

ITR FORM CHANGES FOR A.Y 25-26

ITR-1 (SAHAJ)

Who is eligible to file ITR -1 FOR F.Y.2024-25(A.Y.2025-26)?

According to the notification, the ITR -1 form will be used by the following taxpayers:

- For individuals being a resident (other than not ordinarily resident) having total income up to **Rs 50 lakhs.**
- Having income from salaries, one house property, other sources (excluding lottery, racehorses)
- Long term capital gains under section 112A up to Rs.1.25 lakh (no brought forward/ carry forward of capital loss allowed)
- Agricultural income up to Rs. 5000

WHO CANNOT FILE ITR-1 FOR A.Y. 25-26 :

- An individual who is either a director in a company
- Has held any unlisted equity shares or ESOP at any time during financial year.
- A resident that has assets (including financial interest in any entity) outside India or is a signing authority in any account located outside India
- Gains from Virtual Digital Assets (crypto currency).
- Total income exceeding Rs 50 lakh
- Agricultural income exceeding Rs 5000.
- If you have taxable capital gains.
- If you have income from business or profession.
- Having income from more than one house property.

ITR-4 (SUGAM)

Who is eligible to file ITR -4 FOR F.Y.2024-25(A.Y.2025-26)?

The notified ITR – 4 has specified the eligibility criteria regarding taxpayers who can use this tax return form :

- Should be a resident of India as per Income Tax Act
- Total income up to **Rs. 50 lakh.**
- Business income according to the presumptive income scheme under section 44AD or 44AE
- Professional income according to presumptive income scheme under section 44ADA
- Income from Salary/Pension
- Income from one House Property
- Long-term capital gains income up to Rs. 1.25 lakhs (having no brought-forward or carry-forward capital loss)
- Income from Other Sources (excluding Winnings from Lottery and Income from Race Horses)

WHO CANNOT FILE ITR- 4 FOR A.Y. 25-26 :

- An individual who is either a director in a company
- An individual who has invested in unlisted equity shares cannot use this form.
- An individual, HUF or partnership firm who is required to maintain the books of accounts under the Income-tax Act, 1961.
- Resident but not ordinarily residents (RNOR) and Non-residents
- Individuals who have earned income through Lottery, race horses, legal gambling, etc.
- Taxable capital gains (short-term and long-term)
- Agricultural income exceeding Rs 5,000
- A resident that has assets (including financial interest in any entity) outside India or is a signing authority in any account located outside India
- Gains from Virtual Digital Assets (Crypto currency)
- Individuals for whom the TDS has been deducted under Section 194N.

The changes introduced in ITR-1 and ITR-4 form are as follows:

- ❖ Taxpayers can now report long-term capital gains (LTCG) under Section 112A up to ₹1.25 lakh directly in ITR-1 and ITR-4, provided there are no capital losses to carry forward
- ❖ Deductions under Sections 80C to 80U must now be selected from a detailed drop-down list, improving transparency and precision in claims.
- ❖ **AADHAAR ENROLLMENT ID REMOVED** : The 28 digit enrollment id is no longer accepted. The field only accept 12 digit Aadhaar number.
- ❖ Reporting of TDS sections in Schedule TDS/TCS

ITR-2

Who is Eligible to file ITR-2 for A.Y. 2025-26?

ITR-2 is for the use of an individual or a Hindu Undivided Family (HUF) whose total income for the AY 2025-26 includes:

- Income from Salary/Pension
- Income from House Property (income can be from more than one house property)
- Income from Other Sources (including Winnings from Lottery and Income from Race Horses)
- If you are an Individual Director in a company
- If you have had investments in unlisted equity shares at any time during the financial year
- Being a resident not ordinarily resident (RNOR) and non-resident
- Income from Capital Gains
- Agricultural income more than Rs. 5,000
- Owning assets (including financial interest in any entity) outside India, including signing authority in any account located outside India

The total income can be **more than Rs. 50 lakh.**

This Return Form should not be used by an individual whose total income for the AY 2025-26 includes Income from Business or Profession.

