SEMINAR ON CHANGES AND IMPORTANT ISSUES IN INCOME TAX RETURNS

ORGANISED AND HOSTED BY
EIRC OF ICAI

DATE : 24TH JUNE 2026, AT EIRC AUDITORIUM, ICAI BHAWAN, KOLKATA

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PERSONS LIABLE TO FILE ITR FORMS

As per Section 139, filing of return has been made mandatory for

- A company or a firm,
- Any other person whose total income exceeds the maximum amount which is not chargeable to Income – Tax.

However certain proviso has been inserted to Section 139, which mandates a person to file Income Tax Return, provided his total income is within the maximum amount chargeable to income tax.

PERSONS LIABLE TO FILE ITR FORMS, CONTD……

As per Notification no. 37/2022, dated 21st April 2022

A new Rule 12AB in the Income Tax Rules, 1962 has been added, which prescribes conditions for Furnishing return of Income by persons referred in Section 139(1)(b) seventh Proviso clause (iv)

Conditions are:

- If Total Sales, Turnover or Gross Receipts exceeds Rs.60 lakh
- If Gross receipts in Profession exceeds Rs.10 lakh
- If Aggregate of TDS and TCS, exceeds Rs.25,000 (in case of Senior Citizen the limit is Rs.50,000)
- Deposit in one or more Savings account in aggregate is Rs.50 lakh or more.

Apart from this old conditions for filing ITR for persons still exists which can be narrated as under:

PERSONS LIABLE TO FILE ITR FORMS, CONTD……

Other Conditions for Filing of ITR

- Deposit of Rs. 1 crore or more in one or more current account maintained with a bank or co-operative bank.
- Made Expenditure in Foreign Travel exceeding Rs. 2 lakh
- Made Expenditure of Electricity Bill in excess of Rs. 1 lakh
- If you want to claim an Income Tax refund
- If you want to carry forward a loss under any head of income
- If you are a Resident Individual having foreign Asset or financial interest in an entity outside India
- If you are a Resident and also a signing Authority in a foreign account
- If you are in receipt of income derived from property held under a trust for charitable or religious purposes, or a political party or a research association, news agency, educational or medical institution, trade union, a not- for- profit university or educational institution, a hospital, infrastructure debt fund, any authority, body or trust
- If you want to apply for a loan or visa

ITR FORMS – DUE DATES

Category of Taxpayer	Due date of furnishing Audit Report	Due date of filing ITR
Individuals & HUFs, AOP ETC (Not liable to Audit) Generally ITR – 1 & ITR - 2		31st July 2026
Business/Profession assessees not liable to tax audit (generally ITR-3 & ITR-4)		**31st August 2026**
Individuals & HUFs, Partnership Firms, Limited Liability Partnership Firms Partners (where the partnership firm is subject to audit), Trusts, Colleges & Political Parties, (Tax Audit Cases), Companies including private limited companies & OPC	30th September 2026	31st October 2026
Report to be furnished under section 92E of the Income Tax Act	31st October 2026	30th November 2026
Revised Return/ Belated Return		31st December 2026

CONSEQUENCES FOR LATE FILING OF INCOME TAX RETURN

- Payment of Late Fees U/s. 234F
  - Rs.5,000 if Return is filed after Due Dates but within the Belated return date of 31.12.2025
  - Rs.1,000 if the Total Income of the Belated Return is less than Rs. 5 lakh.
- Losses cannot be Carried Forward.
- Payment of Interest u/s. 234A
- New to old or old to new Taxation regime cannot be applied (New taxation regime is the default regime) since option has to be exercised within 139(1) due dates.
- Deduction u/s. 10A, 10B, 80-IA and 80IB etc are not allowed

