

ITR-1 & ITR 4

KEY CHANGES | AY 2020-21

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Key Changes in Form ITR-1 and ITR-4 For AY 2020-21

As per the notification issued by CBDT, below are the key changes made in new ITR-1 and ITR-4 form for the AY 2020-21 as compared to previous year. However, other forms are yet to be notified.

| Particulars | AY 2020-21 | AY 2019-20 |
|------------------|--|--|
| Mode of Filing | Every taxpayer shall file the income tax return electronically except a super senior citizen (whose age is 80 years or above during previous year 19-20) who furnishes the return either in ITR-1 and ITR-4. | Earlier an option was available with every taxpayer, whose income was below Rs. 5 lakhs to file in Physical form . |
| Passport Details | One needs to disclose the Passport number if held by the taxpayer. This is to be furnished both in ITR-1 & ITR-4. | No such disclosure was required. |
| House Ownership | Individual taxpayers who have joint ownership of the house property cannot file ITR- 1 or ITR- 4 . Such taxpayers will have to use different forms, which will be notified in due course. | Individual taxpayers who have joint ownership of the house property was also eligible to file ITR- 1 or ITR-4. |

Key Changes in Form ITR-1 and ITR-4 For AY 2020-21

| Particulars | AY 2020-21 | AY 2019-20 |
|--|---|---|
| Cash Deposit, Foreign Travel and Electricity Expense | A taxpayer who had deposited more than 1 crore in a bank account or has spent more than 2 lakhs in foreign travel or had paid electricity bills of more than 1 lakh cannot file ITR-1. | No such restriction in AY 2019-20. |
| Notice u/s 153A or 153C i.e. search proceedings | If a notice was issued to an individual taxpayers under this section, he cannot file his return in Form ITR-1 instead he has to file ITR-2 only . | Earlier, a taxpayer was allowed to file ITR-1 even though such notice was issued to him/her. |
| Employer Details | Details of the employer need to be disclosed (i.e. TAN of employer, nature of employer and address of employer) in ITR-1 and ITR-4. | Earlier it was required in ITR-2 and ITR-3 only. |
| Property and Tenants Details | Address of house property and details of tenant need to be disclosed in case a taxpayer has income from house property. | No such disclosures were required. |

Key Changes in Form ITR-1 and ITR-4 For AY 2020-21

| Particulars | AY 2020-21 | AY 2019-20 |
|----------------------|---|--|
| Unrealized rent | The new ITR-1 and ITR-4 have separate column to show the amount of unrealized rent. | Earlier, the taxpayer were required to reduce the amount of unrealized rent from the rent received or receivable and to mention the net amount only . |
| Financial Particular | In case of presumptive taxation scheme, there is no requirement to furnish financial particulars of the business i.e. Capital, Loans, advances, creditors, fixed assets, debtors, etc. except for cash and bank balance . However, receipts and payment/withdrawal made during the year in cash or through bank, shall be reported. | Earlier taxpayers opting for presumptive taxation scheme were required to report the financial particulars of the business under ITR-4, i.e. Capital, Loans, advances, creditors, fixed assets, debtors, cash-in-hand and bank balance. |

Key Changes in Form ITR-1 and ITR-4 For AY 2020-21

| Particulars | AY 2020-21 | AY 2019-20 |
|--|---|--|
| Interest earned on compensation and deduction | Taxpayer is required to disclose separately the gross interest earned on compensation and deduction claimed for such interest earned. (Section 57(iv) allows 50% flat deduction on interest received by taxpayer on compensation or enhanced compensation) | Earlier, taxpayer filling ITR-1 and IT-4 were required to enter the net taxable interest amount only under head “Any other income”. |
| Additional Disclosures to be made in ITR 4- Sugam | <ul style="list-style-type: none">➤ It has been made compulsory to disclose the amount deposited as cash in a bank account, if such amount exceeds Rs. 1 crore during the FY.➤ If taxpayer had spent more than 2 lakhs on travelling abroad during the FY, he/she needs to disclose the actual amount.➤ The taxpayer needs to disclose the actual amount of electricity expense if it exceeds Rs. 1 lakh. | No such disclosures were required. |

Key Changes in Form ITR-1 and ITR-4 For AY 2020-21

| Particulars | AY 2020-21 | AY 2019-20 |
|---|---|------------------------------------|
| Remuneration or Interest received by partners in partnership firm | <ul style="list-style-type: none">➤ In case of partners, the ITR-4 requires the partner to report the name and PAN of the firm.➤ In case of partnership firm, Following details of partners need to be disclosed:<ol style="list-style-type: none">i. Name and Address of Partnersii. Share of partnersiii. PAN of partnersiv. Aadhar number or Enrollment ID of partnersv. Rate of interest on capitalvi. Remuneration paid or payable to partners | No such disclosures were required. |

Every year the CBDT notifies ITR forms for various categories of taxpayers and the forms, as applicable to the category of taxpayers, are used by the respective taxpayers. So far by a first notification of the year (Notification No. 01/2020 dated 03-01-2020), the CBDT has notified the new ITR Forms ITR-1 (known as 'Sahaj') and ITR-4 (known as 'Sugam') for Assessment Year 2020-21 relevant to Financial Year 2019-20.

The new forms comprises detailed disclosures using which the government can have better and improved linkage for comprehensive scrutiny. The changes in the ITR forms (ITR-1 and ITR-4) notified for AY 2020-21 are minor in nature compared to last year's notified return forms. But the changes in the ITR forms for the current assessment year 2020-21 have vital impacts that a taxpayer must understand carefully. In case if you need any clarifications, you can reach out to us at anup@nucleusadvisors.in & pkg@nucleusadvisors.in





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