

Key Changes in ITR forms (ITR 3 to ITR 7) for AY-2020-21

Key Changes in ITR forms (ITR 3 to ITR 7) for AY 2020-21: CBDT has notified the ITR forms in ITR 3 to ITR 7 along with ITR-V (ITR Acknowledgement) for the Assessment Year 2020-21 (FY 2019-20) vide Notification No. 31/2020 dated 29.05.2020 with necessary changes in these ITR forms to incorporate various amendments as applicable for AY 2020-21.

Introduction

Earlier vide Notification No. 01/2020 dated 03.01.2020, the Board had notified ITR-4(Sugam). With the re-notification of the same ITR-4 (Sugam) , the earlier notified forms have now been changed.

This article outlines the changes in the ITR forms in ITR-3 to ITR-7 for the AY 2020-21 (FY 2019-20).

Changes in ITR-V (Acknowledgement form)

One of the major changes is introduced in the ITR-V (Acknowledgement form) in the A.Y -2020-21.

For the A.Y-2019-20, the income tax department had made changes in the ITR-V. The submitted ITR forms displayed the ITR-V with a watermark 'Not Verified' until the same is verified either electronically by EVC or by sending the same via post after manual signing. In case the ITR was filed with DSC, the final ITR-V without any watermark was being generated.

This has been done to alert the user that the e-filed ITR form needs to be verified by the assessee.

This time the verified and unverified ITR-V form has been changed.

The unverified form ITR-V will not contain any income, deduction and tax details. The new and changed ITR-V will only contain the basic information of the taxpayer Name and PAN and e-filing data like ITR Form No., e-Filing Acknowledgement Number, Filing section. Apart from these basic info, the form will have only the 'Verification' part.

After verifying the ITR form by EVC or by manual signature and sending the same to CPC, Bengaluru, the assessee can download the final ITR-V.

Henceforth, after these changes, one will not get the final ITR acknowledgement until the same is verified.

The unverified acknowledgement is titled as 'INDIAN INCOME TAX RETURN VERIFICATION FORM' whereas the final ITR-V is titled as 'INDIAN INCOME TAX RETURN ACKNOWLEDGEMENT'.

Return Filing provisions

The provisions to file a return of Income is provided in section 139 of the Income Tax Act, 1961. Rule 12 of the Income Tax Rules, 1962 provides the ITR forms to be used by a separate class of persons and the manner of filing of return of income in ITR forms.

The list of all the notified ITR forms from ITR-3 to ITR-7 and their uses are described in the synopsis below-

<u>ITR Forms</u>	<u>Description</u>
ITR 3	For individuals and HUFs having income from profits and gains of business or profession
ITR 4	For Individuals, HUFs and Firms (other than LLP) being a Resident having Total Income upto Rs.50 lakhs and having income from Business and Profession which is computed under sections 44AD, 44ADA or 44AE (Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares)
ITR 5	For persons other than:- (i) Individual, (ii) HUF, (iii) Company and (iv) Person filing Form ITR-7
ITR 6	For Companies other than companies claiming exemption under section 11
ITR 7	For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D)

Amendment by Notification 1/2020 vis-a-vis Notification 31/2020

In this context, it must be remembered that Rule 12 was first amended by [Notification No 1/2020 dated 03.01.2020](#) and then by [Notification No. 31/2020 dated 29.05.2020](#) for the AY 2020-21.

The latter notification has nullified the amendments prescribed by the former notification. The amendments were related to ITR-1 (Sahaj) and ITR-4 (Sugam).

Joint Owners of House Property can file ITR-1 (Sahaj) and ITR-4 (Sugam)

Joint Owners of House Property are now eligible to file ITR-1 (Sahaj) and ITR-4 (Sugam) if they are otherwise eligible for filing their return of income in ITR-1 (Sahaj) and ITR-4 (Sugam).