APPLICABILITY OF ITR FORMS

ITR FORM NUMBERS	Applicable Assessee	Limitations
ITR-1 (SAHAJ)	This return is applicable for a Resident (other than Not Ordinarily Resident) Individual having Total Income from any of the following sources up to ₹ 50 lakh, **LTCG upto ₹ 1.25 lakh (112A)**	Can have the following Income heads 1. Salary / Pension **2. Two House Property** 3. Other Sources (Interest, Family Pension, Dividend, Etc.) 4. Agricultural Income up to ₹5,000
Note: ITR – 1 cannot be used if a person who: (a) is a Director in a company (b) **has held any unlisted equity shares at any time during the previous year** (c) has any asset (including financial interest in any entity) located outside India (d) has signing authority in any account located outside India (e) has income from any source outside India (f) is a person in whose case tax has been deducted u/s 194N (Cash withdrawals) (g) is a person in whose case payment or deduction of tax has been deferred on ESOP (h) who has any brought forward loss or loss to be carried forward under any head of income		

APPLICABILITY OF ITR FORMS

ITR FORM NUMBERS	Applicable Assessee	Applicability / Limitations
ITR-2	Applicable for Individual and HUF	▪ Not having Income under the head Profits and Gains of Business or Profession. ▪ Who is not Eligible for filing ITR-1
ITR-3	Applicable for Individual and HUF	▪ Having Income under the head Profits and Gains of Business or Profession ▪ Who is not eligible for filing ITR-1, 2 or 4
ITR-5	For persons other than- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7	▪ Used by Partnership Firm, AOP and BOI
ITR-6	For Companies other than companies claiming exemption under section 11	▪ Other than Charitable and Educational Institutions
ITR-7	Applicable for Charitable Trust	▪ Returns furnished u/s 139(4A) or 139(4B) or 139(4C) or 139(4D) only

APPLICABILITY OF ITR FORMS

ITR FORM NUMBERS	Applicable Assessee	Limitations
ITR-4 (SUGAM)	This return is applicable for an Individual or Hindu Undivided Family (HUF), who is Resident other than Not Ordinarily Resident or a Firm (other than LLP) which is a Resident having Total Income up to ₹ 50 lakh and **LTCG u/s. 112A not exceeding Rs.1.25 lakhs**	Mandatorily having income from Business or Profession which is computed on a presumptive basis (u/s 44AD / 44ADA / 44AE) and income from any of the following sources: 1. Salary / Pension **2. Two House Property** 3. Other Sources (Interest, Family Pension, Dividend, Etc.) 4. Agricultural Income up to ₹5,000

Note: ITR – 4 cannot be used if a person who:
(a) is a Director in a company
(b) has held any unlisted equity shares at any time during the previous year
(c) has any asset (including financial interest in any entity) located outside India
(d) has signing authority in any account located outside India
(e) has income from any source outside India
(f) is a person in whose case payment or deduction of tax has been deferred on ESOP
(h) who has any brought forward loss or loss to be carried forward under any head of income

NOTIFICATION OF I.T RETURN FORMS

As per the following notification ITR forms were Notified for A.Y. 2026-27:

- ITR-1 & ITR – 4 (Sugam) Forms - Notification 45/2026 dated 30th March 2026
- ITR – 2 – Notification no. 46/2026 dated 30th March 2026
- ITR – 3 – Notification no. 47/2026 dated 30th March 2026
- ITR – 5 – Notification no. 48/2026 dated 30th March 2026
- ITR – 6 – Notification no. 49/2026 dated 30th March 2026
- ITR – 7 – Notification no. 50/2026 dated 30th March 2026
- ITR – U - Notification no. 52/2026 dated 30th March 2026
- ITR – V & ITR – ACK - Notification no. 51/2026 dated 30th March 2026

NOTIFICATION OF I.T RETURN FORMS

Online Utility for A.Y. 2026-27 :

- Common Utility (ITR-1, 2, 3 & 4) – 20/05/2026 Latest update 23/06/2026
- ITR – 1 & 4 – 15/05/2026, Latest Update **NIL**
- ITR – 2 – 26/05/2026, Latest Update **NIL**
- ITR – 3 – 18/06/2026, Latest Update **NIL**
- ITR – 5 – **Not Provided yet**
- ITR – 6 – **Not Provided yet**
- ITR – 7 – **Not Provided yet**

CHANGES IN INCOME TAX RETURN FORMS

1) Eligibility of ITR Forms – 1 & 4

Now the form can be used by assessee having upto Two House Property since now Income upto Two House Property is exempt and no deeming provision is applicable.

