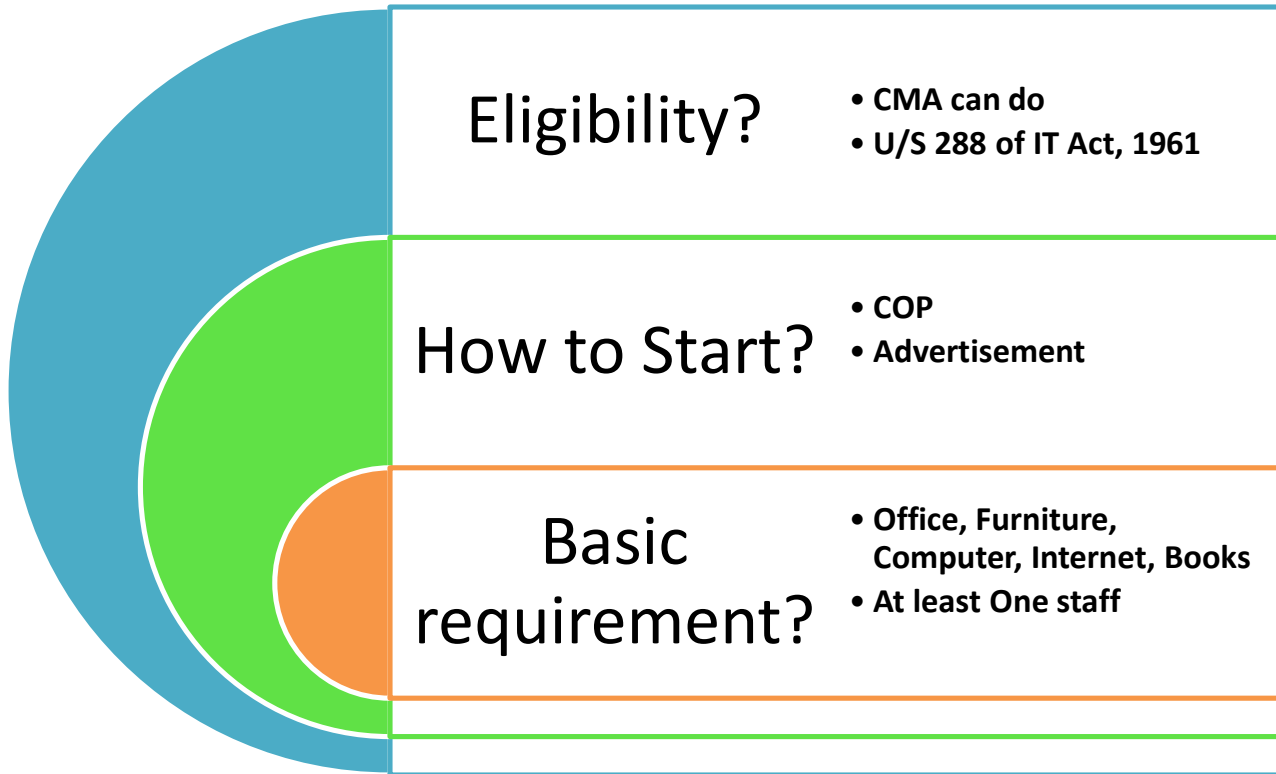


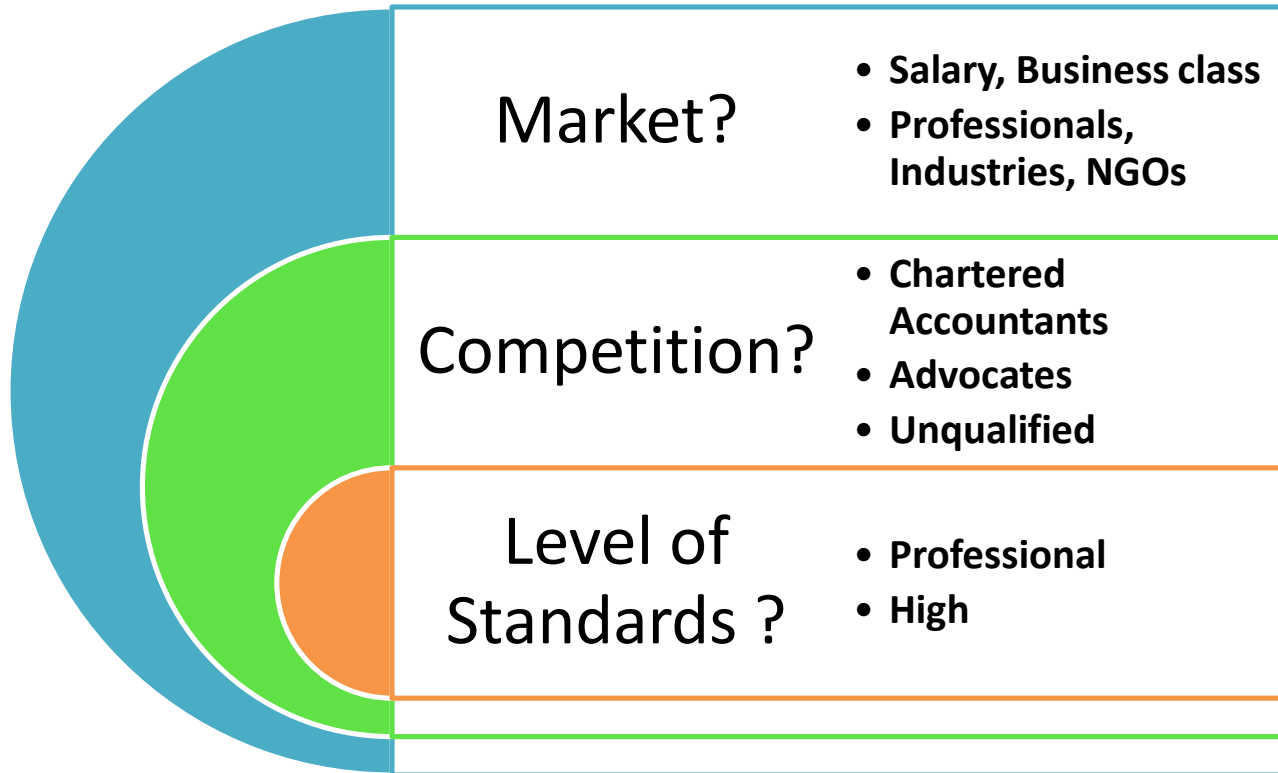
A practical aspects on Income Tax Practice

CMA RAKESH KUMAR SINHA, B.Sc., FCMA
PRACTICING COST ACCOUNTANT



1. Eligible?
2. How to Start?
3. Basic Requirement?
4. Market?
5. Competition?
6. Level of Standard?





REQUIREMENTS

- Office
- Computer, Printer, Internet facility
- Library (Act, Rules, Master guide of Act and Rules, Case laws)
- Up date to Income Tax Act, Rules
- Up date to Companies Act, Rules
- Up date to GST Act, Rule
- Up date to VAT Act, Professional Tax Act, Custom Act, Excise and Service Tax Act
- Up date to Society Act, 1860, Respective State Co-operative Society Act
- Up date to Trust Act, 1882
- Up date Partnership Act, 1932
- Up date to Contract Act
- Ind AS, Accounting Standard, Cost Accounting Standard