The changes introduced in ITR-2 form are as follows:

- In the schedule, capital gain split for gains before and after July 23, 2024 (post changes in Finance Act, 2024).
- Capital loss on share buyback is now allowed if corresponding dividend income is shown as income from other sources (post October 1, 2024).
- Asset and liability reporting limit has been raised to **₹1 crore** of total income and there is enhanced reporting for deductions under section 80C, 10(13A).
- A dedicated column has been added to indicate the specific section under which TDS was deducted

ITR-3

Who is Eligible to File the ITR-3 Form?

- Carrying on a business or profession not opting for presumptive income.
- The return may include income from house property, salary/pension, capital gains and income from other sources .
- Carrying on a business or profession who is required to maintain the books of accounts and/or required to get them audited.
- If you have had investments in unlisted equity shares at any time during the financial year
- Remuneration received from a partnership firm (not LLP).

ITR-5

Who is Eligible to File the ITR-3 Form?

- Firms
- LLP's
- AOP's /BOI's
- Trusts (not claiming exemptions)
- Business trust/investment fund

However, individuals who are required to file the return of income under sections 139(4A), 139(4B), 139(4C), or 139(4D) should refrain from using this form.

ITR-6

Who is Eligible to File the ITR-6 Form?

- For Companies other than companies claiming exemption under section 11 (Income from property held for charitable or religious purposes), ITR-6 has to be filed electronically only.

ITR-7

Who is Eligible to File the ITR-7 Form?

For persons including companies required to furnish returns under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) or section 139(4E) or section 139(4F).

Major Changes in ITR-3, ITR-5, ITR-6 and ITR-7 form for AY 2025-26:

- As per the new provisions, capital losses on share buybacks will be allowed if the corresponding dividend income is reported under "Income from Other Sources." This change applies from **01st October 2024**.

- There has been enhanced reporting for deductions such as under Section 80C, Section 10(13A) (House Rent Allowance), Section 24 (interest on home loan) and others.
- Mandatory segregation of capital gains for transactions executed before and after July 23, 2024.
- Taxpayers need to report the TDS section code in the Schedule-TDS.
- A new section, Section 44BBC, has been introduced to report income from the cruise shipping business **except in ITR-7.**
- Asset and liability reporting limit has been raised to ₹1 crore of total income **as per ITR-3.**
- Schedule BP (business and profession) updated for Rule 10TIA, profit from sale of raw diamonds must be at least 4% of gross receipts **as per ITR-6.**

Major Changes in ITR related to Deductions

The major changes made by the Department are:

All the changes are applicable for Old Regime

1. House Rent Allowances

* Place of Work

* Actual HRA Received

> Actual Rent Paid

* Basic Salary

2. **80C Deduction:** Policy Number or Document Identification Number

3. **80D Deduction:** Health Insurance

* Name of Insurance Company

* Policy Number

4. 80E Deduction: Interest on loan taken for higher education

- * Loan taken from
- * Name of bank from which loan is taken
- * Loan account number of Bank
- * Date of Sanction of Loan
- * Total amount of Loan
- * Loan outstanding as on 31st march

5. 80EE Deduction: Interest on loan taken for Residential House Property

- * Loan taken from
- * Name of bank from which loan is taken
- * Loan account number of Bank
- * Date of Sanction of Loan
- * Total amount of Loan
- * Loan outstanding as on 31st march

6. 80EEA Deduction: Interest on loan taken for Certain House Property

- * Loan taken from
- * Name of bank from which loan is taken
- * Loan account number of Bank
- * Date of Sanction of Loan
- * Total amount of Loan
- * Loan outstanding as on 31st march

7. 80EEB Deduction: Interest Paid on purchase of Electric Vehicle

- * Loan taken from
- * Name of bank from which loan is taken
- * Loan account number of Bank
- * Date of Sanction of Loan
- * Total amount of Loan
- * Loan outstanding as on 31st march
- * Vehicle Registration Number

8. 80DDB Deduction Medical Treatment of Specified Disease: Name of Specified Disease

YKBA