Six changes in FY20 ITR forms that you should know about

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- **Income tax return forms are tweaked almost every year to ease the process and improve compliance.**
- **The new ITR forms have changes in the way tax benefit claimed under Sections 80C and 80D is mentioned.**

If you are thinking of filing your income tax returns (ITR) now to avoid the last-minute rush, it's a sensible thing to do. The last date for filing ITR has been extended to 31 December 2020. But before you undertake the exercise, it would help to know the changes that the income tax department has made in the notified ITR forms for FY20.

The tax department brings in a few changes in the tax forms almost every year to ease the process of tax filing and increase compliance. Here are the changes in this year's ITR forms that you should know about.

stock details

Now long-term capital gains (LTCG) from equity shares and mutual funds above ₹1 lakh are taxable. A grandfathering mechanism has been introduced for listed shares and specified units purchased before 31 January 2018 on which such tax is not levied. To capture these details, a separate Schedule 112A has been introduced in the ITR forms. You are required to disclose details of sale of equity share in a company or unit of equity-oriented fund on which Securities Transaction Tax (STT) is paid under Section 112A.

"Providing scrip-wise details in FY20 ITR forms is required to be filled up only for reporting of LTCG that is eligible for the benefit of grandfathering. Grandfathering is computed based on the cost, sale and market price as on 31 January 2018 for each share or unit and, hence, there is a need to capture the details," said Tapati Ghose, partner, Deloitte India, a consultancy firm.

There are other details to be provided as well. "Taxpayers will need to provide international securities identification number (ISIN), name of the scrip, number of units or shares sold, sale price, purchase cost and fair market value (FMV) in Schedule 112A form at the time of tax filing. These details can be obtained from the taxpayer's stock statements," said Daphne Anand, chief technology officer, India Filings, a tax filing portal.

For shares or units bought after 31 January 2018, a consolidated entry instead of scrip-wise details would suffice.

"Without this reporting requirement, there may be situations where a taxpayer may not claim or wrongly claim the benefit of grandfathering due to lack of understanding. The scrip-wise disclosure would enable tax authorities to cross-verify the details electronically with stock exchanges and brokerages companies," said Ghose.

tax-saving details

Due to the covid crisis, the tax department allowed taxpayers to claim deduction, including under Section 80C, for FY20, for investments made till 31 July 2020 instead of till 31 March 2020. To claim such benefit, you will have to give details in ITR forms under a new schedule. Leave the column blank if you don't want the benefit for FY20 but would like to avail of it in FY21 instead.

The benefit of Section 80D (for tax benefit on medical insurance) on premiums paid for self and family and parents (including senior citizens) require to be mentioned separately. Earlier, you could mention a consolidated amount under Section 80D for medical insurance premium paid for self and family and parents.

other changes

Details of additional bank account: You can provide details of more than one bank account in which you want a tax refund.

PAN and Aadhaar details: In the house property schedule in ITR-2, you need to disclose permanent account number (PAN) or Aadhaar of the co-owner or tenants. In the capital gains schedule in ITR-2, too, PAN or Aadhaar of the buyer of immovable property is required. Earlier, only PAN was required in both cases.

New conditions to file ITR: If you have gross taxable income, without any deductions, below ₹2.5 lakh, you are not required to file ITR. But if you have made certain specified transactions, you will need to file ITR from this year. These transactions include depositing more than ₹1 crore in one or more current accounts in FY20, spending more than ₹2 lakh on foreign travel; and paying more than ₹1 lakh as electricity bill in FY20.

Keep these changes in mind to file error-free returns.

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