Earlier, Notification No. 1/20 [the Income-tax (First Amendment) Rules, 2020, w.e.f. 1-4-2020] has made the following amendments/changes in Rule 12-

As per the said notification, ITR-1 (Sahaj) cannot be used by an Individual who is otherwise eligible to use ITR-1 (Sahaj) in the following two cases, if the individual-

- (i) owns a house property in joint-ownership with two or more persons; or
- (ii) is required to furnish a return of income under seventh proviso to sub-section (1) of section 139

These amendments were introduced as item No. (VII) and (VIII) in the proviso to clause (a) to sub-rule(1) of Rule 12.

Notification 31/2020 [the Income-tax (12th Amendment) Rules, 2020] has omitted both the items (VII) and (VIII), thus, making the provisions similar to those applicable in the preceding assessment year 2019-20.

Similarly, use of ITR-4 (Sugam) was restricted in the following one case by the said notification.

ITR-4 (Sugam) cannot be used by an assessee who is otherwise eligible to use ITR-4 (Sugam) in the following one case, if the assessee-

- (i) owns a house property in joint-ownership with two or more persons

This amendment was introduced as item No. (VI) in the proviso to clause (ca) to sub-rule(1) of Rule 12.

Notification 31/2020 [the Income-tax (12th Amendment) Rules, 2020] has omitted the item (VI), thus, making the provisions similar to those applicable in the preceding assessment year 2019-20.

Hence, it can be seen that the amendments notified in Jan 2020 have been nullified in May 2020 for AY 2020-21. Hence, it follows that -

ITR-1 (Sahaj) can be used by an Individual who (i) owns a house property in joint-ownership with two or more persons and (ii) who is covered by 7th proviso to section 139(1) only.

ITR-4 (Sugam) can be used by an Individual who owns a house property in joint-ownership with two or more persons.

With these amendments, it follows that there is no change in Rule 12 and the same Rule 12 stands exactly for AY 2020-21 as it was applicable for the preceding AY 2019-20.

Therefore, the changes in ITR forms in ITR-1 to ITR-7 notified for AY 2020-21 is compared with the ITR forms as was applicable for the preceding AY 2019-20.

The CBDT, after notifying the new ITR-1 (Sahaj) and ITR-4 (Sugam) forms with the above changes in January 2020, had earlier vide a press release dated January 9, 2020 clarified that the Board will roll back the changes made in the ITR-1 (Sahaj) and ITR-4 (Sugam) forms subsequent to representations received by it which was causing unusual hardship to the taxpayers. However, no legislative amendments were made at that time.

Before we discuss the changes in ITR forms for AY 2020-21, it is pertinent to discuss the seventh proviso to section 139(1) of the Income Tax Act, 1961 and Rule 12 of the Income Tax Rules.

Seventh proviso to section 139(1) of the Income Tax Act, 1961

Filing of return in case of expenditure or high-value transactions: [Seventh proviso to section 139(1)]

This provision is introduced by the Finance (No. 2) Act, 2019 and is applicable from the assessment year 2020-21.

The Union Budget, 2019 has widened the scope of compulsory filing of return. Normally, the filing return of income is linked to the total income of a person.

However, for the following persons return filing is made compulsory (from the assessment year 2020-21) based on certain high-value transactions even though they are not otherwise required to file a return of income on the basis of total income-

- (a) Who have deposited more than Rs. 1 crore in one or more current accounts maintained with a bank in a financial year, or (deposit in cash or cheque or otherwise)

- (b) Who have expended more than Rs. 2 lakh on foreign travel for himself or any other person in a financial year, or

- (c) Who have incurred more than Rs. 1 lakh on electricity consumption in a financial year, or

(d) Who fulfill the prescribed conditions (not yet prescribed),

The above provisions are contained in the seventh proviso to section 139(1) of the Income Tax Act, 1961.

Note: The seventh proviso to section 139(1) is not applicable to a company and a firm. It applies only to a person covered in section 139(1)(b) which includes an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person.

Who can and cannot file ITR-3 as per Rule-12

Rule 12(1)(d) prescribes the conditions for filing the return of income in ITR-3 for the AY 2020-21.