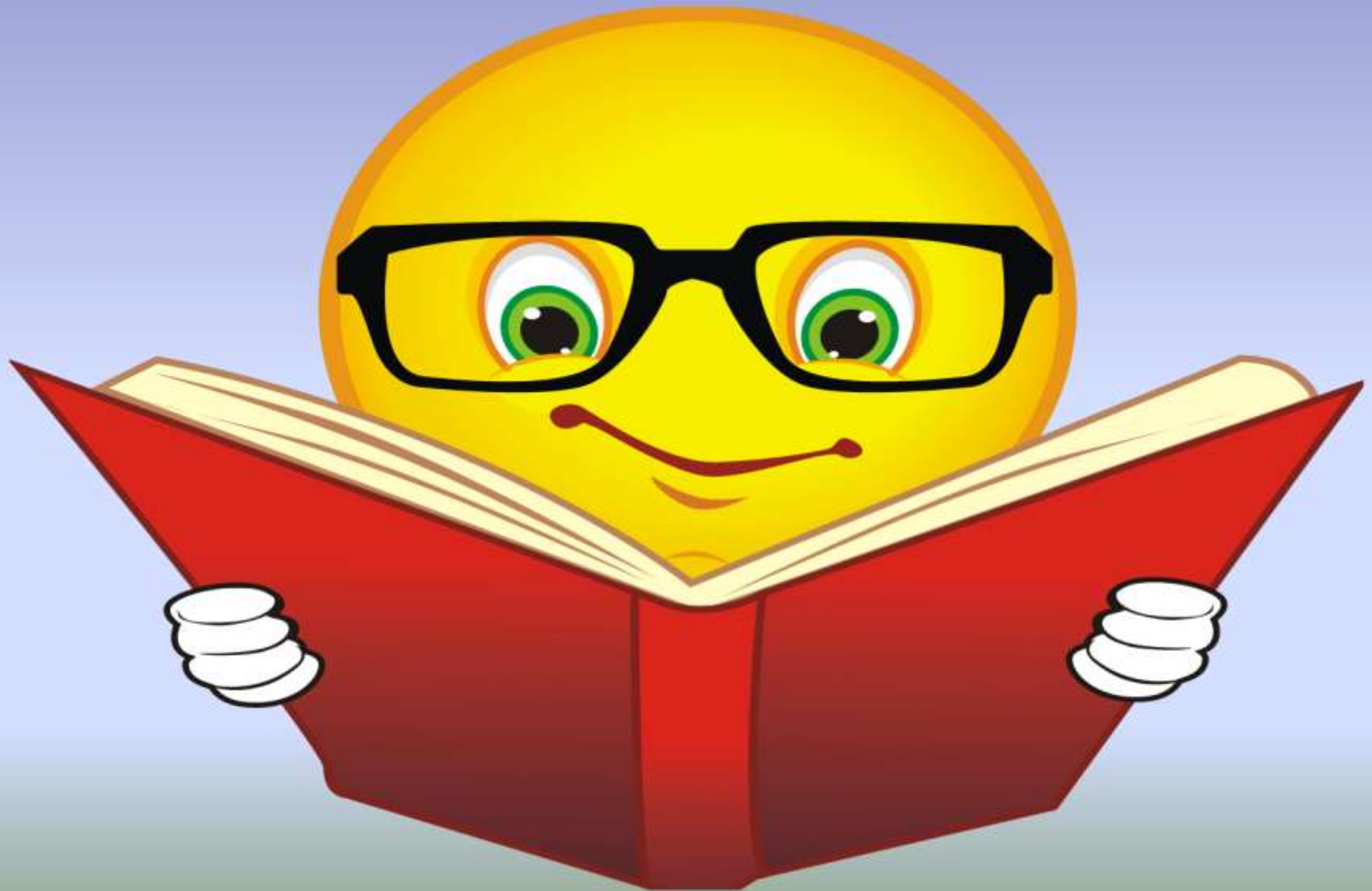
Information

- **Basic Documents:-** PAN, Aadhar, Email Id, Mobile number, Address, Details of Bank Accounts, Bank statement, Loan statements, Partnership deed, Company registration certificate, Company Master data, Society/Trust registration certificate and bylaws, GST/VAT/Excise/Custom/Service tax return etc;
- **Interaction with clients:-** Under stand about nature of business, profession and source of income, details of Assets, liabilities, loans etc;

Information

- Find out Residential status
- Create E filing ID and Password
- Download Form 26AS.
- Open a File in the name of client
- Collect all relevant papers and keep working papers in file of the client.

Alabama / Lowest Reading & IQ



Tax Planning

Prepare Balance sheet,
Profit & Loss A/c,
Computation of Income

Selection of ITR Forms

- Download Income Tax Return Prepare Utility either Excel or Java version or both
- Always download **latest update version** at the time of filing return
- **Return Forms.**
- ITR-I: - For an Individual **resident other than not ordinary resident**, having source of income from Salary, family pension[sec 57(iia)], One house property and does not have **brought forward loss** or loss to be **carried forward**, income from other sources, except winning from lottery or income from race horses

Selection of ITR Forms

- If an resident Individual has assets in foreign
- Has signing authority in account located in foreign
- Has income from any source outside India
- Has income accordance to Section 5A(Portugues Civil code 1860, Goa, Dadar and Nagar Haveli and Daman and Diu)
- Claim Deduction u/s 57, other than 57(iia)
- Director in any company
- Held unlisted equity share
- Claimed deduction u/s 90, 90A or 91

