

F.No. 133/38/2006-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

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New Delhi, the 10th October, 2006

**Subject:- New Return Forms for Assessment Year 2006-07 – matters connected thereto
– reg.**

The Central Board of Direct Taxes have notified following new return forms for Assessment Year 2006-07:-

- (i) Form No.2F vide Notification S.O. No.848(E) effective from 1st June, 2006. This Form may be used only by assessee being resident individual/ Hindu undivided family (HUF)-
 - (a) not having Income from 'business or profession' or agricultural income or 'capital gains' (except long-term capital gains from transactions on which securities transaction tax paid); or
 - (b) not claiming relief under section 89 in respect of arrears or advance of salary;
 - (c) not owning more than one house property.

- (ii) Form No.1, Form No.2, Form No.3, and Form No.3B vide Notification S.O. No. 1163(E) effective from 24.7.2006. The details of these forms are as under-
 - (a) Form No.1 is a combined form for return of income and return of fringe benefits for companies other than those claiming exemption under section 11;
 - (b) Form No.2 is a combined form for return of income and return of fringe benefits for non-corporate assessee-
 - (i) not claiming exemption under section 11, and
 - (ii) having income from business or profession;
 - (c) Form No.3 is a form for return of income for non-corporate assessee not claiming exemption under section 11 and not having income from business or profession;

(d) Form No.3B is a residual form for return of fringe benefits for the assessee-

- (i) who are required to furnish the return of income and also the return of fringe benefits but –
 - (a) have filed the return of income in Form No.1 or Form No.2 or Form No.2D or Form No.3A for the Assessment Year 2006-07 before the notification of this Form No.3B, or
 - (b) opts to file the return of income in Form No. 2D
- (ii) who are not required to furnish the return of income but are required to furnish the return of fringe benefits.

These Forms are available at <http://incometaxindiaefiling.gov.in>. If a taxpayer intends to file a return for any earlier assessment year he will have to use the old forms.

2. These return forms have been designed to make them amenable for electronic filing. In a case where the taxpayer does not use a digital signature, a two step-procedure has been prescribed for furnishing these forms electronically without digital signature. First step is to transmit the details of the return and schedules thereto electronically (without digital signature) to the designated web-site and thereafter to file a paper Return. The date of the electronic transmission and acknowledgement number given electronically by the Income-tax Department for such transmission has to be filled in the paper return. However, if the return is furnished electronically under the digital signature, it will not be necessary to furnish the paper return.

3. Apart from procedure mentioned in para 2, an assessee may also file, at his option, an e-return in accordance with following schemes:-

- (i) Electronic Furnishing of Return of Income Scheme, 2004 [Notified vide S.O. No. 1073(E) dated 30.9.2004]. Under this Scheme, e-return has to be filed through e-Return Intermediary, followed by a paper return. The scheme is applicable to all class of taxpayers who are assessed or assessable to tax at any of the cities specified in Schedule 'A' of the Scheme (i.e. net-worked cities);
- (ii) Furnishing of Return of Income Internet Scheme, 2004. [Notified vide S.O. No. 1074(E) dated 30.9.2004] Under this Scheme, e-return has to be filed under the digital signature. The scheme is applicable only to "individual" taxpayers who has income under the head "Salaries" but does not have any income under the head "Profits and gains of business or profession" and who are assessed or assessable to tax at any of the cities specified in Schedule 'A' of the Scheme (i.e. net-worked cities);

4. All corporate taxpayers are necessarily required to furnish the return for Assessment Year 2006-07 electronically after 24.7.2006. Thus, a company has to necessarily file e-return

either under digital signature or in accordance with two step procedure explained in para 2 or in accordance with the Scheme mentioned at para 3(i). However, for other class of taxpayers, it is optional to furnish an e-return.