ITR Form	Who can Use ITR-3	Who cannot Use ITR-3
ITR-3	An individual or a Hindu Undivided Family (HUF) having income from business or profession.	A person who is not an Individual or HUF cannot file ITR-3. Further, such an Individual or HUF is covered by clause (a) [ITR-1 (Sahaj)] or clause (ca) [ITR-4 (Sugam)]

Note: The followings are important to note while filing ITR-3:

1. ITR-3 can be filed only by an individual or HUF having business or professional income and maintains full books of accounts.
2. ITR-3 can be filed only by a Resident, Resident but not ordinary resident and Non-Resident Individual or HUF.
3. ITR-3 is a more detailed return than ITR-4.

Changes in ITR-3 form for AY 2020-21

Sl.	Changes in ITR-3 [Field Name]	Remarks
1	Seventh proviso to section 139(1)	Information is required to be given for-

		Whether the taxpayer is filing ITR-3 under Seventh proviso to section 139(1) but otherwise not required to furnish return of income
2	High Value Transactions reporting [As required under Seventh proviso to section 139(1)]	<p>Exclusive reporting is required for-</p> <p>(i) If amounts of deposit exceeds Rs. 1 Crore in one or more current accounts, then report the actual amount of deposit.</p> <p>(ii) If expenditure on travel to a foreign country for self or for any other person exceeds Rs. 2 Lakh, then report the actual amount of deposit.</p> <p>(iii) If incurred more than Rs. 1 lakh on electricity consumption, then report the actual amount of deposit.</p> <p>These information are required to be given if any of the replies is in affirmative i.e. if any of the conditions is satisfied.</p>
3	No Change in Details of Companies	<p>In case of details of companies where the taxpayer is a director, the column 'Type of Company' is retained in ITR-3.</p> <p>Similarly, the same column is retained for details of companies where unlisted equity shares were held by the taxpayer.</p>
4	Changes in Nature of employment	<p>In 'Schedule S-Details of Income from Salary', Nature of employment was further bifurcated in Govt., PSU, Pensioners, Others in AY 2019-20.</p> <p>For AY 2020-21, such bifurcation will be provided in drop down utility and no further details provided. It appears that it will contain the same bifurcation as given in ITR-1 (Sahaj).</p>
5	Schedule 112A inserted to report individual scrip wise details	<p>'Schedule 112A: From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A' is inserted and notified in this year's ITR to report individual scrip wise details on long term shares which was earlier exempt from tax and eligible for grandfathering.</p> <p>Earlier, this was introduced in the later version e-filing utility for AY 2019-20, but made optional.</p>
6	115AD(1)(b)(iii) proviso inserted to report individual scrip wise	New Schedule '115AD(1)(b)(iii) proviso: For NON-RESIDENTS - From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A' is inserted.

	details for Non-resident	
7	<p>Schedule Deductions Chapter VI-A:</p> <p>Investment/ payments 01.04.2020 to 30.06.2020</p> <p>VI-A under deposit/ between to</p>	<p>If the taxpayer has made any investment/ deposit/ payments between 01.04.2020 to 30.06.2020, then he has to fill Schedule DI.</p>
8	<p>Multiple bank accounts can be selected for refund credit</p>	<p>In preceding AY 2019-20, only one bank account was allowed to be selected for refund credit.</p> <p>In AY 2020-21, multiple bank accounts are allowed to be selected for getting the refund credit. In case multiple accounts are selected for refund credit, then refund will be credited to one of the account decided by CPC after processing the return.</p>
9	<p>Schedule DI - Details of Investment</p>	<p>A new 'Schedule DI - Details of Investment' is added to report investment/expenditure made between 01.04.2020 to 30.06.2020.</p> <p>This commensurates with the time extension granted by Taxation and Other Laws (Relaxation of certain provisions) Ordinance, 2020 for the purpose of claiming deduction for AY 2020-21 for investments, etc made under chapter VI-A till 30.06.2020.</p> <p>This schedule is divided into three parts-</p> <p>A) Investment/ Deposit/ Payments for the purpose of claiming deduction under Chapter VI-A</p> <p>B) Eligible Amount of deduction u/s. 10AA</p> <p>C) Payment/Acquisition/Purchase/Construction for the purpose of claiming deduction u/s 54 to 54GB</p>

Who can and cannot file ITR-4 (Sugam) as per Rule 12

Rule 12(1)(ca) prescribes the conditions for filing the return of income in ITR-4 (Sugam) for the AY 2020-21.