Selection of ITR Forms

- Has agriculture income exceeding Rs. 5000/-
- Has more than Rs. 50 lakhs income
- Has taxable income u/s 115BBDA
- Has income u/s 115BBE
- If an Individual satisfy the above said conditions, then he shall not file income tax return in ITR1.
- Shall file in ITR2

Selection of ITR Forms

- ITR-2:- For an individual or HUF having source of income from salary, House property from **more than one house** or one house in **joint ownership**, Capital gain, income from other sources.
- ITR-3:-For an individual or HUF having income from business or profession
- ITR-4:- For an individual or HUF(Resident other than not ordinary resident) or Resident Firm(Other than LLP) , compute income under business or profession u/s 44AD, 44ADA or 44AE

Selection of ITR Forms

- Has assets in foreign
- Has signing authority in account located in foreign
- Has income from any source outside India
- Has income accordance to Section 5A(Portugues Civil code 1860, Goa, Dadar and Nagar Haveli and Daman and Diu)
- Director in any company
- Held unlisted equity share

Selection of ITR Forms

- Has more than Rs. 50 lakhs income
- Has more than one house property
- Has any brought forward losses
- Has claimed deduction u/s 90, 90A or 91
- Has more than Rs. 5000/- agriculture income
- Has taxable income u/s 115BBDA
- Has income u/s 115BBE
- If an Individual or HUF satisfy the above said conditions, then he shall not file income tax return in ITR4.
- Shall file in ITR3

Selection of ITR Forms

- ITR-5:- For firms, AOPs, BOIs
- ITR-6:- For companies
- ITR-7:- For persons including companies whether registered u/s 25 of the Co. Act, 1956 or sect. 8 of the Co. Act, 2013, required to file return u/s 139(4A)/(4B)/(4C)/(4D)

Case Laws 1

- Ritu a Indian citizen, is working in a company in Germany, during the p.y.2018-19
- Gross Salary Income: 15,750.00 Euro
- Retained Income Tax: 4,475.00 Euro
- Employees contribution towards pension: 1,464.75 Euro
- Employers contribution towards pension: 1464.75
- Having Interest on FD of Rs. 50550 from NRE Bank accounts
- Having interest on FD from NRO bank accounts Rs. 19959
- TDS u/s 194A and 195- Rs. 2793
- Investment in Mutual fund:- Rs. 11000
- Saving Bank Interest:- 2393

Case Law1

- ITR Form 2
- NRI Status
- Computation of Income
- Income from salary :- Nil (As per DTAA, UA- 15)
- Income from Other Source:- 22352
- Less: Deduction u/s 80C- Rs. 11000, and u/s 80TTA- Rs. 2393, Tax Payable: nil, TDS- 2793, Refund- Rs. 2793. Exempt income- Rs. 50550

Case Law2

- R.K.Singh, a senior citizen, has income from interest Rs. 783695. Has income from NHAI Rs. 583356
- During the p.y. 2018-19, has sold a house for Rs. 71 lakhs. Has purchased new house in Delhi for Rs. 2782000
- TDS: U/s 194A- 41665, 192- 78355 , 194J- 58335, Advance Tax- 20000
- Mutual fund- Rs. 135000, Mediclaim-Rs. 15900,
- Previous consultant had filed ITR in form 2 and had claimed a refund of Rs. 44000. After assessment, AO has sent notice of demand Rs. 4.86 lakhs.

Case Law2

- Computation of Income

- ITR-3
- Income from Profession u/s 44ADA- Rs. 303345
- Income from Capital gain
- Sale Consideration- 71 lakhs
- Less: Index cost of Acquisition- Rs. 45 lakhs
- Long term Capital gain- Rs. 26 lakhs
- Deduction u/s 54- Rs. 26 lakhs
- Taxable LTCG- Rs. Nil
- Income from other source- Rs 783695
- Gross Taxable income- 1087040
- Less: Deduction u/s 80C, 135000, 80D- 15900 and 80TTB- 50000
- Net taxable income- 886140
- Tax thereon – 90717
- Less: TDS- 198355
- Refund- 107640

Thanks

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