



Issues on ITR A. Y. 2025-26

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ITR Forms Applicability Matrix for AY 2025-26 (FY 2024-25)

ITR Form	Who Can File?	Key Income Sources	Major Changes
ITR-1	Resident Individuals (not Ordinarily Resident or Non-Resident), income ≤ ₹50 lakh, one house property, salary, other sources (like interest), agriculture income ≤ ₹5,000, AND long-term capital gains (LTCG) from listed equity shares or equity mutual funds ≤ ₹1.25 lakh (NEW)	Salary, Pension, 1 house property, Other sources, LTCG up to ₹1.25 lakh, Agriculture income (up to ₹5,000)	Now allows LTCG (u/s 112A) up to ₹1.25 lakh (was not allowed earlier); cannot use Aadhaar Enrollment ID to file return
ITR-2	Individuals/HUFs, all income eligible for ITR-1 PLUS: income from more than 1 house property, capital gains, foreign assets/income, agriculture income > ₹5,000	Salary, House property, Capital gains, Foreign assets/income, Other sources	No major change, eligibility largely unchanged.
ITR-3	Individuals/HUFs with business or professional income, partners in a firm, trading income, or not eligible for ITR-1, 2, or 4	Business/Profession, Salary, House property, Capital gains, Other sources	Must specify Section 44BBC for cruise business; details bifurcation for capital gains before/after 23 July 2024

ITR Forms Applicability Matrix for AY 2025-26 (FY 2024-25)

ITR Form	Who Can File?	Key Income Sources	Major Changes
ITR-4	Residents: Individuals/HUFs/firms (not LLP) with presumptive income under sections 44AD/44ADA/44AE, income ≤ ₹50 lakh, one house property	Presumptive business or profession income	Now allows LTCG up to ₹1.25 lakh from listed equity shares and equity mutual funds (NEW); cannot use Aadhaar Enrollment ID2
ITR-5	Firms, LLPs, AOP, BOI, and others not eligible for ITR-1 to ITR-4 and not companies/trusts	All except companies/trusts	No major change.
ITR-6	Companies (except those claiming exemption under Section 11)	All company incomes	No major change.
ITR-7	Persons (including companies) required to file under sections 139(4A)-(4D): charitable/religious trusts, political parties, institutions, news agencies, etc.	As specified in the relevant sections	No major change.

Changes in ITR 1

► Eligibility Expansion

Old:- LTCG earners not eligible for ITR-1

New:- LTCG up to Rs 1.25 lakh allowed (Section 112A)

Simplified filing for small investors

The most significant change in ITR-1 involves expanded eligibility for taxpayers with long-term capital gains (LTCG). Previously, any individual with capital gains was required to file the more complex ITR-2 form.

Now, taxpayers can use ITR-1 if their LTCG from listed equity shares or equity-oriented mutual funds under Section 112A does not exceed Rs 1.25 lakh and they have no carry-forward or brought-forward losses. This change is particularly beneficial given the Union Budget 2024's increase in the LTCG exemption limit from Rs 1 lakh to Rs 1.25 lakh, effective from FY 2024-25.

The modification allows small investors to continue using the simplified ITR-1 form instead of migrating to more complex forms, significantly reducing compliance burden

Changes in ITR 1

- ▶ New Schedule Addition
- ▶ Old : No specific HRA schedule
- ▶ New Schedule EA 10(13A) for HRA details
- ▶ More detailed HRA disclosure required
- ▶ Schedule EA 10(13A) specifically captures House Rent Allowance (HRA) details, requiring information such as place of work, actual HRA received, actual rent paid, and salary details.
- ▶ This represents a substantial shift from previous years where HRA details were captured through employer forms only
- ▶ Old: No dedicated home loan interest schedule
- ▶ New Schedule 24(b) for home loan interest
- ▶ Better home loan interest reporting
- ▶ Schedule 24(b) has been added for reporting home loan interest deductions, requiring specification of whether the loan is from a bank or other financial institution.
- ▶ This enhancement provides better tracking of housing loan interest claims and improves verification processes