ITR Form	Who can Use ITR-4 (Sugam)	Who cannot Use ITR-4 (Sugam)
ITR-4 (Sugam)	<p>(i) An individual or</p> <p>(ii) A Hindu Undivided Family (HUF), who is a resident other than not ordinarily resident, or</p> <p>(iii) A firm, other than limited liability partnership firm, which is a resident deriving "income under the head Profits or gains of business or profession" and such income is computed in accordance with special provisions referred to in section 44AD, section 44ADA and section 44AE of the Act.</p>	<p>Proviso to Rule 12(1)(ca) provides that if the person is otherwise eligible for filing his return of Income, he cannot file ITR-4 (Sugam), if he-</p> <p>(I) has assets (including financial interest in any entity) located outside India;</p> <p>(IA) has signing authority in any account located outside India;</p> <p>(IB) has income from any source outside India;</p> <p>(IC) has income to be apportioned in accordance with provisions of section 5A;</p> <p>(ID) is a director in any company;</p> <p>(IE) has held any unlisted equity share at any time during the previous year;</p> <p>(IF) has total income, exceeding Rs. 50 Lakh;</p> <p>(IG) owns more than one house property, the income of which is chargeable under the head "Income from house property";</p>

		<p>(IH) has any brought forward loss or loss to be carried forward under any head of income;</p> <p>(IJ) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;</p> <p>(II) has claimed any relief of tax under section 90 or 90A or deduction of tax under section 91;</p> <p>[(III) has agricultural income, exceeding Rs. 5,000;</p> <p>(IV) has income taxable under section 115BBDA (dividend income from a domestic company above Rs. 10 lakh); or</p> <p>(V) has income of the nature referred to in section 115BBE (tax on undisclosed income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69)</p>
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Note: The followings are important to note while filing ITR-4:

1. ITR-4 can be filed only by a resident Individual, HUF or a firm (excluding LLP).
2. The above persons are deriving income from business or profession.
3. The income from business or profession is computed as per section 44AD, section 44ADA or section 44AE of the Income Tax Act, 1961.

These sections are known as the presumptive income scheme where no regular books of accounts are maintained.

Changes in ITR-4 (Sugam) form for AY 2020-21

Sl.	Changes in ITR-4 (Sugam) [Field Name]	Remarks
1	No Passport details required	The details of passport Number as notified by the Notification 1/2020 has been removed.
2	Changes in Nature of employment	<p>In the 'PART A GENERAL INFORMATION', Nature of employment has been further bifurcated from Govt., PSU, Pensioners, Others in AY 2019-20 to the followings for AY 2020-21-</p> <p style="padding-left: 20px;">Central Govt., State Govt., Public Sector Undertaking, Pensioners, Others, Not Applicable (e.g. Family Pension etc.)</p> <p>Government employees bifurcation expanded.</p> <p>Those who are filing ITR-1 under 7th proviso to section 139(1) only without having any income, should tick 'Others'.</p>
3	Seventh proviso to section 139(1)	<p>Information is required to be given for-</p> <p>Whether the taxpayer is filing ITR-4 under Seventh proviso to section 139(1) but otherwise not required to furnish return of income</p>
4	High Value Transactions reporting [As required under Seventh proviso to section 139(1)]	<p>Exclusive reporting is required for-</p> <p>(i) If amounts of deposit exceeds Rs. 1 Crore in one or more current accounts, then report the actual amount of deposit.</p> <p>(ii) If expenditure on travel to a foreign country for self or for any other person exceeds Rs. 2 Lakh, then report the actual amount of deposit.</p> <p>(iii) If incurred more than Rs. 1 lakh on electricity consumption, then report the actual amount of deposit.</p>

