



GES Alert

Harmonizing global & local perspectives

Government simplifies income-tax return forms for financial year 2014-2015

Issue no: GES/16/2015

In this issue:

Background
Key changes
Comments
Do you know about Dbriefs?
Contacts

Background

The income-tax return forms for financial year 2014-2015 released by the Government in April 2015 entailed a number of additional disclosures by taxpayers, including exhaustive details of foreign travel and bank accounts (please refer to our earlier GES Alert dated 21 April 2015). After a number of representations were made before the finance ministry by various stakeholders, the forms were put on hold with a promise to simplify the tax filing process.

In a press release dated 31 May 2015, the Government had indicated the key changes that would be brought about in the forms to simplify the forms. The Government has notified the revised return forms on 22 June 2015. This is in continuation to our earlier Alert, and captures the changes to the income-tax return forms for financial year 2014-2015, as also changes to the reporting and filing requirements for the year as compared to the forms notified in April 2015, relevant to individual taxpayers not having business income.

Key changes

Who can use the forms

- Form ITR 1 can now be used by taxpayers having exempt income (other than agricultural income) exceeding INR 5,000. However, taxpayers with agricultural income exceeding INR 5,000 will be required to use Forms ITR 2 or ITR 2A, as may be applicable in their case.
- Individuals having income from more than one house property or capital gains were required to file their income-tax returns in Form ITR 2. However, as per the Government, a majority of such individuals did not have any capital gains and hence in order to save such taxpayers the hassle of filling up the detailed Form ITR 2, a new Form ITR 2A has been introduced which will apply to individuals who:
 - do not have any income from Business or Profession and Capital Gains
 - do not hold any foreign assets / signing authority in any account outside India
 - do not have any foreign income
 - do not claim any credit for taxes paid outside India

Form ITR 2A is similar in form and content to Form ITR 2, except the schedules and fields relating to capital gains, foreign assets/foreign income and foreign tax credits, which have been omitted.

Key change in all forms

- The forms as notified earlier required detailed reporting of all bank accounts held by a taxpayer in India. Such reporting is now mandatory only for current and savings accounts which are not dormant (accounts that have not been operational for more than 3 years). Details of joint holders and account balances as on 31 March are no longer required to be reported.

Other changes

- Forms ITR 2 and ITR 2A have been restricted to a length of 3 pages in the main form with appended schedules. Further details are to be filled out in the schedules, only if applicable.
- In Form ITR 2, foreign citizens in India on business, employment or student visa are not required to report the foreign assets acquired by them during the previous years when they were non-resident if no income is derived from such assets during the relevant previous year.
- Any amount deemed to be short term capital gain / long term capital gain during the year other than on account of the amount remaining unutilized in the Capital Gains Accounts Scheme (e.g. on sale of the new house property within the lock in period of 3 years under section 54F) is required to be reported separately in Form ITR 2.
- The forms no longer require disclosure of details of foreign travel undertaken during the year. However, individual taxpayers are required to report their Passport number in Forms ITR 2 or ITR 2A, as may be applicable.
- The filing due date of 31 July 2015 (e.g in the case of individuals not subject to tax audit) has been extended to 31 August 2015.

Snapshot of applicability of the forms to individuals not having business income

Form Type	Applicable to	Exclusions
ITR 1	<p>Taxpayers having any of the following:</p> <ul style="list-style-type: none"> • Salary income • Income (including loss) from one House Property • Income from other sources 	<p>Taxpayers having any of the following:</p> <ul style="list-style-type: none"> • Income from more than one house property • Winnings from lottery or race horses • Loss under the head 'income from other sources' • Brought forward loss under the head 'income from house property' • Income from business or profession • Capital gains • Agricultural income in excess of INR 5,000 • Foreign assets / signing authority in any account outside India • Foreign income • Claims for credit of taxes paid outside India
ITR 2A	<p>Taxpayers having any of the following:</p> <ul style="list-style-type: none"> • Salary income • House Property income, including from more than one house property • Income from other sources, including winnings from lottery or race horses • Loss under the head 'income from other sources' • Brought forward loss under the head 'income from house property' • Agricultural income in excess of INR 5,000 • Exempt Long Term Capital Gains (subject to Securities Transaction Tax) 	<p>Taxpayers having any of the following:</p> <ul style="list-style-type: none"> • Income from Business or Profession • Capital Gains • Foreign assets / signing authority in any account outside India • Foreign income • Claims for credit of taxes paid outside India
ITR 2	<p>Taxpayers covered under the exclusions of Forms ITR 1 and ITR 2A i.e taxpayers having any of the following:</p> <ul style="list-style-type: none"> • Capital Gains • Foreign assets / signing authority in any account outside India • Foreign income • Claims for credit of taxes paid outside India 	<p>Taxpayers having income from business or profession</p>