Changes in ITR 1

- ▶ Enhanced Disclosure - Basic deduction reporting
- ▶ Clause-level deduction reporting with dropdowns
- ▶ Improved transparency in deductions
- ▶ The form now requires clause-level deduction reporting with dropdown selections for various sections under 80C to 80U. This replaces the previous free-form entry system and ensures more accurate categorization of deductions claimed. The change promotes transparency and reduces errors in deduction claims while facilitating better verification by tax authorities
- ▶ Authentication Change
- ▶ Old : Aadhaar Enrollment ID accepted
- ▶ Now Only full 12-digit Aadhaar number accepted Stricter authentication requirement
- ▶ A critical universal change involves authentication requirements, where the Aadhaar Enrollment ID is no longer accepted for ITR filing. Only the full 12-digit Aadhaar number is now mandatory, reflecting the government's stricter approach to taxpayer verification. This change eliminates potential fraud and ensures more robust taxpayer identification across all filing categories.
- ▶ Country Code Update
- ▶ Manual country code entry
- ▶ Default country code set as 91-INDIA Reduced filing errors

Changes in ITR2

Capital Gains Reporting

Old : Single reporting for all periods

Now Separate reporting before/after July 23, 2024, Accurate tax calculation based on new rates

ITR-2 introduces mandatory segregation of capital gains reporting based on transaction dates. Taxpayers must now report capital gains separately for transactions executed before and after July 23, 2024, aligning with the Finance Act 2024 changes that modified capital gains tax rates and indexation benefits.

This bifurcation is critical because different tax rates apply to transactions conducted before and after the cut-off date. For equity shares and mutual funds, STCG rates changed from 15% to 20%, while LTCG rates increased from 10% to 12.5%, all effective from July 23, 2024.

Asset Reporting Threshold

Old : Rs 50 lakh

Now Asset reporting threshold raised to Rs 1 crore

Reduced compliance burden for mid-income earners

A major relief for middle-income taxpayers comes through the doubling of asset and liability reporting threshold from Rs 50 lakh to Rs 1 crore. This change in Schedule AL means that only taxpayers with gross total income exceeding Rs 1 crore (after considering deductions under Chapter VI-A) are required to furnish detailed asset and liability information.

This modification significantly reduces compliance burden for taxpayers earning between Rs 50 lakh and Rs 1 crore, eliminating the need for detailed asset disclosure that was previously mandatory. The change acknowledges that such detailed reporting should be reserved for higher-income categories where greater scrutiny is warranted.



TDS Reporting

Old - No section-wise TDS reporting required

Now Mandatory TDS section code reporting for Better TDS reconciliation

All ITR forms now require mandatory specification of TDS section codes under which tax was deducted.

This applies to ITR-1, ITR-2, ITR-3, and ITR-5, requiring taxpayers to mention the relevant TDS provision (such as 194A for interest, 194I for rent, or 194J for professional fees) for every income source where tax was deducted.

This enhancement promotes better traceability and cross-verification with Form 26AS, significantly improving the accuracy of TDS credit claims.



Buyback Taxation

Old: Standard capital loss treatment

Capital loss on buybacks allowed if dividend reported

Clearer buyback taxation rules

From October 1, 2024, capital losses on share buybacks can only be claimed if the corresponding dividend income is reported under "Income from Other Sources". This change addresses the revised treatment of share buybacks where proceeds are now considered deemed dividends in shareholders' hands, while companies no longer pay buyback tax under Section 115QA

Sec 44BBC

- ▶ Schedule Enhancement
- ▶ Enhanced deduction disclosure requirements enabling Enhanced transparency

In ITR 3

- ▶ Section Addition New Section 44BBC for cruise shipping business.
- ▶ ITR-3 now includes Section 44BBC for cruise shipping business, addressing the presumptive taxation of non-resident cruise operators. Under this provision, 20% of gross receipts from passenger carriage is deemed taxable income, providing specific guidance for this specialized business category.

ITR-4 (Sugam)

► Eligibility Expansion

LTCG up to Rs 1.25 lakh allowed (Section 112A)

Simplified filing for small business owners Similar to ITR-1, ITR-4 now permits taxpayers with LTCG up to Rs 1.25 lakh from listed equity shares and equity-oriented mutual funds to use this simplified form, provided they have no carry-forward or brought-forward losses.

Presumptive Tax Threshold Fixed thresholds for presumptive tax Enhanced thresholds: Rs 3 crore for 44AD, Rs 75 lakh for 44ADA Higher eligibility for presumptive taxation The form reflects increased thresholds for presumptive taxation schemes: the turnover limit under Section 44AD has been raised to Rs 3 crore for businesses, and to Rs 75 lakh under Section 44ADA for professionals, provided 95% or more transactions are conducted digitally.

Form 10-IEA Integration

- ▶ Old : Basic opt-out disclosure
- ▶ Now Form 10-IEA acknowledgment number required Compliance requirement for regime switching A critical new requirement involves Form 10-IEA acknowledgment number reporting for taxpayers opting out of the new tax regime.
- ▶ Business income earners switching from the new to old tax regime must provide the Form 10-IEA acknowledgment number in their ITR-4 and justify any delay in filing it. This ensures proper documentation of tax regime choices and prevents inadvertent enrollment in the default new regime. Mandatory Form 10-IEA for Business Income

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Form 10-IEA Integration

- ▶ With the new tax regime becoming the default from AY 2025-26, taxpayers with business or professional income must file Form 10-IEA if they wish to continue under the old tax regime. This form must be submitted before the ITR due date (September 15, 2025) and the acknowledgment number must be mentioned in the ITR filing.

This requirement applies specifically to taxpayers filing ITR-3 or ITR-4 with business income. Salaried individuals without business income can simply select the "opt out of new regime" option directly in their ITR forms without needing Form 10-IEA.

Additional Forms Required Before Filing ITR for Claiming Relief Under Various Sections

Form	Purpose/Relief Section	Who Should File	Filing Deadline
Form 67	Foreign Tax Credit relief under Section 90/91	Residents with foreign income who paid tax abroad	<u>Before ITR due date</u>
Form 10IA	Disability relief under Section 80DD/80U	Individuals/HUFs with disabled dependents or self-disabled	<u>Before ITR filing</u>
Form 10A	Registration for charitable/religious trusts under Section 12A/12AB/10(23C)/80G	Trusts, NGOs, educational institutions seeking tax exemption	<u>As per registration requirements</u>

Additional Forms Required Before Filing ITR for Claiming Relief Under Various Sections


Form	Purpose/Relief Section	Who Should File	Filing Deadline
Form 10B/10BB	Audit reports for charitable institutions claiming exemption under Section 10(23C) or 12A	Charitable trusts with income >Rs 5 crores (10B) or others (10BB)	30th September of assessment year
Form 3CA/3CB/3CD	Tax audit reports for business/professional income	Businesses with turnover >Rs 1 crore, professionals >Rs 50 lakhs	30th September of assessment year
Form 15CA/15CB	Foreign remittance compliance before payments abroad	Anyone making payments to non-residents >Rs 5 lakhs	Before making remittance
Form 12BB	Employee tax deduction declarations	Salaried employees claiming deductions/exemptions	Beginning of financial year

Summary Table of Due Dates

Compliance Item	New	This Year
Non-audit ITR filing	31-Jul-24	15-Sep-25
Tax-audit report (Form 3CA/3CB-3CD)	30-Sep-24	30-Sep-25
Audit-case ITR filing	31-Oct-24	31-Oct-25
Transfer-pricing audit report (Form 3CEB)	31-Oct-24	31-Oct-25
ITR when TP provisions apply (Return under section 139)	30-Nov-24	30-Nov-25

New Business Codes Added for AY 2025–26

New Code	Description	Applicable To
9029	Commission Agents (Kachcha Arahitya)	Agents/brokers working on commission
16021	Social Media Influencers & Content Creators	YouTubers, Instagram, TikTok creators, etc.
21009	Speculative Trading	Intraday equity traders (all positions squared day end)
21010	Futures & Options (F&O) Trading	F&O trading (stocks, commodities, currency)
21011	Buying & Selling Shares (as business income)	Frequent/deliver-based trading as main activity



Common Problems While Filing Income Tax Returns (ITR)

Filing an accurate and timely Income Tax Return is essential for compliance and to avoid penalties or delays in refunds.