2) Secondary Address in all ITR 1 to 7

Secondary Address field is inserted after the Primary Filed (though optional) but now the assessee can fill in primary and secondary address, further the two mobile number and email id field is also rationalized as primary and secondary.

3) Unrealised Rent in Schedule House Property (ITR 1 to 7)

"Income from House Property" schedule now contains a separate field for Unrealised Rent, which was not there before.

CHANGES IN INCOME TAX RETURN FORMS, CONTD… FOR A.Y. 2025-26

4) Schedule Capital Gain (ITR 2,3,5,6,7)
Schedule CG no longer requires separate reporting of transactions before and after 23.07.2024. The column is no longer required hence removed from the Income Tax forms.

5) Differential tax rates in Schedule Capital Gain (ITR 2,3,5,6,7)
Old tax-rate columns (15%, 10%, etc.) appearing only because of FY 2024-25 transition have been deleted.

6) Business Schedules updated for F&O and Intraday (ITR-3)
Separate disclosure of Futures, Options and Intraday transactions in business schedules has been refined.

CHANGES IN INCOME TAX RETURN FORMS, CONTD…

7) ITR U update new field added for (ITR Forms 2, 3, 5, 6 & 7)

New fields asking whether updated return is filed pursuant to notice under section 148 and requiring Notice Date and DIN.

8) Changes in the Excel/JSON Utility (Not Visible in the Form)

- More stringent validation of IFSC codes and bank account details.
- PAN–Aadhaar validation before JSON generation.
- Improved validation of Schedule TDS against TAN format.
- Better validation for Schedule 80G and other deduction schedules.
- Improved cross-validation of Schedule CG with Schedule SI.
- Auto-validation of brought-forward and current-year losses

CHANGES IN INCOME TAX RETURN FORMS, CONTD…

Few Old changes which are important to be noted

1) Schedules 80DD and 80U (ITR Forms 2 & 3)

- The acknowledgement number of a disability certificate obtained under rule 11A(2)(ii) of the Rules must be disclosed
- For all deductions u/s, 80C, 80D, 80GG, 80CCD(1), 80CCD(2) etc details need to be filed in dropdown.
  - In case of Bank Loan Principal Repayment – Provide Loan Account number
  - In case of Life Insurance Premium payment – Provide receipt no or policy No
  - In case of Medical Premium – Provide Money receipt or Medical Policy No.
  - Same to be followed for other deductions also.

IMPORTANT POINTS TO BE REMEBERED

1) **In ITR-6 few columns generally missed to be filed or ignored**
   - Holding and Subsidiary Details
   - Amalgamation, reconstruction information
   - Changing of Information of Directors, Secretary and Principal Officers
   - Beneficial owner and Ultimate Beneficial Owner (in case of Unlisted Company).
   - Investment in Un-incorporated entities
   - Shareholding information if you are an Unlisted company.
     - Shareholding as on the end of the previous year
     - Share Application Money Pending Allotment
     - Shareholder who was there in the previous year but not a shareholder in the current year (Share Transfer information)
   - Schedule of Assets and Liabilities

CALCULATION OF REBATE 87A & MARGINAL RELIEF

Rebate U/s. 87A and Marginal Relief

- Applicable only to Resident Individual,
- Maximum Rebate allowed is Rs.60,000/-
- Total Income not to exceed Rs. 12 lakh
- Section 2(45) total income ordinarily includes all income

There has been a confusion that the limit of Rs. 12 lakh is to be applied only to normal Slab rate income and special rate of tax not to be included.

