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CERTIFICATE COURSE ON FILING OF RETURNS

Today's Content – ITR-3 – A Complete Guide

What is ITR-3?

ITR-3 is an Income Tax Return form specifically meant for **individuals** and **Hindu Undivided Families (HUFs)** who have **income from business or profession**. If you run a **proprietorship**, work as a **freelancer**, engage in **trading** (like F&O or intraday), or earn **professional income** (like doctors, lawyers, consultants) — and you maintain books of accounts — then **ITR-3** is the correct form for you.

Who Should File ITR-3?

- An **Individual or HUF** having income under the head “**Profits and Gains of Business or Profession**”.
- Earning income from **proprietorship business, freelancing, professional services, consultancy, contract work, or part-time business**.
- Receiving **remuneration/commission/bonus** as a partner in a partnership firm (even though the firm files ITR-5, the partner uses ITR-3).
- Also earning from **house property, salary/pension, capital gains, or other sources** — in addition to business/profession income.

Who Cannot File ITR-3?

- Any **person other than Individuals and HUFs**.
- Salaried individuals who **do not have business or professional income** (should use ITR-1 or ITR-2).

- Taxpayers eligible for **ITR-4 (Presumptive taxation under 44AD, 44ADA, 44AE)** should file ITR-4 instead.
- In short, if you qualify for ITR-1, ITR-2, or ITR-4, **you cannot use ITR-3.**

Due Date for Filing ITR-3 for FY 2024-25 (AY 2025-26)

- **Non-audit cases** → **15th September 2025** (*extended from 31st July 2025*)
- **Audit cases** (tax audit under Section 44AB) → **31st October 2025**

Major Changes in ITR-3 for AY 2025-26

1. Capital Gains Split (Before/After 23rd July 2024)

- Gains must be categorized **before** and **after** the Finance Act amendments dated **23rd July 2024**.

2. Capital Loss on Share Buyback (Post 01.10.2024)

- Capital losses on share buyback can be claimed **only if dividend income is reported** under "Income from Other Sources".

3. Increased Asset & Liability Reporting Limit

- Now mandatory for taxpayers with **total income exceeding ₹1 crore** (earlier ₹50 lakh) to disclose detailed **Assets & Liabilities**.

4. New Section 44BBC for Cruise Businesses

- Presumptive taxation for **non-resident cruise operators: 20% of passenger receipts** deemed taxable.

5. Enhanced Reporting for Deductions (80C, 10(13A), etc.)

- More granular details must be given for **deductions** claimed under various sections.

6. TDS Section Code in Schedule-TDS

- Mandatory to report **TDS section code** to match tax deducted with income declared.

ITR-3 Form Structure (Key Parts)

Part	Description
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Part A	General Information
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Part A-GEN	Personal & Business Info
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Part A-BS	Balance Sheet as on 31st March
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Part A-P&L	Profit & Loss Account
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Part A-OI	Other Information
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Part A-QD	Quantitative Details (optional for non-audit)
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Important Schedules:

- **Schedule-S:** Income from Salary
- **Schedule-HP:** Income from House Property
- **Schedule-BP:** Income from Business or Profession
- **Schedule-CG:** Capital Gains
- **Schedule-OS:** Other Sources
- **Schedule-AL:** Assets & Liabilities (if total income > ₹1 crore)
- **Schedule 80G, VI-A:** Deductions
- **Schedule-TDS/TCS:** Tax Deducted/Collected at Source
- **Schedule-FA:** Foreign Assets
- **Schedule-TR:** Tax Relief under DTAA
- ... and other applicable schedules.

Other Notable Updates for Recent Years

- **Schedule VDA:** Mandatory for **crypto/virtual digital assets** — report every transaction with dates, cost & sale value.
- **Trading Account:** Mandatory for **intraday/F&O trading** — declare turnover, profit, expenses.
- Additional disclosures for **FIIIs/FPIs:** SEBI Registration Number required.
- **Advances Reporting:** Advances from specified persons under **Sec 40A(2)(b)** to be shown under 'Source of Funds'.

How to File ITR-3 — Step-by-Step e-Filing Process

Before You Start: Keep These Documents Ready

- Bank Account Details
- Books of Accounts (Balance Sheet, P&L, etc.)
- Form 16, if salaried income exists
- Form 26AS & AIS (for TDS details)
- Capital Gains Statements (shares/mutual funds)
- Investment proofs (80C, 80D, etc.)
- Audit Report (if applicable)

Step 1: Login to Income Tax e-Filing Portal

Visit <https://www.incometax.gov.in> → Login with PAN/Aadhaar → Enter OTP.

Step 2: Choose ITR-3

Click 'File Income Tax Return' → Select **AY 2025-26** → Choose **ITR-3**.

Step 3: Pre-fill Information

Allow pre-filling using PAN/Aadhaar link → Verify pre-filled data → Cross-check income & personal details.

Step 4: Fill Income Details

- **Salary Income:** Check & edit as needed.
- **House Property:** Rent received, interest on housing loan.
- **Capital Gains:** Report stock/mutual fund gains. Import data if supported by your broker.
- **Business/Professional Income:** Fill Balance Sheet, P&L, Depreciation, ICDS, Tax Audit details.
- **Other Sources:** Savings interest, dividends, etc.

Step 5: Claim Deductions

Declare investments under **80C, 80D, 80G**, etc.

Step 6: Enter Taxes Paid

- Cross-check TDS from **Form 26AS**.
- Add advance tax/self-assessment tax if paid.
- Ensure tax credits match.

Step 7: Fill Disclosures (Schedule AL, FA, etc.)

If your income exceeds **₹1 crore**, declare **Assets & Liabilities**.
Declare **foreign assets** if applicable.

Step 8: Review Summary

Compare tax under **Old vs. New Regime**.
Switch if beneficial.
Verify total tax payable/refundable.

Step 9: Pay Remaining Tax

If any balance tax is due → Pay online → Enter challan details.

Step 10: Submit & e-Verify

Submit return → e-verify via Aadhaar OTP, Net Banking or send signed ITR-V to CPC Bangalore.

⚠ Important!

- Filing alone does NOT complete the process — **e-verification is mandatory**.
- No physical documents are attached with ITR-3 — it is an **annexure-less form**.

Business Codes

Select the correct **Business/Profession Code** (like 0701 for Legal Services, 0702 for Medical Professionals, etc.).

Key Takeaway

ITR-3 is your go-to return form if you are an **Individual or HUF with business or professional income** — from freelancing, consulting, trading or any other business that requires maintenance of books.

Always file **correctly & timely** to avoid notices, penalties, or interest.