1. **Choosing the Wrong ITR Form** Selecting an incorrect form renders the return defective and may require rectification or lead to rejection.
2. **Failure to E-Verify the ITR** E-verification within 30 days of filing is mandatory. Unverified returns are treated as invalid, delaying processing and inviting notices.
3. **Not Reporting All Income Sources** - Income from fixed deposits, savings account interest, capital gains (including mutual fund switches), freelancing, and income of minor children must be declared. Omissions lead to mismatches with AIS/Form 26AS data and possible notices.

Common Problems While Filing Income Tax Returns (ITR)

- ▶ **Technical and Validation Errors on the E-Filing Portal**
- ▶ High traffic, browser compatibility, corrupted XML uploads, or usage of special characters can trigger errors such as “validation completed – 1 error found” or “caught error description as null.” Solutions include filing during off-peak hours, using Google Chrome, validating offline XML utilities, and avoiding unsupported characters
- ▶ **Incorrect or Missing Deductions and Exemptions**
- ▶ Forgetting to claim eligible deductions under Sections 80C, 80D, 80TTA, 80GG, or additional reliefs like Section 89(1) arrears relief (Form 10E) increases tax liability. Claim only genuine, documented deductions to avoid scrutiny.
- ▶ **Unvalidated Bank Accounts for Refunds**
- ▶ Failure to pre-validate bank accounts on the portal delays refund credits. Account validation must be completed under the “Profile” section before filing.
- ▶ Omission of Mandatory Supporting Forms
- ▶ Beyond choosing the correct ITR form, taxpayers must also submit certain ancillary statements when applicable. Failing to file these can render the return defective or lead to disallowance of claims.

Common Problems While Filing Income Tax Returns (ITR)

▶ **Timing and Reporting Delays**

- ▶ Late TDS filings by banks or employers can cause Form 26AS to be updated after AIS pulls data.
- ▶ SFT (Specified Financial Transactions) submissions to AIS may lag behind actual transactions, leading to temporary discrepancies.

▶ **Data Entry Errors and PAN Mismatches**

- ▶ Incorrect PAN entries in TDS statements lead to missing or misattributed deductions.
- ▶ Data entry mistakes by deductors (wrong amounts, payment types) affect both Form 26AS and AIS

▶ **Scope-related Omissions**

- ▶ Form 26AS omits non-TDS income entirely (e.g., bank interest under ₹10,000; dividend income; capital gains on securities).
- ▶ AIS may include transactions not relevant to taxable income (e.g., low-value credit card spends), which taxpayers sometimes overlook in their ITR.

Common Problems While Filing Income Tax Returns (ITR)

▶ **Duplicate and High-Value Transactions**

- ▶ AIS occasionally shows duplicates when multiple entities report the same transaction (e.g., a mutual fund redemption reported by both AMC and Registrar).
- ▶ High-value credit card or property transactions in AIS that are not reflected in ITR can trigger notices even if non-taxable

▶ **Corrective Actions for Mismatches**

- ▶ 1. Reconcile your bank statements, Form 16/Form 16A, broker reports and Form 26AS with AIS line by line.
- ▶ 2. Use the AIS feedback facility: Log in to the income tax e-filing portal → Annual Information Statement → select the record → choose reason (e.g., "Information is not fully correct," "Duplicate") → submit.
- ▶ 3. Contact the deductor (employer, bank, mutual fund house) to rectify their TDS/TCS return if Form 26AS data is incorrect.
- ▶ 4. Revise your ITR if additional taxable income appears in AIS post-filing, or respond via the e-Proceedings portal to explain non-taxable items.
- ▶ 5. Maintain records of all communications and correction requests to protect against future notices.

Common Problems While Filing Income Tax Returns (ITR)

- ▶ **Implications of Ignoring Discrepancies**
- ▶ Failure to address mismatches can lead to:
 - ▶ Notices for defective returns or underreporting of income
 - ▶ Selection for scrutiny assessments
 - ▶ Penalties and interest on unreported or misreported income
 - ▶ Delay in refunds due to mismatches in tax credits

Some common issues of mismatch

1. HRA Claims: Joint Landlords and PAN Reporting

When an employee claims House Rent Allowance (HRA), the employer reports the landlord's PAN in Form 24Q. If the rented property has joint owners, only one PAN gets captured in AIS, leading to the entire rent appearing against a single PAN even though there are multiple landlords

2. Immovable Property Transfer: Full Amount for Joint Owners

In joint ownership property sales, AIS often shows the entire sale consideration under the primary co-owner's PAN, instead of splitting it among all owners. This results in apparent over-reporting for one co-owner and under-reporting (or zero) for others.

3. “Confirming Party” vs. Actual Seller in AIS

For immovable property transactions, the AIS label “Confirming Party” sometimes defaults to the reporting entity (e.g., the buyer's registry or broker), causing the AIS to display the buyer or registrar under the seller field. Taxpayers may thus see the wrong PAN listed as the seller in AIS.

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Some common issues of mismatch

4. Multiple Broker Accounts and Purchase Cost Data

When a single demat account is linked to multiple brokers or there is a change of broker, the selling broker reports only the sale value to AIS. Since that broker lacks historical purchase data, AIS may show an incorrect—or nil—cost of acquisition and a wrong purchase date, misrepresenting capital gains.

5. Duplicate or Mis-attributed SFT Entries

Specified Financial Transactions (SFTs) such as credit card spends, mutual fund redemptions or vehicle sales may be reported by multiple entities. AIS sometimes retains the highest amount reported and flags the rest as duplicates, causing confusion over which entry to reconcile during ITR filing.

Treatment of TDS Credit on Income Not Included in the Same Assessment Year

Scenario	Default Treatment	Relief Mechanism
Income accrued and reported in AY N; TDS deducted in AY N + 1	TDS credit not available in AY N + 1	File Form 71 within two years of FY of deduction; AO amends assessment under Section 155(20)
TDS deducted in current AY on income to be reported next AY	TDS credit not claimed; lost if not carried forward	Designate TDS entry as "carry forward" in ITR/prepaid taxes; credit carried to next AY and set off against tax when income is reported
Income reported under two PANs; TDS reflected under only one PAN	Other PAN cannot claim credit	Deductor must file revised TDS return correcting PAN; only deductor can transfer credit
Mismatch between ITR-claimed TDS and Form 26AS	Partial credit allowed; intimation under Section 143(1)	Get deductor to file correction return; taxpayer can file revised ITR or rectification request
Unclaimed TDS from previous AY	Not automatically set off in current AY	Import "TDS Brought Forward" via e-Filing/AIS; claim in current AY ITR under Tax Credits; balance carried forward further if still unclaimed ⁶

Deceased person

Legal Basis and Scope

- ▶ Under Section 159 of the Income-tax Act, 1961, a deceased person's legal representative is deemed to be the assessee for all tax purposes.

Legal Heir/Representative Assessee

- Typically, the spouse or close relative, or an executor named in the will.
- Recognised by a Legal Heir Certificate, which can be issued by:

Competent court

Local revenue authority (Tehsildar)

Municipal body or family pension certificate¹².

Once appointed, the heir acts as a Representative Assessee, with the same duties and liabilities as the deceased would have had.

Documents Required for Registration

To register as a legal heir on the Income Tax e-Filing portal, prepare:

Death Certificate of the deceased.

PAN card copy of the deceased.

Self-attested PAN card copy of the legal heir.

Legal Heir Certificate.

If challenging an order passed in the deceased's name: copy of that order.

Optional: Letter of Indemnity.

All documents must be uploaded as one ZIP file (≤ 5 MB).

Registering on the e-Filing Portal

1. Log in to <https://www.incometax.gov.in/> with your own e-Filing credentials.
 2. Go to My Account → Register as Legal Heir / Representative Assessee.
 3. Click Create New Request and select Category: Deceased (Legal Heir).
 4. Enter:
Deceased's PAN, name, date of birth.
Date of death.
Reason for registration.
Your details (bank account, relationship).
 5. Upload the ZIP file of documents.
 6. Verify via OTP sent to your registered mobile/email.
 7. Submit request—approval typically within 7 days.
- After approval, under Profile → Logged in as, switch from “Self” to “Legal Heir.”

Filing Income Tax Returns and E-Verification for NRIs Without Aadhaar

E-Verification Mode	Prerequisite
Bank Account EVC / Demat Account EVC	Pre-validated bank or Demat account with EVC enabled on the e-Filing portal
Net-Banking	Active net-banking facility with a bank account registered on the e-Filing portal
Digital Signature Certificate (DSC)	DSC issued by a Certifying Authority; used immediately after filing (cannot be used if “e-Verify Later” option was chosen)
Bank ATM EVC	Generate EVC at an ATM for verification (offline method)



Financial Statement Formats for Non Corporate Entities

Introduction & Purpose :

Purpose of These Financial Statement Formats

This presentation provides standardized formats and best practice guidance for preparing financial statements of non-corporate entities in India, as per applicable accounting frameworks and the Guidance Note.

- ✓ Ensures compliance with accounting standards applicable to non- corporate entities
- ✓ Promotes consistency and comparability in financial reporting Provides
- ✓ comprehensive disclosure templates for transparency
- ✓ Simplifies preparation of Balance Sheet, Statement of Profit and Loss, and Notes

Adaptable to various non-corporate entity structures (proprietorships, partnerships, etc.)



Illustrative Formats for Preparers

Summary :

Summary & Purpose





These financial statement formats provide a standardized framework for non-corporate entities to ensure accurate, transparent, and compliant financial reporting. The formats help maintain consistency while adapting to specific business needs.



"Effective financial reporting is not just about compliance—it's about providing a clear, accurate picture of your entity's financial health and performance."

— Financial Reporting Best Practice

Key References

-  ICAI Guidance Note on Financial Statements for Non-Corporate Entities
-  Accounting Standards (AS 1 to AS 29) applicable to Non-Corporate Entities
-  The Income Tax Act, 1961 and Rules (for tax compliance)
-  MSMED Act, 2006 (for disclosure requirements)

Comparison of New and Old Format:

Aspect	Old Format	New Format
Format Structure	Flexible	Standardized (ICAI)
Notes	Optional format	Prescribed sequence (1–25)
P&L Format	Traditional format	Detailed headings
Balance Sheet	Simplified	With Notes + Summary
Applicability	Varies	Mandatory from FY 2024–25

Overview: Financial Statements for Non-Corporate Entities

Key Components

The financial reporting framework for non-corporate entities consists of three primary components that work together to provide a comprehensive view of the entity's financial position and performance.



Balance Sheet - Shows financial position at a specific date, including assets, liabilities, and owners' equity



Statement of Profit & Loss - Reports financial performance over a period, showing income, expenses, and resulting profit or loss



Notes to Accounts - Provides essential disclosures, explanations of accounting policies, and supplementary information



Balance Sheet
Financial Position





Profit & Loss Statement
Financial Performance




Notes to Accounts
Disclosures & Details

Balance Sheet Format :

 **Format:** Statement as at the end of a specific date showing the entity's financial position

 **Presentation:** Two-column format showing current and previous year figures

 **Unit:** Amount in Rs. XX (currency units clearly specified)

 **Cross-referencing:** Note numbers linked to detailed

 Disclosures **Authentication:** Required signatures of proprietor/partners

Particulars		Note	31 March 20XX	31 March 20XX
I. EQUITY AND LIABILITIES				
1	Owners' Funds			
(a)	Owners' Capital Account	3	-	-
(b)	Reserves and surplus	4	-	-
2	Non-current liabilities			
(a)	Long-term borrowings	5	-	-
(b)	Deferred tax liabilities (Net)	6	-	-
(c)	Other long-term liabilities	7	-	-
(d)	Long-term provisions	8	-	-
3	Current liabilities			
(a)	Short-term borrowings	5	-	-
(b)	Trade payables			
(c)	Other current liabilities	10	-	-
(d)	Short-term provisions	8	-	-
Total			-	-

Balance Sheet Format :

Particulars		Note	31 March 20XX	31 March 20XX
II. ASSETS				
1	Non-current assets			
(a)	Property, Plant and Equipment and Intangible assets			
(b)	Non-current investments	12	-	-
(c)	Deferred tax assets (Net)	6	-	-
(d)	Long Term Loans and Advances	13	-	-
(e)	Other non-current assets	14	-	-
	Total		-	-
2	Current assets			
(a)	Current investments	12	-	-
(b)	Inventories	15	-	-
(c)	Trade receivables	16	-	-
(d)	Cash and bank balances	17	-	-
(e)	Short Term Loans and Advances	13	-	-
(f)	Other current assets	18	-	-
	Total		-	-

Statement of Profit and Loss Format :

Particulars	Note	31 March 20XX	31 March 20XX
I. Revenue from operations	19	-	-
II. Other Income	20	-	-
III. Total Income (I+II)		-	-
IV. Expenses:			
(a) Cost of goods sold	21	-	-
(b) Employee benefits expense	22	-	-
(c) Finance costs	23	-	-
(d) Depreciation and amortization expense			
(e) Other expenses	25	-	-
Total expenses			

Statement of Profit and Loss Format :

Particulars	Notes	31 March 20XX	31 March 20XX
V. Profit before exceptional items and tax (III-IV)		-	-
VI. Exceptional items		-	-
VII. Profit before tax (V-VI)		-	-
VIII. Tax expense:			
(a) Current tax		-	-
(b) Deferred tax	6	-	-
IX. Profit/(Loss) for the period		-	-

Note: For partnerships, include "partners' remuneration" before tax calculation. For entities with discontinued operations, include sections for profit/loss from discontinued operations.



Notes to Financial Statements



Financial Statement Formats for Non-Corporate Entities

Notes Format: Owners' Capital Account

Key Components of Owners' Capital Account :

This note provides a structured format to track changes in each owner's capital account during the financial year, including investments, withdrawals, profit/loss allocations, and remuneration.

Records details for each partner/proprietor/owner with their respective profit-sharing ratios

Tracks opening and closing capital balances for the reporting period

Documents additional capital introduced/contributed during the year

Accounts for remuneration and interest credited to owners

Records withdrawals made by owners during the financial year

Allocates share of profit/loss as per agreed ratios

Sr. No.	Name of Partner/ Proprietor	Share of profit/ (loss) (%)	Opening Balance	Capital Introduced	Remuneration	Withdrawals	Closing Balance
1							-
2							-
3							-
Total			-	-	-	-	-
Previous Year (PY)			-	-	-	-	-

Note: Interest on capital and share of profit/loss are also components of this table

Notes Format: Reserves, Surplus & Borrowings

Reserves and Surplus :

Required disclosures with comparative figures for previous year.

Particulars	31 March 20XX	31 March 20XX
(a) Capital Reserve	-	-
(b) Revaluation Reserve	-	-
(c) Other Reserve (Please specify)	-	-
(d) Undistributed Surplus (Balance from statement of profit and loss)	-	-
Total	-	-

Note: Security nature, terms of repayment, and guarantees to be specified separately.

All reserves to be presented with movement during the year. For borrowings, separate disclosure of secured and unsecured loans with nature of security.

Borrowings :

Classification and disclosure requirements for long-term and short-term borrowings.

Particulars	Long Term	Short Term
Secured		
(a) Term loans from banks/others	-	-
(b) Loans repayable on demand	-	-
(c) Other loans (specify nature)	-	-
Unsecured		
(a) From related parties	-	-
(b) Other loans (specify nature)	-	-

Notes Format: Deferred tax liabilities/(asset)

Deferred tax liabilities/(asset) :

Required disclosures with comparative figures for previous year.

Particulars	31 March 20XX	31 March 20XX
Deferred tax asset		
Expenses provided but allowable in Income Tax on payment basis	-	-
Provision for doubtful debts	-	-
Difference between book depreciation & tax depreciation	-	-
Others (please specify)	-	-
Gross deferred tax asset (A)	-	-
Deferred tax liability		
Difference between book depreciation & tax depreciation	-	-
Others (please specify)	-	-
Gross deferred tax liability (B)		-
Net deferred tax liability/(asset) (B-A)	-	-

Notes Format: Other Major Disclosures

Key Note Formats Required for Complete Financial Reporting :

The following disclosure formats are essential components for transparent and compliant financial statements of non-corporate entities.



Deferred Tax Assets/Liabilities

Format covers: Deferred tax assets (expenses allowable on payment, provision for doubtful debts), deferred tax liabilities (depreciation differences), and reconciliation of net position



Provisions

Long-term and short-term provisions including employee benefits (gratuity, leave encashment), income tax provisions, warranty provisions, and other specific provisions with movement details.



Trade Payables Disclosure

Detailed breakup as per MSMED Act with disclosure of dues to micro, small and medium enterprises, interest paid/payable, and detailed aging analysis.



Non current liability and current liability

Includes long-term items (e.g. advances from customers, others) and current liabilities like interest payable, statutory dues (GST, TDS), unearned revenue, and other payables.

Notes Format: Property, Plant and Equipment

Tangible Assets Schedule

Note 11 provides the format for disclosing Property, Plant and Equipment (PPE) and Intangible Assets, covering acquisition, depreciation/amortization, and net book values.

Particulars	Freehold Land	Buildings	Plant & Equipment	Office Equipment	Furniture & Fixtures	Vehicles
Gross Block						
At 1 April 20XX	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Deductions/Adjustments	-	-	-	-	-	-
Depreciation						
At 1 April 20XX	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Net Block	-	-	-	-	-	-

Note: Assets under lease to be separately specified under each class of asset.

Financial Statement Formats for Non-Corporate Entities

Notes Format: Property, Plant and Equipment

Note 11 provides the format for disclosing Property, Plant and Equipment (PPE) and Intangible Assets, covering acquisition, depreciation/amortization, and net book values.

Intangible Assets Schedule

Particulars	Goodwill	Brands/ Trademarks	Computer Software	Copyrights/ Patents	Total
Gross Block					
At 1 April 20XX	-	-	-	-	-
Additions	-	-	-	-	-
Amortization					
At 1 April 20XX	-	-	-	-	-
Net Block	-	-	-	-	-

Note: Assets under lease to be separately specified under each class of asset.

Notes Format: Other Major Disclosures

Key Note Formats Required for Complete Financial Reporting

The following disclosure formats are essential components for transparent and compliant financial statements of non-corporate entities.



Investments

Non-current and current investments categorized by type (government securities, mutual funds, shares, etc.) with details of face value, market value, and provisions for diminution.



Loans & Advances

Long-term and short-term loans and advances with bifurcation by security (secured/unsecured) and by recipient (related parties, directors, others), including doubtful provisions.



Inventories

Format for raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares with mode of valuation and basis of inventory accounting.

Notes Format: Other Major Disclosures

Key Note Formats Required for Complete Financial Reporting

The following disclosure formats are essential components for transparent and compliant financial statements of non-corporate entities.



Trade Receivables

Secured & Unsecured (considered good and doubtful), classified as outstanding for less/more than 6 months, net of provision. Includes unbilled receivables.



Cash and Bank Balances

Includes cash & cash equivalents (current assets, deposits <3 months, cheques, cash) and other bank balances (earmarked deposits, >3 to <12 months, lined, etc.). Long-term.



Other Non Current and current assets

Includes non-current (security deposits, prepaid expenses, others) and current assets (interest accrued and other items not classified elsewhere).

Notes Format: Other Major Disclosures (Profit & Loss Items)

Key Note Formats Required for Complete Financial Reporting

The following disclosure formats are essential components for transparent and compliant financial statements of non-corporate entities.



Revenue & Expense Details

Detailed formats for categorizing revenue streams, cost of goods sold components, and comprehensive other expenses disclosures.



Key Considerations in Financial Statement Preparation

Relevance and Accuracy:

Ensure information is factually accurate and relevant to users' decision-making needs

Disclosure Requirements:

Comply with all mandatory disclosures as per applicable accounting framework

Consistency and Comparability:

Maintain consistency in accounting policies year-on-year

Regulatory Compliance:

Ensure statements align with relevant statutory requirements

Timeliness:

Prepare and present financial information within statutory deadlines



DISCLAIMER

- ▶ The discussions and interpretations set forth in this material are based on the laws prevailing as on the date of presentation. If there is a change, including a change having a retrospective effect, in the statutory laws, the discussions and comments expressed in this material would necessarily have to be re-evaluated in light of the changes. We do not have responsibility of updating this note.
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Thank
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Compiled by **CA Haridas Bhat**