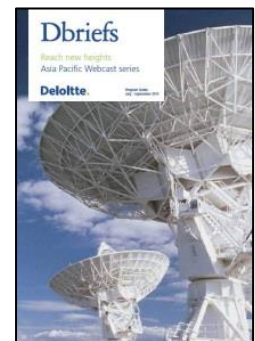
Comments

The simplification of the forms, especially the removal of the foreign travel reporting requirement for resident individuals, is a welcome measure. Relaxation of foreign asset reporting for foreign citizens in certain cases will also come as a relief for expatriates working in India. However, where reporting of foreign assets is mandatory or where foreign income is earned/ foreign taxes are paid, the reporting requirements are more onerous and detailed over the earlier years. Further, the reporting of details in respect of Indian bank accounts also entails additional efforts in preparation of tax returns for Individuals.

Source: http://www.incometaxindia.gov.in/communications/notification/notification_49_2015.pdf

Do you know about Dbriefs?

Dbriefs are live webcasts that give valuable insights on important developments affecting your business. To register, visit the [Dbriefs](#) page. For more information, visit the [Dbriefs](#) page.



 Download the report

Contacts

Ahmedabad

Heritage, 3rd Floor,
Near Gujarat Vidyapith,
Off Ashram Road,
Ahmedabad – 380 014.
Tel: + 91 (079) 2758 2542
Fax: + 91 (079) 2758 2551

Bangalore

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025.
Tel: +91 (080) 6627 6000
Fax: +91 (080) 6627 6010

Chennai

No.52, Venkatanarayana Road,
7th Floor, ASV N Ramana Tower,
T-Nagar,
Chennai 600 017.
Tel: +91 (044) 6688 5000
Fax: +91 (044) 6688 5050

Coimbatore

Shanmugha Manram
41, Race Course,
Coimbatore
Tamil Nadu - 641018
Tel: + 91 (0422) 439 2801
Fax: +91 (0422) 222 3615

Delhi/Gurgaon

Building 10,
Tower B, 7th Floor,
DLF Cyber City,
Gurgaon 122 002
Tel : +91 (0124) 679 2000
Fax : + 91 (0124) 679 2012

Hyderabad

1-8-384 and 385, 3rd Floor,
Gowra Grand S.P.Road,
Begumpet,
Secunderabad – 500 003.
Tel: +91 (040) 6603 2600
Fax: +91 (040) 6603 2714

Kolkata

Bengal Intelligent Park Building Alpha,
1st floor, Block EP and GP Sector V,
Salt Lake Electronics Complex,
Kolkata - 700 091.
Tel : + 91 (033) 6612 1000
Fax : + 91 (033) 6612 1001

Mumbai

Indiabulls Finance Centre,
Tower 3, 28th Floor,
Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone (W),
Mumbai – 400013
Tel: + 91 (022) 6185 4000
Fax: + 91 (022) 6185 4101

Pune

106, B-Wing, 7th Floor,
ICC Trade Tower,
Senapati Bapat Road,
Pune – 411 016.
Tel: + 91 (020) 6624 4600
Fax: +91 (020) 6624 4605

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites). DTTIPL is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTIPL, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2015 Deloitte Touche Tohmatsu India Private Limited. Member of Deloitte Touche Tohmatsu Limited
low us on:

[Home](#) | [Add Deloitte as a safe sender](#)

Follow us on:

