



President
Vipul K. Choksi

Hon. Jt. Secretaries
Ketan L. Vajani | Haresh P. Kenia

Vice President
Anish M. Thacker

Treasurer
Parag S. Ved

Imm. Past President
Hinesh R. Doshi

Date: 16th July, 2019

To,
Mr. Pramod Chandra Mody
The Chairman,
Central Board of Direct Taxes
Ministry of Finance,
North Block, Parliament Street,
New Delhi – 110 001

Respected Sir,

Sub: Changes in Return of Income Tax (ITR)

The Chamber of Tax Consultants (CTC), Mumbai was established in 1926. CTC is one of the oldest voluntary non-profit making organizations in Mumbai – in its 93rd year - formed with the object of educating and updating its members on Tax and other Laws. It has robust membership strength of about 4000 professionals, comprising Advocates, Chartered Accountants and Tax Practitioners. The Chamber also has created a niche with the government and other regulatory agencies. It is the one of the leading institution for making effective representation with respect to Income Tax and Allied laws .It acts as catalyst for bring out necessary change both from the perspective of Government as well as Tax payers.

The following changes be made urgently to the return filing process as these difficulties are being encountered:

1. The Schedule on **Capital Gains** has undergone continual changes. Earlier a scrip wise filing was needed – then that was replaced by an aggregate filing – this has now been replaced again by a scrip wise filing. The filing requires details like ISIN Code, Name of Shares/Units, sale price per share/unit, etc. This is a cumbersome requirement to be given in a particular format and would require immense amount of time to key in and upload. Further, there are investments made through Portfolio Management Schemes where these details are not even available with the assessee investor. There is a need to remove this reporting requirement at least for Return of Income of A.Y. 2019-20 or make it an optional field.

2. A **Private Trust** is assessable as an Individual. However while in earlier years it was possible to file a return in form ITR2 and circulars were also issued to that effect, for A Y 2019-20, using ITR2 mandates linking with an Aadhaar and a Trust cannot be so linked – a trustee’s Aadhaar cannot be linked as it is already linked with his / her personal return. A change is needed so as to enable a private Trust using ITR2. Further, the return is filed by a Trustee and not a member - but the form ITR5, if at all one is forced to use that, does not allow Trustee as one of the options – but only Member as an option.
3. While submitting e-return ITR 2, error messages comes that the **Bank IFSC** code of other bank details are not as per RBI data base. For e.g. - Name of Bank is Bank of Maharashtra whose IFSC code are correct as available on bank passbook as well as online verified - viz. MAHB0001214 and MAHB0000311. It is requested that except for the first bank where the Income tax refund is to be banked, the need for checking may be deleted and the IFSC given based on information available may be accepted.
4. For **Residential Status of a Non Resident** – where data of which country he is a resident of and the TIN in that country – this data may be made optional for the reasons that (a) a person may not be a resident of a particular country (e.g. seafarers) and (b) not necessary that person has a tax residency number (e.g. student, retired person, residents of UAE where no TIN is issued, etc). This field should be made optional.
5. In ITR 3, ITR5 & ITR6 **bifurcation of expenses in manufacturing, trading** and P/L account is required. Books of accounts are prepared and audited either as per statutory law (i.e. Company law, Co-operative society, Banking Company, Insurance Company, etc) or as per the Accounting Standard and Guidance notes prescribed by the ICAI – none of which require Trading account to be prepared separately. For the purpose of ITR the data will have to be split and compiled. This will involve additional efforts for maintenance of records which the assessee was unaware during the entire financial year. Had an assessee known that this information is required then the records would be kept accordingly. Hence

this requirement may be deleted or may be postponed for a year with adequate publicity that this will be needed for FY 2020-21 onwards.

6. In the schedule of **TDS claim** one is required to mention the head under which income is offered for tax. However there can be cases where TDS is done by the payer but the income is treated by assessee as not taxable as per the law. Either this requirement should be done away with or an additional drop box be given to explain why this TDS is being claimed although no corresponding income is offered to tax.
7. In case of an Individual, details of **directorship** and details of Company wherein he is a director is required. Again, this is a cumbersome detail to ask for in a short time. If a person is a director, the return can merely seek the DIN and the Tax Department may auto populate the data from the MCA website. Hence this requirement may be deleted or may be postponed for a year.
8. In case of disclosure of **investment in unlisted entity**, the term “unlisted” may kindly be clarified. There are shares that are not traded and/or not listed as on 31.03.2019 due to various reasons. Also, this requirement may be made mandatory for those cases where Schedule AL is mandatory. Secondly, the PAN of the investee Company may not be available with the assessee, nor does the assessee have any source to obtain the PAN of the investee Company. Hence this requirement needs to be deleted.

The above issues need to be addressed immediately as our members and tax payers at large are unable to submit returns of income due to these errors coming up. Your honours will appreciate that if our suggestions are implemented the tax practitioners and assessee will not be required to face undue hardship – and none of these changes cause any loss to the Revenue. We do appreciate that the Department would like to have certain key information about the assessee through the return of income – but if this requires additional collection efforts then the time allowed needs to be more and asking the details after the year is over is improper.

We request your honour to kindly consider the above issues on priority basis and issue the necessary directions.



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We look forward to your kind and thoughtful intervention and taking up our request for kind consideration.

Thanking you,

Sincerely yours,

For THE CHAMBER OF TAX CONSULTANTS

Sd/-

VIPUL K. CHOKSI
PRESIDENT

Sd/-

MAHENDRA SANGHVI
CHAIRMAN
LAW & REPRESENTATION COMMITTEE

Sd/-

APURVA SHAH
CO-CHAIRMAN

CC: Hon'ble Finance Minister
Ministry of Finance,
North Block, Parliament Street,
New Delhi -110 001