CALCULATION OF REBATE 87A & MARGINAL RELIEF

Example – Mr X has the following income, whether 87A Rebate is available in both Scenario, or not available

Head of Income	Scenario 1	Scenario 2	Scenario 2
Salary	5,00,000	5,00,000	5,00,000
PGBP	3,50,000	3,50,000	3,50,000
Capital Gain (112A)	1,23,000	1,23,000	1,23,000
Other Source	1,50,000	2,50,000	2,50,000
Total Income	**11,23,000**	**12,23,000**	**12,23,000**
Special Income	1,23,000	1,23,000	1,23,000
Normal Income	10,00,000	11,00,000	11,00,000
Rebate (87A)			
Tax Amount before cess			

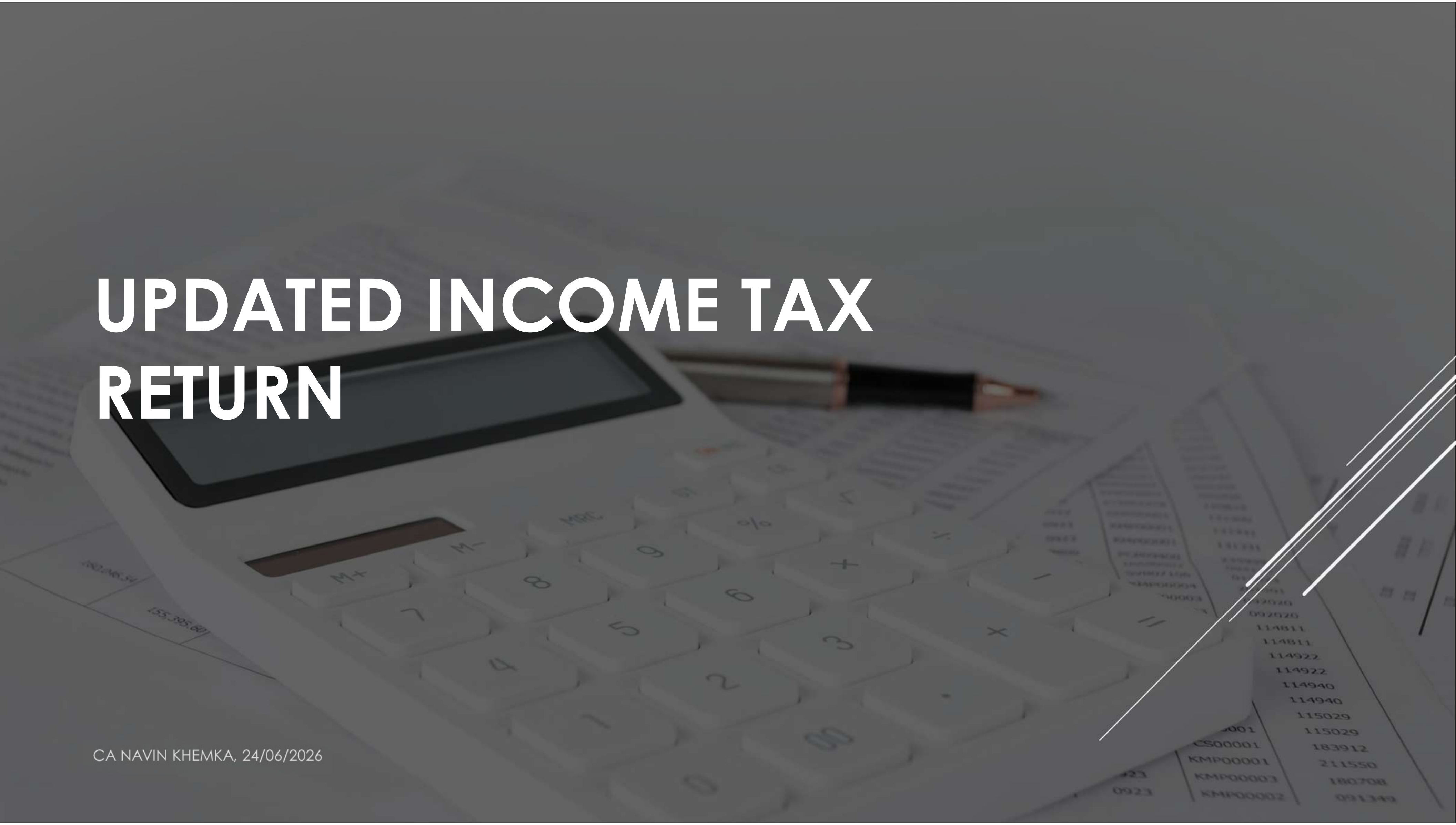
CALCULATION OF REBATE 87A & MARGINAL RELIEF

