

## Tax Alert | Delivering clarity

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### Tax authorities publish FAQs on completion of AY 2019-20 income-tax return forms

FAQs provide welcome clarification for taxpayers

On 8 August 2019, India's Central Board of Direct Taxes (CBDT) issued [Circular No. 18 of 2019](#) providing responses to 19 FAQs based on queries received by the CBDT from taxpayers regarding completion of income-tax return (ITR) forms for AY 2019-20 (reporting income earned during the period 1 April 2018 to 31 March 2019). The forms originally were released by the CBDT on 1 April 2019, followed by instructions on completion and software enabling e-filing of returns.

### Clarifications provided by the FAQs

The clarifications provided by the FAQs include the following:

#### Taxpayer Identification Number (TIN)

The name of the country in which the passport was issued must be entered in the "residential status" column. Where a TIN is not allotted in a nonresident's jurisdiction of residence, the passport number must be provided in the "TIN" column.

#### Directorship of a foreign company

All individuals, including nonresident, and resident but not ordinary resident individuals, must disclose details of any directorships in a foreign company. Providing the permanent account number (PAN) is mandatory where a PAN has been allotted to the foreign company.

#### Unlisted shares

- Where an individual holds shares in a listed company outside India, "no" should be entered against the requirement to disclose unlisted equity shares.
- Where a previously listed company is subsequently delisted, the PAN must be provided if available; if not, the default value "NNNNN0000N" must be entered.
- Shares held in unlisted foreign companies reported in schedule FA (details of foreign assets and income from any source outside India) and unlisted equity shares held as stock-in-trade by a business during the financial year (FY) also must be reported in the column requiring disclosure of unlisted shares in part B.
- Shares listed on a stock exchange outside India during FY 2018-19, and equity shares of cooperative banks or credit societies do not need to be reported as unlisted shares. Shareholdings of unlisted entities registered under the Indian Companies Act only must be reported.
- Where unlisted shares are acquired or transferred by way of gift, will, amalgamation, merger, demerger or bonus issue, etc., the "cost of acquisition" or "sale consideration" can be entered as zero or the appropriate value determined in accordance with the relevant provisions of the Income-tax Act, 1961 (ITA). Any quantitative details of unlisted equity shares provided in this column are for reporting purposes only and are not relevant for computing either total income or the tax liability.

### **Schedule CG (capital gains)**

- Where an Indian resident disposes of land and/or buildings located outside India, details of the property and the name of buyer still must be provided. The buyer's PAN must be provided if tax is deducted under section 194-IA of the ITA or is mentioned in the documents.
- It is not compulsory to provide international securities identification number (ISIN) details and scrip-wise computation of long-term capital gains (LTCG) on the sale of shares or units in mutual funds on which securities transaction tax has been paid. Tools 112A and 115AD(1)(iii) are optional tools provided in the ITR for the taxpayers' convenience. The LTCG computed by the tool will populate the respective entries in schedule CG. Alternatively, taxpayers may compute the LTCG or loss manually and input the information directly into schedule CG.

### **Schedule AL-1 of ITR-6 (assets and liabilities)**

This schedule must be completed by unlisted companies to provide details of assets and liabilities as at the year-end. The FAQs clarify that the requirement does not apply to unlisted foreign companies.

Where jewelry or motor vehicles are held as stock-in-trade, the purpose code "stock-in-trade" must be selected in table H (details of motor vehicle, aircraft, yacht or other mode of transport) and table I (details of jewelry, archaeological collections, drawings, paintings, sculptures, any work of art or bullion) and only the aggregate values provided.

Foreign assets held during the FY reported in schedule FA also must be reported in schedule AL.

### **Schedule SH-1 of ITR-6 (unlisted shareholdings)**

Unlisted foreign companies and "farmer producer" companies are not required to report details under this schedule. However, in case of a farmer producer company the option "yes" must be selected in answer to "whether the company is a producer company as defined in section 581A of Companies Act, 1956?" in part A (general).

### **Schedule FD of ITR-6 (payments/receipts in foreign currency)**

A breakdown of receipts and payments in foreign currency is required only in respect of business operations in India.

### **Schedule TDS (tax deducted at source)**

Where tax is deducted in one FY and the corresponding income reported in future years, credit for the tax deducted must not be claimed under the column "in own hands" for the current year.

Where no entry is made, the column "corresponding receipt offered" will appear greyed-out and no entries can be made.



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