		These information are required to be given if any of the replies is in affirmative i.e. if any of the conditions is satisfied.
3	Details of Employer removed	<p>The Details of Employer for reporting Salary income as well as the requirement to Add multiple rows for Gross Salary in case of more than one employer, as notified by the Notification 1/2020, has been removed.</p> <p>Hence, the section of ‘Salary/Pension’ remains unchanged from AY 2019-20.</p>
4	Details of Tenant removed	<p>The Details of tenant in case of Let out, Name and PAN, or Aadhaar of tenant for reporting rental income as notified by the Notification 1/2020 has been removed.</p> <p>Hence, the section of ‘House Property’ remains unchanged from AY 2019-20.</p>
5	Deduction u/s. 57(iv) removed	<p>The Deduction u/s. 57(iv) [in case of interest received u/s. 56(2)(viii)] in the section ‘Income from Other Sources’ as notified by the Notification 1/2020 has been removed.</p> <p>Hence, the section of ‘Income from Other Sources’ remains unchanged from AY 2019-20.</p>
6	Investment/ deposit/ payments between 01.04.2020 to 30.06.2020	If the taxpayer has made any investment/ deposit/ payments between 01.04.2020 to 30.06.2020, then he has to fill Schedule DI.
7	Multiple bank accounts can be selected for refund credit	<p>In preceding AY 2019-20, only one bank account was allowed to be selected for refund credit.</p> <p>In AY 2020-21, multiple bank accounts are allowed to be selected for getting the refund credit. In case multiple accounts are selected for refund credit, then refund will be credited to one of the account decided by CPC after processing the return.</p>
8	Schedule DI - Details of Investment	<p>A new ‘Schedule DI - Details of Investment’ is added to report investment/expenditure made between 01.04.2020 to 30.06.2020.</p> <p>This commensurates with the time extension granted by Taxation and Other Laws (Relaxation of certain provisions) Ordinance, 2020 for the purpose of claiming deduction for AY 2020-21 for investments, etc made under chapter VI-A till 30.06.2020.</p>
9	Columns of Goods Carriage	The Columns of Goods Carriage details section titled ‘COMPUTATION OF

	details restored	PRESUMPTIVE INCOME FROM GOODS CARRIAGES UNDER SECTION 44AE' has been restored to preceding AY 2019-20. Changes in the columns as notified by the Notification 1/2020 have been removed.
10	Financial particulars of the business restored and Summary of Cash and Bank account reporting column removed	Notification No. 1/2020 had removed the 'Financial particulars of the business' and instead a new column' and introduced a new column to report 'Summary of Cash and Bank account' to include opening balance, receipts and payments during the year, and the closing balance as on the end of the financial year. The requirement of reporting of summarized cash and bank transactions has been removed now and the 'Financial particulars of the business' as was applicable for AY 2019-20 was restored.

Who can and cannot file ITR-5 as per Rule 12

Rule 12(1)(e) prescribes the conditions for filing the return of income in ITR-5 for the AY 2020-21.

ITR Form	Who can Use ITR-5	Who cannot Use ITR-5
ITR-5	ITR-5 Form can be used by- (i) A firm, (ii) Limited Liability Partnership (LLP), (iii) Association of Persons (AOP), (iv) Body of Individuals (BOI), (v) Artificial Juridical Person (AJP) referred to in clause (vii) of section 2(31), (vi) Local authority referred to in clause (vi) of section 2(31), (vii) Representative assessee referred to in section 160(1)(iii) or (iv), (viii) Cooperative society, society registered under Societies Registration Act, 1860 or under any other law of any State,	ITR-5 cannot be filed by- (i) Individual, (ii) HUF, (iii) Company and (iv) Person filing Form ITR-7

	<p>(ix) Trust other than trusts eligible to file Form ITR-7,</p> <p>(x) Estate of deceased person,</p> <p>(xi) Estate of an insolvent,</p> <p>(xii) Business trust referred to in section 139(4E) and investments fund referred to in section 139(4F).</p> <p>However, a person who is required to file the return of income under section 139(4A) or 139(4B) or 139(4D) shall not use this form.</p>	
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Note: The followings are important to note while filing ITR-5:

1. ITR-5 can be filed by a partnership firm having business or professional income and maintains full books of accounts.
2. The return of income of Charitable Trusts must be filed using ITR 5 or ITR 7.

In case the Trust is required to file an income tax return due to taxable income being in excess of the basic exemption limit, then ITR 5 can be filed.

In case the Trust is required to file income tax return mandatorily under Sections 139(4A) or 139(4B) or 139(4C) or 139(4D) or 139(4E) or 139(4F) of the Income Tax Act, then ITR 7 must be filed

Changes in ITR-5 form for AY 2020-21

Sl.	Changes in ITR-5 [Field Name]	Remarks
1	Seventh proviso to section 139(1)	Information is required to be given for- Whether the taxpayer is filing ITR-3 under Seventh proviso to section 139(1) but otherwise not required to furnish return of income
2	High Value Transactions reporting [As required under Seventh proviso to section 139(1)]	Exclusive reporting is required for- (i) If amounts of deposit exceeds Rs. 1 Crore in one or more current accounts, then report the actual amount of deposit. (ii) If expenditure on travel to a foreign country for self or for any other person exceeds Rs. 2 Lakh, then report the actual amount of deposit. (iii) If incurred more than Rs. 1 lakh on electricity consumption, then report the actual amount of deposit. These information are required to be given if any of the replies is in affirmative

		i.e. if any of the conditions is satisfied.
3	No Change in Details of Companies	In case of details of companies where the taxpayer is a shareholder of unlisted equity shares 'Type of Company' is retained in ITR-5.
4	Schedule 112A inserted to report individual scrip wise details	‘Schedule 112A: From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A’ is inserted and notified in this year’s ITR to report individual scrip wise details on long term shares which was earlier exempt from tax and eligible for grandfathering. Earlier, this was introduced in the later version e-filing utility for AY 2019-20, but made optional.
5	115AD(1)(b)(iii) proviso inserted to report individual scrip wise details for Non-resident	New Schedule ‘115AD(1)(b)(iii) proviso: For NON-RESIDENTS - From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A’ is inserted.
6	Schedule VI-A under Chapter VI-A: Investment/ deposit/ payments between 01.04.2020 to 30.06.2020	If the taxpayer has made any investment/ deposit/ payments between 01.04.2020 to 30.06.2020, then he has to fill Schedule DI.
7	Multiple bank accounts can be selected for refund credit	In preceding AY 2019-20, only one bank account was allowed to be selected for refund credit. In AY 2020-21, multiple bank accounts are allowed to be selected for getting the refund credit. In case multiple accounts are selected for refund credit, then refund will be credited to one of the account decided by CPC after processing the return.
8	Schedule DI - Details of Investment	A new ‘Schedule DI - Details of Investment’ is added to report investment/expenditure made between 01.04.2020 to 30.06.2020. <u>This commensurates with the time extension granted by Taxation and Other Laws (Relaxation of certain provisions) Ordinance, 2020</u> for the purpose of claiming deduction for AY 2020-21 for investments, etc made under chapter VI-A till 30.06.2020. This schedule is divided into three parts- A) Investment/ Deposit/ Payments for the purpose of claiming deduction under Chapter VI-A

B) Eligible Amount of deduction u/s. 10AA

C) Payment/Acquisition/Purchase/Construction for the purpose of claiming deduction u/s 54 to 54GB

Who can and cannot file ITR-6 as per Rule 12

Rule 12(1)(f) prescribes the conditions for filing the return of income in ITR-6 for the AY 2020-21.

ITR Form	Who can Use ITR-6	Who cannot Use ITR-6
ITR-6	ITR-6 Form can be used by a Company only.	ITR-6 cannot be filed by a company which is required to file return in Form ITR-7. It includes a section 8 or section 25 company which is formed for not-for-profit purpose.

Note: The followings are important to note while filing ITR-6:

1. ITR-6 can be filed by any company - Domestic or a foreign company.
2. The Charitable Company incorporated under section 25 of Companies Act, 1956 or under section 8 of Companies Act, 2013 shall use ITR 7.

Changes in ITR-6 form for AY 2020-21

Sl.	Changes in ITR-6 [Field Name]	Remarks
1	Option for section 115BAA/115BAB	A new option is added in the 'Filing Status' section with regard to exercising of option under section 115BAA/115BAB introduced by Option needs to be exercised in Form 10-IC/10-ID .
4	Schedule 112A inserted to report individual scrip wise details	'Schedule 112A: From sale of equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A' is inserted and notified in this year's ITR to report individual scrip wise details on long term shares which was earlier exempt from tax and eligible for grandfathering. Earlier, this was introduced in the later version e-filing utility for AY 2019-20, but made optional.
5	115AD(1)(b)(iii) proviso	New Schedule '115AD(1)(b)(iii) proviso: For NON-RESIDENTS - From sale of

	inserted to report individual scrip wise details for Non-resident	equity share in a company or unit of equity oriented fund or unit of a business trust on which STT is paid under section 112A' is inserted.
6	Schedule VI-A under Chapter VI-A: Investment/ deposit/ payments between 01.04.2020 to 30.06.2020	If the taxpayer has made any investment/ deposit/ payments between 01.04.2020 to 30.06.2020, then he has to fill Schedule DI.
7	Multiple bank accounts can be selected for refund credit	In preceding AY 2019-20, only one bank account was allowed to be selected for refund credit. In AY 2020-21, multiple bank accounts are allowed to be selected for getting the refund credit. In case multiple accounts are selected for refund credit, then refund will be credited to one of the account decided by CPC after processing the return.
8	Schedule DI - Details of Investment	A new 'Schedule DI - Details of Investment' is added to report investment/expenditure made between 01.04.2020 to 30.06.2020. This commensurates with the time extension granted by Taxation and Other Laws (Relaxation of certain provisions) Ordinance, 2020 for the purpose of claiming deduction for AY 2020-21 for investments, etc made under chapter VI-A till 30.06.2020. This schedule is divided into three parts- A) Investment/ Deposit/ Payments for the purpose of claiming deduction under Chapter VI-A B) Eligible Amount of deduction u/s. 10AA C) Payment/Acquisition/Purchase/Construction for the purpose of claiming deduction u/s 54 to 54GB

Who can and cannot file ITR-7 as per Rule 12

Rule 12(1)(g) prescribes the conditions for filing the return of income in ITR-7 for the AY 2020-21.

ITR Form	Who can Use ITR-7	Who cannot Use ITR-7
ITR-7	ITR-7 Form can be used by- persons including section 25 or section 8 companies who are required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D).	ITR-6 cannot be filed by a company which is required to file return in Form ITR-7. It includes a section 8 or section 25 company which is formed for not-for-profit purpose.

Note: The followings are important to note while filing ITR-7:

1. The category of persons whose income is unconditionally exempt under various clauses of section 10, and who are not mandatorily required to furnish their return of income under the provisions of section 139, may use ITR-7 for filing return of income. An indicative list of such persons is given below:-

Sl.No	Category of persons	Exempt under section
1	Local authority	Section 10(20)
2	Regimental Fund or Non-public Fund established by the Armed forces of the Union	Section 10(23AA)
3	Fund, by whatever name called, set up by the Life Insurance Corporation (LIC) of India on or after 1st August, 1996, or by any other insurer	Section 10(23AAB)
4	Authority (whether known as the Khadi and Village Industries Board or by any other name)	Section 10(23BB)
5	Body or Authority	Section 10(23BBA)
6	SAARC Fund for Regional Projects set up by Colombo Declaration	Section 10(23BBC)
7	Insurance Regulatory and Development Authority (IRDA)	Section 10(23BBE)
8	Central Electricity Regulatory Commission	Section 10(23BBG)
9	Prasar Bharati	Section 10(23BBH)
10	Prime Minister's National Relief Fund	Section 10(23C)(i)
11	Prime Minister's Fund (Promotion of Folk Art)	Section 10(23C)(ii)
12	Prime Minister's Aid to Students Fund	Section 10(23C)(iii)
13	National Foundation for Communal Harmony	Section 10(23C)(iiia)
14	Swachh Bharat Kosh	Section 10(23C)(iiiaa)
15	Clean Ganga Fund	Section 10(23C)(iiiaaa)
16	Provident fund to which the Provident Funds Act, 1925 applies	Section 10(25)(i)
17	Recognized Provident Fund	Section 10(25)(ii)
18	Approved Superannuation Funds	Section 10(25)(iii)
19	Approved Gratuity Fund	Section 10(25)(iv)
20	Other funds referred to in sub-clause (v) of section 10(25)	Section 10(25)(v)
21	Employees' State Insurance Fund	Section 10(25A)
22	Agricultural Produce Marketing Committee	Section 10(26AAB)
23	Corporation, body, institution or association established for promoting interests of members of Scheduled Castes or Scheduled Tribes or backward classes	Section 10(26B)

24	Corporation established for promoting interests of members of a minority community	Section 10(26BB)
25	Corporation established for welfare and economic upliftment of ex-servicemen	Section 10(26BBB)
26	New Pension System (NPS) Trust	Section 10(44)

2. The Charitable Company incorporated under section 25 of Companies Act, 1956 or under section 8 of Companies Act, 2013 shall use ITR 7.

Changes in ITR-7 form for AY 2020-21

Sl.	Changes in ITR-7 [Field Name]	Remarks
1	Changes in Registration details	<p>The following four columns have been added for new provisions-</p> <p>(i) Whether Application for registration is made as per new provisions</p> <p>(ii) Section under which the registration is applied</p> <p>(iii) Date on which the application for registration/approval as per new provisions is made</p> <p>(iv) Section of exemption opted for under the new provisions</p>
2	No Change in Details of Companies	In case of details of companies where the taxpayer is a shareholder of unlisted equity shares 'Type of Company' is retained in ITR-5.
3	Multiple bank accounts can be selected for refund credit	<p>In preceding AY 2019-20, only one bank account was allowed to be selected for refund credit.</p> <p>In AY 2020-21, multiple bank accounts are allowed to be selected for getting the refund credit. In case multiple accounts are selected for refund credit, then refund will be credited to one of the account decided by CPC after processing the return.</p>

Manner of filing of return

No changes in the manner of furnishing return of income are notified for the AY 2020-21. Therefore, the rules for furnishing the return of income as applicable in the last year are applicable for the current assessment year.

The Rules of filing return of income are as follows-

Person	Condition	Manner of furnishing ITR
Individual or HUF	(a) Tax Audit is applicable u/s 44AB	Online filing of ITR with a digital signature.
	(b) Very Senior Citizen (age is 80 years or more) and filing ITR-1 or ITR-4	(i) Online filing of ITR with or without digital signature, or (ii) Paper Form filing of ITR At the option of the assessee.
	(c) Other cases,-viz (i) Tax Audit Not Applicable (ii) Senior citizens (iii) Very senior citizens not filing ITR-1 or ITR-4 Normal salaried individuals are covered here.	(i) Online filing of ITR with or without digital signature.
Company	In all cases	Electronically under digital signature.
A person required to furnish the return in Form ITR-7	(a) In case of a political party;	Electronically under digital signature.
	(b) In any other case	Online filing of ITR with or without digital signature.
Firm or limited liability partnership or any person (other than a person mentioned in Sl. 1 to 3 above) who is required to file return in Form ITR-5	(a) Tax Audit is applicable u/s 44AB	Online filing of ITR with a digital signature.
	(b) Other cases (Non-audit cases)	Online filing of ITR with or without digital signature.

Note: In case a return of income (ITR) is filed without digital signature, the ITR shall be verified by EVC or by submitting the ITR-V at CPC, Bangalore within 120 days of the filing of online return by ordinary or speed post after manually signing the ITR-V.

From the above, it is clear that ITR should be filed online, except in case of a very senior citizen individual filing ITR-1 or ITR-4 where paper filing is allowed.

In tax audit cases, it is mandatory to verify the return with a digital signature only.

In other cases (non-audit cases) digital signature is not mandatory to verify the ITR. It is optional.

Where a return of income is not verified with a digital signature, then the same may be verified with EVC through net banking or Aadhar OTP or prevalidated bank accounts or Demat accounts.

Instead of EVC verification, a return may be verified manually. In this case, a return shall be verified by submitting the ITR-V at CPC, Bangalore within 120 days of the filing of online return by ordinary or speed post after manually signing the ITR-V.

At the press conference on 13.05.2020, Finance Minister while announcing the first tranche of [Rs. 20 Lakh crore economic package](#) announced various direct tax relief measures.

Courtesy : taxcorner.co.in