Example – Mr X has the following income, whether 87A Rebate is available in both Scenario, or not available

Head of Income	Scenario 1	Scenario 2	Scenario 2
Salary	5,00,000	5,00,000	5,00,000
PGBP	3,50,000	3,50,000	3,50,000
Capital Gain (112A)	1,23,000	1,23,000	1,23,000
Other Source	1,50,000	2,50,000	2,50,000
Total Income	**11,23,000**	**12,23,000**	**12,23,000**
Special Income	1,23,000	1,23,000	1,23,000
Normal Income	10,00,000	11,00,000	11,00,000
Rebate (87A)	40,000	Zero	50,000
Tax Amount before cess	NIL	50,000	NIL

OTHER POINTS TO ME REMEMBERED

1) Matching of ITR form data with Form 26AS, generated from the Income Tax portal.
2) Matching of ITR form Data with ITNS Data – AIS being generated in the Income Tax Portal
    - ❑ Duplicate entries in AIS report in case of Interest income by Post office or banks
    - ❑ Securities Transaction, reported one from the AMC side and one script wise.
    - ❑ Non-availability of Cost of Securities, showing as Off Market transaction
3) Reporting of Virtual Digital Asset either as Business receipts or Capital Gain.
4) Always match the data filled up and generated through Private Software.



UPDATED INCOME TAX RETURN

CA NAVIN KHEMKA, 24/06/2026

UPDATED INCOME TAX RETURN

As per Finance Act 2022, a new Section has been Inserted in Section 139, i.e. **Section 139(8A)**, which provides any person, whether or not he has furnished a return under sub-section (1) or sub-section (4) or sub-section (5), for an assessment year to furnish an updated return of his income at any time within 24 months from the end of the relevant Assessment year. **Now 48 Months as per Finance Act, 2015 applicable from 1st April 2025**

WHO CAN FILE UPDATED RETURN?

As per the Income Tax Act any person who is not ineligible as per the above section, can update their return for **F.Y. 2021-22** / **A.Y. 2022-23** and subsequent assessment years via Form **ITR - U**

UPDATED INCOME TAX RETURN CONTD..

Who are ineligible to file Updated Income Tax Return?

There are 5 proviso to Section 139(8A) which deals with eligibility and ineligibility of filing Updated returns. Lets us see:

<u>Proviso-1</u>: The Provision shall not apply, if the updated return

- Is a return of loss
- Has the effect of decreasing the total tax liability in comparison to original return
- Results in refund or increases the refund due in comparison to original return

UPDATED INCOME TAX RETURN CONTD..

Who are ineligible to file Updated Income Tax Return?

Proviso-2: Person Ineligible to furnish an updated return, where:

- A search has been initiated, or books or accounts are requisitioned
- A Survey has been conducted other than Sub Section (2A) of Section 133A
- A notice has been issued that money, bullion, jewellery or valuable articles seized or any books of accounts or documents seized, belongs to that person

For the assessment year relevant to the previous year for which search is initiated and any assessment year preceding such assessment year.

UPDATED INCOME TAX RETURN CONTD..

Proviso-3: No updated return shall be furnished, where:

- An updated return has been furnished under this section, i.e. updated return can be furnished only once.
- any proceeding for assessment or ~~**reassessment**~~ or recomputation or revision of income under this Act is pending or has been completed for the relevant assessment year.
- The AO has information in his procession w.r.t Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 or the Prohibition of Benami Property Transactions Act, 1988 or the Prevention of Money-laundering Act, 2002 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 and the same has been communicated to him, prior to the date of furnishing of return under this sub-section.
- An information has been received under an agreement referred to in Section 90 or 90A and the same has been communicated to him.
- any prosecution proceedings under the Chapter XXII have been initiated
- He belongs to such class of person as may be notified by the Board in this regard.

UPDATED INCOME TAX RETURN CONTD..

Proviso-4: (Loss return converted to Income Return)

- Where a return of loss has been filed within the due date of furnishing of return and also verified in the prescribed manner and the updated return results in a return of income, i.e. the loss return is now updated as return of income, then the same can be filed.

Proviso-5: (Reduction in C/f loss, unabsorbed depreciation etc)

- Where there is reduction in carried forward loss under Chapter VI or reduction in unabsorbed depreciation or reduction of carried forward tax credit as a result of furnishing the updated return the same could be filed for each of the subsequent previous years.

UPDATED INCOME TAX RETURN CONTD..

Tax to be paid in Updated Return

Section 140B provides for payment and computation of tax, interest, fee, and additional income-tax on updated return. It contains total six provisions:

(a) Computation of tax on the updated return where no original or belated return was filed.

(b) Computation of tax on the updated return where original, revised or belated earlier ('earlier return') was filed.

(c) Computation of additional tax payable at the time of furnishing of updated return.

This provision also contains an explanation that provides for computation of interest under section 234A, section 234C and interest on additional tax payable at the time of furnishing of updated return.

UPDATED INCOME TAX RETURN CONTD..

<u>Tax to be paid in Updated Return</u>

1. Computation of tax, interest, and fee on the updated return where no return was filed earlier:

- In above scenario also there has to be income which needs to be declared in addition to the normal return which was supposed to be filed i.e. an additional income has to be there on which additional tax liability has to be paid.
- Example your original return is to be filed for Rs.15,00,000/-, then updated return needs to be prepared for Rs.15,00,000/- and all taxes need to be paid as per the above computation on or before the belated return filing date.
- Now an additional income of any amount let's say Rs.100/- needs to be shown as additional income and additional income tax @ 25% needs to be paid on Rs. 100/- i.e. Rs.25 as self assessment.

UPDATED INCOME TAX RETURN CONTD..

Tax to be paid in Updated Return

Interest u/s. 234A – for late filing of return needs to be computed from the original due date of filing of return till the date of filing of updated return, no interest to be charged on income shown as additional income on which additional income tax is paid.

Interest u/s. 234C – default in paying advance Tax, here the interest is calculated taking into consideration the amount of returned income including the amount of updated income shown in the Updated return. The updated return shall be taken as returned income even when return is filed earlier.

Fees u/s. 234F – It is payable in the same fashion as per the extant provision on furnishing of belated return.

UPDATED INCOME TAX RETURN CONTD..

<u>Tax Slab for Additional Tax to be paid in Updated Return</u>

- ❑ Within 12 months: additional tax = 25% of the total tax plus interest on the undisclosed income.
- ❑ After 12–24 months: 50%.
- ❑ After 24–36 months: 60%.
- ❑ After 36–48 months: 70%
- ❑ Additional Tax of 10% to be added if Notice for re-assessment has been issued for that particular year.

WISH YOU ALL A VERY HAPPY INCOME TAX FILING A.Y. 2026-27

THANK YOU

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