5. Further, these forms are not to be accompanied by any attachment/ annexure. Taxpayers should not enclose with these return forms any statement showing the computation of income or tax or notes thereto, copies of balance-sheet, profit and loss account or notes thereto, TDS/ TCS certificate, proof of payment of advance tax or self-assessment tax, audit report or any other document.

6. Following clarifications are hereby issued In respect of certain issues arising from furnishing the returns in above mentioned forms:-

- (i) **The report of audit under section 44AB is not to be attached with the return. It should not be furnished separately also before or after the due date. However, an assessee should get the report of audit from an accountant under said section before the due date of the furnishing of the return and should fill out the relevant columns of these forms on the basis of such report. The assessee should retain the report with himself. It may be furnished in original during the assessment proceedings. No penalty under section 271B shall be initiated or levied for not furnishing the tax audit report on or before the due date. However, if the audit report has not been obtained before the due date, provisions of section 271B shall be attracted.**
- (ii) While processing the return under section 143(1), the credit for Tax deducted at source (TDS)/ Tax collected at sources (TCS) shall be allowed on the basis of details furnished in the relevant schedules of these returns as if the TDS/ TCS certificates have been filed.
- (iii) These returns are not to be accompanied with any other document including any statutory form or report of audit (other than the report under section 92E) which is otherwise required to be furnished before the due date or along with the return for making any claim. The provisions of the law shall be deemed to have been complied with in respect of the requirement of the filing of the attachments or documents or reports along with the return. No penalty shall be initiated/ levied for not furnishing such documents. All these documents should be retained by the taxpayers and be furnished in original during the scrutiny proceedings.
- (iv) The report as required under section 92E of the Income-tax Act shall continue to be furnished before the date specified in rule 10E.
- (v) In the case of the old forms, the assessee could enclose documents, furnish reasons and make disclosures in support of claims made by him. However, it is not possible to do so in case of new forms as these are annexure-less. Accordingly, the assessee may, in pursuance to the first notice issued under section 143(2),

avail of the opportunity to file documents, furnish reasons and make disclosures in support of various claims made by him in the return filed in new form.

- (vi) In case, a return is furnished under digital signature, the date of such furnishing shall be the date of furnishing the return. In case, a return is furnished under two-step procedure as explained in para 2 or in accordance with the Scheme mentioned at para 3(i), the date of furnishing the e-return will be the date of furnishing the return only if-
- (a) paper return has been filed within fifteen days from the date of filing the e-return or within one month from the date of issue of this Circular, whichever is later; and
 - (b) paper return tallies with the e-return.

In case condition in (a) or (b) above is not satisfied, the paper return shall be taken to be the return and date of filing the paper return shall be taken as the date of filing the return.

- (vii) The e-Return has to be filed at <http://incometaxindiaefiling.gov.in>. The paper return, if any, in respect of such e-returns shall be filed either at separate counter(s) to be set up for this purpose at each local income-tax office (whether on net-work or not) or at designated postal offices.
- (viii) It has been brought to the notice of the Board that some taxpayers have filed the returns in the old forms (other than Form No.2D) even after the notification of the new forms. Since, old return forms are invalid returns after the date of notification of new forms, the taxpayers should resubmit the return in new forms in accordance with the new procedure.

7. The returns filed electronically shall be processed on priority basis.

(Sharat Chandra)
Secretary, CBDT

Copy to:-

- i. All Chambers of Commerce/Industry/Trade Associations.
- ii. All Chief Commissioners/Directors General of Income-tax with a request to circulate amongst all officers in their regions/ charges.
- iii. Director General, National Academy of Direct Taxes, Nagpur.
- iv. Directors, Regional Training Institutes, Ahmedabad/ Bangalore/ Chandigarh/ Chennai/ Kolkata/ Lucknow/ Mumbai.
- v. Comptroller and Auditor General of India (40 copies)
- vi. Ministry of Law (10 copies)
- vii. Secretary, Settlement Commission, New Delhi.
- viii. All officers and technical sections in CBDT.

(Sharat Chandra)
Secretary, CBDT