)(b) on or after 01.04.2020	Other corpus received on or after 01.04.2021	Corpus other than (a) and (b)	
	(1)	(2)	(3)	
A. Closing balance as on 31.03.2023 as per Schedule J				
B. Reasons of difference (+/-) (Bi+Bii+Biii)				
i) Purchase of fixed asset				
ii) Depreciation				
iii) Any other reason (Please specify)				
C. Closing balance as on 31.03.2023 as per Balance sheet (A+B)				

## Disclosure of Anonymous Donations [ITR 7]

The details of voluntary contributions are required to be reported in Schedule VC. These voluntary contributions are further classified as domestic and foreign contributions, including anonymous donations. Now, **anonymous donations taxable u/s 115BBC are to be shown separately in Schedule VC.**

Schedule VC		Voluntary Contributions [to be mandatorily filled in by all persons filing ITR-7]	
A	Domestic Contribution (Other than anonymous donations taxable u/s 115BBC)		
B	Foreign contribution (other than anonymous donations taxable u/s 115BBC)		
C	Total Contributions (Aiii + Biii)	C	
D	Anonymous donations, chargeable u/s 115BBC [Applicable to assessee claiming exemption u/s 11 or 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via) or 10(23C)(iiia) or 10(23C)(iiiaa)]		

## Disclosure of the amount applied for the objects [ITR 7]

A new Schedule A has been inserted to provide for the amount applied to stated objects of the trust/institution during the previous year from all sources. Earlier, these details were required to be reported in the Schedule ER for the revenue nature and Schedule EC for the capital nature.

Now, both these details are to be reported in the new Schedule A, and the amount is to be classified into the revenue and capital nature. The Schedule ER and EC have been deleted in the new ITR form. The disclosure of the application of the amount towards the establishment and administration costs is not required in the new Schedule A.

Schedule A		Amount applied to stated objects of the trust/institution during the previous year from all sources referred to in C1 to C7 of this table- [to be filled by assessee claiming exemption u/s 11 and 12 or u/s 10(23C)(iv) or 10(23C)(v) or 10(23C)(vi) or 10(23C)(via)]			
A	Application towards the expenditure of the trust/institution		Revenue	Capital	Total
B	Expenditure not allowed as application other than application out of source of fund at C2 to C7 (B1 + B2 + B3 + B4+B5+B6+B7+B8) <i>Note: Amount entered in Sl. No. B should be out of Sl. No. A</i>	B			
C	Source of fund to meet revenue and capital application in Row A	C			

## Reporting of accreted income by Section 10(23C) approved institutions [ITR 7]

The Finance Act, 2022 extended the provisions to pay accreted tax to funds or institutions approved u/s 10(23C). Earlier, these provisions were only applicable to the trust or institution registered u/s 12AA/12AB. So, **Schedule 115TD must also be filled in by the institutions having approval u/s 10(23C).**

Schedule 115TD	Accreted income under section 115TD (Applicable if exemption claimed u/s 11 and 12 or 10(23C)(iv)/10(23C)(v)/ 10(23C)(vi)/10(23C)(via)
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## Disclosure of income taxable under Section 115BBI [ITR 7]

The Finance Act, 2022 inserted a new Section 115BBI which provides that where the total income of any specified charitable institution includes any specified income, then the institution shall pay tax at the rate of 30% plus surcharge and cess on the aggregate of such specified income. A **new Schedule 115BBI has been inserted to report the specified income of the institutions taxable at a special rate u/s 115BBI.**

Schedule 115BBI   Specified income of certain institutions under section 115BBI				
	Particulars		Amount	
1	Deemed income referred in Explanation 4 to the third proviso to section 10(23C) or section 11(3)	1	<Total of Col 15 of Schedule I>	
2	Deemed income referred under section 11(1B)	2	< Total of Col 8 of Schedule D>	
3	Income which is deemed to be income under the twenty-first proviso to section 10(23C) or which is excluded from the total income as per section 13(1)(c)	3		
4	Income which is not exempt under section 10(23C) on account of violation of clause (b) of the third proviso of section 10(23C) or which is excluded from the total income as per section 13(1)(d)	4		
5	Income which is not excluded from the total income as per section 11(1)(c)	5		
6	Income accumulated or set apart in excess of fifteen per cent of the income where such accumulation is not allowed under any specific provision of this Act;	6		
7	Total (total of Sl. No. 1 to 6)	7		



## Details of recognition by the election commission of India [ITR 7]

Schedule LA has to be filled in by the Political Parties. Earlier, there was mandate requirement for political parties to provide registration details u/s 29A of the Representation of People Act, 1951. Now, they **also need to disclose whether that party is recognized by the Election Commission of India and the date of such recognition.**



## Contact Details

3rd Floor, MJ Tower,

55, Rajpur Road,

Dehradun - 248001

**T:** +91.135.2743283, +91.135.2747084

**E:** [info@vkalra.com](mailto:info@vkalra.com)

**W:** [vkalra.com](http://vkalra.com)

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