

## **New income tax forms on hold for now**

The new income tax return forms, requiring stringent disclosures, are on the hold for now. But as the government intensifies fight against black money and adopts global standards, taxpayers will have to begin spring cleaning of their finances and financial records to avoid being on the wrong side of law. This should be a timely warning for taxpayers as greater disclosures are likely to come sooner than later.

## New Income Tax Forms – Raising the Pitch on Black Money

Last week the income tax department notified new income tax return forms ITR-1 and ITR-2



### BANK ACCOUNTS

In first ever move assessee asked to disclose all bank accounts and relevant details

Even the accounts closed in FY15 had to be disclosed in the Income tax forms

Minimum balance at the end of March had to be disclosed as well

### GREATER DISCLOSURE FOR FOREIGN ASSETS

Residents had to declare foreign bank accounts, financial interest in any entity, immovable property and other assets outside India

The new forms require them to declare the income from foreign assets in the tax return

This applies not only to owners of asset but also the beneficiary



Residents with income from sources outside India cannot file ITR 1

### FOREIGN TRAVEL UNDER SCRUTINY



The new forms require assessee to declare any foreign travel in the last financial year

Assessee have to mention their passport details

Own expenses for the trip have to be indicated

Business travellers will need to maintain and report details of such expenses as prescribed

### INFORMATION TO ARREST LEAKAGE OF TAX ON INDIA INCOME

Usage of balances in Capital Gain Account Schemes in tax returns

Confirmation that Tax Residency Certificates (TRC) have been obtained where required

### CURBS ON PAPER FILING

Paper filing of return not allowed if refunds claimed

Paper filing not allowed in case of income from sources overseas



### OTHER DISCLOSURE

AADHAR numbers need to be reported

Greater details required with respect to short term and long term capital gains

Additional details on computation of agricultural income

## Case For Putting New Forms On Hold



Forms have been made applicable immediately, without any advance notice

Assessee could face significant difficulty in collating all the information and filing returns in time

In particular many people may not have foreign travel details

Executives travelling overseas on frequent trips would find reporting difficult

Some of the information is clearly not needed

## WHAT'S AHEAD

Given the government focus on black money, stringent disclosures will come

The government is likely to mandate these disclosures from a future date

Some information sought in the current forms may be dropped to ease compliance burden



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