

ITR 4

By

CMA S VENKANNA

Cost and Management Accountant

ITR 4

- Form ITR 4 is filed by the taxpayers who have opted for the Presumptive Taxation Scheme under Section 44AD, 44ADA, 44AE of the Income Tax Act, 1961.
- This form is Sugam to help to relieve small tax payers from compliance u/s. 44AA (Maintenance of Books of Accounts)

Who can file ITR4

- Resident
 - Individual
 - HUF
 - Firm (Other than LLP)

Conditions

- Income not exceeding ₹ 50 Lakh during the FY
- Income from Business and Profession which is computed on a presumptive basis u/s 44AD, 44ADA or 44AE
- Income from Salary / Pension, One House Property, Agricultural Income (up to ₹ 5000/-)
- Other sources which include Interest from Savings Account
 - Interest from Deposit (Bank / Post Office / Cooperative Society)
 - Interest from Income Tax Refund
 - Family Pension
 - Interest received on enhanced compensation
 - Any other Interest Income (e.g., Interest Income from unsecured loan)
- (excluding winning from Lottery and Income from Race Horses):

ITR4 – Not Eligible

- Holds Directorship in a company
- Holds any unlisted equity shares at any time during the previous year
- Has assets/financial interest in an entity outside India
- Has signing authority in any account outside India
- Has income from a source located outside India
- Has profits from a business or profession which is not required to be computed under sections 44AD, 44ADA, or 44AE, like income from a speculative business, commission, brokerage, etc.
- Makes Capital Gains
- Has income from more than one house property

Others - not eligible

- Has income under the head "other sources" from winning the lottery, horse races, income taxable at special rates u/s 115BBDA (Dividend >Rs.10 lakhs) or 115BBE (Deemed Income u/s.68, 69, 69A, 69B, 69C, 69D)
- Has income which is to be apportioned under the provisions of Section 5A
- Has agricultural income exceeding INR 5,000
- Has any brought forward loss or loss which is to be carried forward under any income head
- Has loss under "income from other sources"
- Has a claim of relief under Sections 90, 90A or 91 (Double Taxation)
- Has any deduction claim under Section 57 (except deduction relating to family pension)
- Has claim of tax credit which has been deducted at source in the hands of another person
- Has joint ownership in house property.

AY 2022-23 Changes

- Exercise an Option to pay tax u/s.115BAC (Alternate Tax Regime).
- Required Answer: Yes or No.
- If Yes. Then required to file Form 10-IE before the due date for filing ITR u/s.139(1).
- Once Form 10-IE is filed, It is mandatory to file ITR4 under the new tax regime.
- Acknowledgement Number and Date of Filing Form 10-IE required to be furnished at the time filing ITR4.

ITR4 Users

- The Act has laid out presumptive taxation schemes (for ITR-4 users) as given below: .
- According to Sections 44AA of the Income Tax Act (1961), a person engaged in business or profession needs to maintain regular books of accounts under certain circumstances as per specific conditions.
- To relieve small taxpayers from such compliance burden, the Income Tax Act has framed the presumptive taxation scheme u/s 44AD, 44ADA and 44AE.
- A person adopting the presumptive taxation scheme can declare income at a prescribed rate.
-

Presumptive Taxation – ITR4

- Section 44AD: Computation of income on estimated basis in the case of taxpayers (being a Resident Individual, Resident HUF, or Resident Partnership Firm (other than LLP) engaged in certain business subject to certain conditions.
- Section 44ADA: Computation of professional income on estimated basis for Assessee being a resident in India and engaged in a profession referred to in section 44AA (1) subject to certain conditions.
- Section 44AE: Computation of income on estimated basis in the case of taxpayers (being an Individual, HUF, Firm (other than LLP) or any other person being a resident or non-resident) engaged in the business of plying, leasing or hiring goods carriages, who owns not more than ten goods carriages at any time during the previous year.

Documents Required to file ITR4

- Form 16 - for Salary Income
- Form 26AS - TDS
- Form 16A – TDS for other than Salary
- Bank Statements (Prepare Receipts Statement)
- Housing Loan Interest Certificates
- Receipts for Donation Made (Sec.80G)
- Rental Agreement
- Rent Receipts – House Property
- Investment premium payment receipts - LIC, ULIP etc. (Sec.80C)
- Premium Paid Receipts for Sec.80D – Medical Insurance

Books of Accounts

- Section 44AA of the Income Tax Act, 1961 has provisions relating to maintenance of books of account by persons engaged in Business / Profession.
- However
- In case you opt for the presumptive taxation scheme of Section 44AD, 44ADA and 44AE, the provisions of Section 44AA relating to maintenance of books of account will not apply.

ITR 4 - Structure

- **Part A:** General Information
- **Part B:** Gross total income under the four heads of income
- **Part C:** Deductions and Total Taxable Income
- **Schedule BP:** Details of Income from Business
- **Schedule 80G:** Details of Donations entitled for deduction under Section 80G
- **Schedule IT:** Statement of payment of advance tax and tax on self-assessment
- **Schedule- TCS:** Statement about Tax Collected at source
- **Schedule TDS1:** Statement of Tax Deducted at Source on Salary
- **Schedule TDS2:** Statement of tax deducted at source on income apart from salary
- **Verification Scheme**

Details

- Part B - Under the Income from other sources a drop down like the interest from the saving account, deposit, etc is to be provided in the efilng utility along with specifying the nature of the income.
- In the case of the dividend income, the quarterly breakup has to be provided for allowing the applicable relief from the charge of the interest for default in the payment of advance tax under section 234C.

Accounts

- Balance Sheet
 - In the case of ITR 4, it is not necessary to disclose the particulars of the balance sheet.
- Cash
- It is not necessary to disclose the personal assets in ITR4.
- Only the assets that are held to conduct the business are to be shown in ITR 4.
- You can show Nil (Zero) value concerning sundry creditors, inventors, and Cash in Hand.
- There will be no error on the validation and the returns can be filed.

- Questions ??