

Centralized Processing Center

Common Questions

SAHAJ and SUGAM

INCOME TAX DEPARTMENT

1. Why are the forms being Modified – Key Imperatives?

Centralized Processing Center's have been set up all over the country with the primary objective of processing returns on a bulk processing basis instead of case by case Processing. CPC would be the fulcrum of faster processing and world class Taxpayer Services. The automated environment at CPC requires forms to be designed in manner which would double the digitization productivity [Digitization is conversion of manual return forms to Digitized XML Data which is fed to the Processing Engine for Processing]. Some of the problems noticed in Digitization,

- **Diversity in ITR Forms.** CPC received approximately 36 types of earlier ITR-1. Non Standard Forms act as a bottleneck for faster processing at CPC. It is in this light that Digitization of Income Tax Return is probably the most complex Information Technology Projects in the world. SAHAJ and SUGAM would standardize the input forms to CPC and pave the way for a decade with faster processing and world class Taxpayer Services
- **Huge Number of Fields in the form:** ITR-4/5/6 has more than 1500 fields. To achieve Operational Efficiency with zero percent data entry errors in such a form is a daunting task. However a systematic analysis carried out by Income Tax Department showed that less than 10% of the fields were used in non-44AB audit cases. Therefore a Simplified Business Form was envisaged on lines of other countries like US, Malaysia.
- **ITR Forms not adhering to International Form Processing Standards:** The forms did not have registration marks, barcodes and many other OCR/ICR Enablement features which acted as a bottle neck in faster processing at CPC

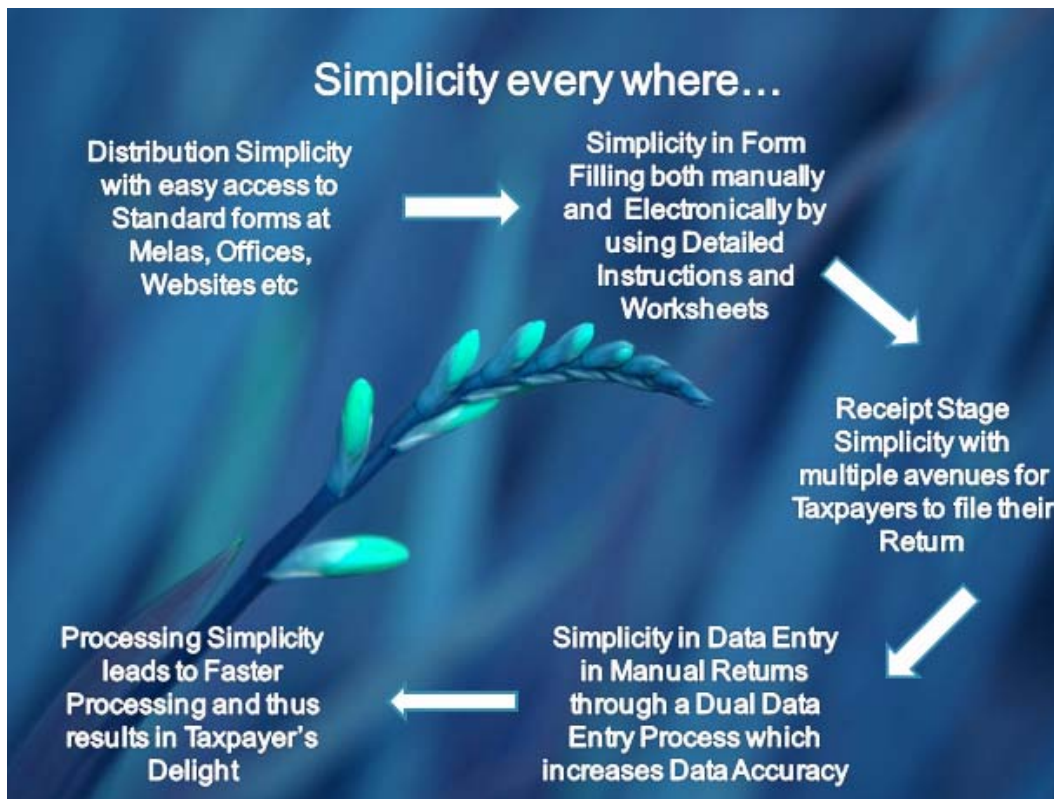
Based on this, the Form Redesign Committee was setup with the following objectives

- ❖ To faster processing for manual return forms which results in faster refund issue and world class Tax Payer's Services
- ❖ To make the Form Tax Payer Friendly so as to reduce the complexities and ambiguities in the earlier forms
- ❖ To Simplify the data entry process from the manual forms to meet the objective of processing of manual return forms within a shorter period of time
- ❖ To enable segregation at the field offices and prioritise based on pre-determined processing priority mainly to cater to the refund needs of various sections of the society. Top on the list being the senior citizens
- ❖ To enable the scanning process of the ITR physical forms produce quality images so that rejections at the scanning level becomes minimal

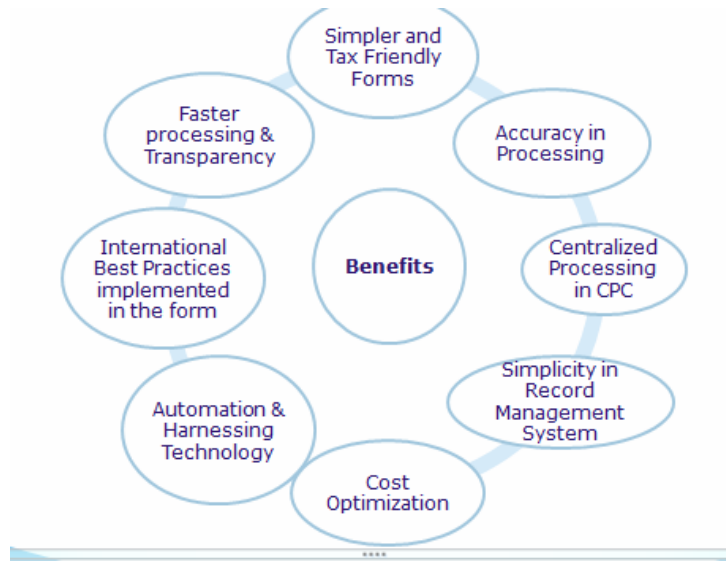
- ❖ To enable the data entry from the images and design of data entry operator friendly forms so that data capture is 100% accurate
- ❖ To enable data entry validation through in-built validation rules so that mistakes can be plugged at form filling stages itself

2. Why the name SAHAJ and SUGAM?

"Simplicity Everywhere" is the theme of SAHAJ and SUGAM.



3. What are the benefits of SAHAJ and SUGAM?



4. What are the Key/Unique features of SAHAJ and SUGAM Forms?

SAHAJ and SUGAM are the first technology enabled Tax Payer Friendly Forms in the country. Some of the unique features common to both SAHAJ and SUGAM Forms are listed below,

1] Use of Drop out Ink

Drop-out ink is used to provide information that is visible to the human reader but is removed during the scanning process. It refers to the color ink used on a form that cannot be detected by the scanner because of its high reflective value (generally reflectance greater than 60%). Any item or print using drop-out ink is not an item for the recognition system to process.

In SAHAJ and SUGAM, the red color Drop out Ink drops out during SCANNING Process. Notice that all the boxes, commas, punctuations disappear after scanning and leaves only the relevant data for capture. This helps OCR/ICR Data Capture and increases the Productivity of Data Entry and also reduces human errors.

2] Systemic Parts and Variables Names

The Form has Four Parts, Part A – General Information, Part B- Gross Total Income, Part C- Deductions and Taxable Total Income, Part D-Tax Computation. Variables are named according to Part. For example, Part A variables are A1, A2,...& Part B variables are B1, B2, B3...etc. This has the following uses

- Builds a Navigational Flow of Filing Experience, Part A leads to Part B, Part B leads to Part C. etc.

- Helps in Organizing Instructions based on Part variables. Traceability of variables in the Instructions becomes simple
- Design of Validation and Checklist becomes simple
- **Part Based Entry will enable Data Entry to be carried out in a Assembly Line kind of a Set up. For example, first Personal Information will be entered by the Data Entry Operator while, the second Operator will enter the Part B and Part C without the Personal Information. This is important to avoid a lot of frauds at the Data Entry Stage. This would bring in greater Transparency in the system.**

3] Registration marks at the beginning and end of the document

- Sometimes the pages are fed in a slanted way to the scanner. Registration marks will help in aligning such misalignment
- Registration marks will help in identifying whether the page is Portrait or Landscape
- Registration marks will help in removing blank pages

4] Bar Code and PAN Number in every page

- **Bar Code is the Unique Page ID** for every Document. Every Page has a Unique Bar Code which helps in automatic classification of Income Tax Returns at Centralized Processing Center and thus removes the Manual Points which employs Humans in Sorting and Classification of ITR's. Note that Central Processing Center would be processing Manual Returns in the range of 20 to 30 Lakhs. To Sort and Classify this documents using Humans is impossible and even if we attempt, there would be lot of human errors and also huge time lag which would further have a impact on the entire Processing.
- **PAN No has been inserted in every page**, so that pages can be traced back very easily in case of scanning and data entry in case of intermixing of sheets in the bundle.

5] Large Boxes and Specially Designed Boxes



- **Large Boxes used for entering Data.** It is noticed that people fill up the **ITR forms in less than 11 fonts which becomes difficult to recognize in the scanned images.** This will result in data entry errors. As a result, it is advisable to write the numbers in Block format in the boxes as shown above. Some of the benefits of these representations are as follows

1. Large Boxes will force many Tax Payers to write it in Block format so that recognition both at manual entry level and OCR level becomes simple
2. Large Boxes will help in zoning which is the single most problem in OCR Capturing. This will help in reduction of Junk Characters in OCR recognition
3. The Drop-Out Ink in the Boxes will fade way during Scanning leaving just the data behind, this numerical values can be recognized easily by the OCR/ICR Engine
4. Visual Cues in the form of commas which would avoid writing commas, decimal points and other special characters. Digitization at CPC had shown that people use multiple formats. For example, Rs 456778 might be written by the Taxpayer as 456778.78 [Inclusion of Decimal Points], 456778/-, 456778 =00/- etc



5. There is an inclusion of negative sign mark at the left. This would also serve as an inbuilt Validation for negative fields. Previously Taxpayers use to fill Negative items in all the fields. This would restrict Taxpayer to fill negative number only in relevant fields.
6. Date Field to be indicated as DD-MM-YYYY Clearly in the boxes in a light shade. Some of the **Taxpayer fills MM-DD-YYYY Format**. This would avoid this format
7. **Simplification of Address Field:** The Address Field has been simplified and ambiguous terms have been removed. More Space has been provided for every field. Also provision for Mobile Number has been provided

Old Form

Flat/Door/Block No	Name Of Premises/Building/Village	
Road/Street/Post Office	Area/Locality	
Town/City/District	State	Pin code
Email Address	(STD code)-Phone Number ()	

This format made the Assessee fill the Form in ways which altered the Zone for every field. For example in Road/Street/Post Office, many a times, fills in two or three lines instead of one.

New Form

A8 FLAT/DOOR/BUILDING	A9 ROAD/STREET
A10 AREA/LOCALITY	A11 TOWN/CITY/DISTRICT
A12 STATE	A13 PINCODE

Address is being filled in Block Format. Complex Words like Name of the premises, Post Office have been removed.

A14 EMAIL ADDRESS

More Space has been provided for Email Address

A15 RESIDENTIAL/OFFICE PHONE NO. WITH STD CODE	A16 MOBILE NO.
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Provision has been made for both Residential and Office Phone No. Mobile Number has also been included in the present form since SMS Intimation might have to be sent about the Processing and Refund Status.

6] Instruction Built in the form

- Note that many a times, Taxpayer referring instructions for codes and filling up the form is a tiresome process. In this we have converted many code fields into OMR Fields as shown below.

6] Simplified Schedules

Old Form

23 Details of Tax Deducted at Source from Salary [As per Form 16 issued by Employer(s)]								
TDS ON SALARY	Sl No	Tax Deduction Account Number (TAN) of the Employer	Name and address of the Employer	Income chargeable under the head Salaries	Deduction under Chapter VI-A	Tax payable (incl. edn. cess)	Total tax deducted	Tax payable/refundable
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	i							
ii								

24 Details of Tax Deducted at Source other than salary							
TDS ON INTEREST	Sl No	Tax Deduction Account Number (TAN) of the Deductor	Name and address of the Deductor	Amount paid/credited	Date of Payment / Credit	Total tax deducted	Amount out of (6) claimed for this year
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	i						
ii							

NOTE ▶ Enter the total of column (7) of 23 and column (7) of 24 in Sl No. 16b of TAXES PAID

New Form

Sch TDS1 - DETAILS OF TAX DEDUCTED AT SOURCE FROM SALARY[As per Form 16 issued by Employer(s)]

	TAN(col.i)	NAME OF THE EMPLOYER(col.ii)	INCOME UNDER SALARY(col.iii)	TAX DEDUCTED(col.iv)
S1				
S2				
S3				

NOTE⇒ (1) Enter the total of column(iv) of Sch TDS1 and Sch TDS2 in D11 (2) Continue in Supplementary Schedule TDS1 if you cannot fill within Sch TDS1

Sch TDS2- DETAILS OF TAX DEDUCTED AT SOURCE FROM INCOME OTHER THAN SALARY[As per Form 16A issued by Deductor(s)]

	TAN(col.i)	NAME OF THE DEDUCTOR (col.ii)	TAX DEDUCTED(col.iii)	AMT OUT OF(iii) CLAIMED THIS YR(col.iv)
T1				
T2				
T3				
T4				

NOTE⇒ (1) Enter the total of column(iv) of Sch TDS1 and Sch TDS2 in D11 (2) Continue in Supplementary Schedule TDS2 if you cannot fill within Sch TDS2

- Reduction of 8 to 7 Columns in Sch TDS 1 and Sch TDS2 to just Four Columns
- Reduction of 5 Columns in Sch IT to just Four Columns
- Address of the Employer and Deductor not asked in the Latest Schedules

- Details of Form 16 in terms of Deduction, Tax Refundable etc are not asked.
- Supplementary Sheets provided for Taxpayers to fill any extra Details. In the earlier forms, there was no provision for the same and this resulted in a two page form, three page form etc due to variation in number of Sch TDS details.
- Ordering of the Schedules. Note that from the Data Analysis of earlier forms, Predominantly Sch TDS1 had a maximum of two entries and Sch TDS2 had many entries. As a result Sch TDS2 was moved to the end, since when the Assessee fills up the Supplementary Sch TDS2 it appears as if there is a continuation to the next page.
- Complete Mapping of the Schedules to Form 26AS. Taxpayer’s would easily verify Form 26AS details and map the same to the schedules in the Income Tax Return. The detailed Procedure is very simple and is provided in the Instructions of the Form. There is a separate chapter called “ How to Fill Schedules from Form 26AS?” in the instructions

7] Unique Line by Line Instructions with examples

2 Item by Item Instructions (A1 to A16) 2

Item	Subject	Explanation	Working Sheet
A1-A3	Name of the Person	Fill your First name, Middle name, Last name in A1, A2, A3 as per details entered in PAN Card	
Example:	<div style="border: 1px solid black; padding: 2px;"> <small>A1 FIRST NAME</small> RAJENDRA </div> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> <small>A2 MIDDLE NAME</small> KUMAR </div> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> <small>A3 LAST NAME</small> PRASAD </div>		
A4	PAN	Fill your Permanent Account Number. Make sure that you fill your PAN Carefully.	
Example:	<div style="border: 1px solid black; padding: 2px; text-align: center;"> <small>YOUR PERMANENT ACCOUNT NUMBER</small> ACJPG3586E </div>	<p>NOTE (1) Ensure that you enter PAN on the top of every page (2) In your PAN, first five and last one digit are alphabets and the remaining four digits</p>	
A5	SEX	Fill your Sex, Male or Female	
Example:	<div style="border: 1px solid black; padding: 2px;"> <small>A5 SEX</small> <input checked="" type="radio"/> Male <input type="radio"/> Female </div>		
Fill as per PAN Database Details			

8] Worksheets for Income Computations

WORKSHEET-1: How to Compute Salary Income

NOTE→ In the case of salaried employees, perquisites have to be valued in accordance with the notification No. SO.3245(E) dated 18.12.2009, for the purposes of including their value in the salary income.

NAME OF THE EMPLOYER TAN of Employer

SALARIES

1 Gross Salary

a) Salary as per provisions contained in section 17(1)
NOTE→ Transfer item 1a of Form 16

b) Value of Perquisites (as per Form No. 12BB)
NOTE→ Transfer item 1b of Form 16

c) Profit in lieu of Salary (as per Form No. 12BB)
NOTE→ Transfer item 1c of Form 16

d) Total (1a+1b+1c)

2 Allowances exempt u/s 10
NOTE→ Transfer item 2 of Form 16

3 Gross Salary after Allowances (2-3)
NOTE→ Transfer item 3 of Form 16

4 Total Deductions
NOTE→ (1) Transfer item 5 of Form 16
(2) Add Standard Deduction, Entertainment Allowance and Tax on Employment to get Total Deductions

5 Income Chargeable under the head 'Salaries' (3-4)

1a

1b

1c

1d

2

3

4

5

NOTE→ Maintain a worksheet for each employee and then add row 6 of all employers and transfer the amount to B1 in the SARAL Form

9] Common Mistakes made available to the common Public

Mistakes in Part B – Statutory Income and Gross Total Income

1. Not using whole Rupee method only: For example, for B1, if salary is Rs 456788/-, the following formats are not allowed
 - * 456788.36 is not allowed
 - * 456788.00/-, 456788=00/- etc. No Alphabets, decimal point and other special characters are allowed in the boxes
 - * 456788 shifted in between. The data should be filled up from left to right
2. Not transferring the correct information in Form 16 to B1. Note that you need to transfer the item "Income chargeable under the head Salary" [item 6 in Form 16] to B1.

4] Explain why Color is important?

To understand this, we will demonstrate how SAHAJ looks with drop out ink and without Drop out Ink.

SAHAJ Before Drop out

PART B - STATUTORY INCOME AND GROSS TOTAL INCOME		Whole-Rupee(?) only.
B1	Income from Salary/Pension <small>NOTE: Ensure to fill "Sch TDS1" given in Page 2</small>	▶ B1 999991015000 <small>▼ If showing loss, mark the negative sign in bracket at left</small>
B2	Income from One House Property	▶ B2 () 888888100000
B3	Income from other sources <small>NOTE: Ensure to fill "Sch TDS2" given in Page 2</small>	▶ B3 () 777777777000
B4	Gross Total Income (B1 + B2 + B3) <small>NOTE: To carry forward loss in B4 use ITR 2</small>	▶ B4 () 666666000012

PART C - DEDUCTIONS AND TAXABLE TOTAL INCOME					
▶ C1	80C 123456	▶ C2	80CCC 678901	▶ C3	80CCD 456789
▶ C4	80CCF 234567	▶ C5	80D 78901	▶ C6	80DD 012345
▶ C7	80DDB 845678	▶ C8	80E 89012345	▶ C9	80G 67890123
▶ C10	80GG 45678	▶ C11	80GGA 67890123	▶ C12	80GGC 45678901
▶ C13	80U 567890				

SAHAJ After Dropout

PART B	
Income from Salary/Pension	▶ B1 999991015000
Income from One House Property	▶ B2 888888100000
Income from other sources	▶ B3 777777777000
Gross Total Income	▶ B4 666666000012

PART C					
▶ C1	123456	▶ C2	678901	▶ C3	456789
▶ C4	234567	▶ C5	78901	▶ C6	012345
▶ C7	845678	▶ C8	89012345	▶ C9	67890123
▶ C10	45678	▶ C11	67890123	▶ C12	45678901
▶ C13	567890				
Total Deductions		▶ C14	012345678901		
Taxable Total Income		▶ C15	123456789012		

- Once the Color is dropped all the boxes and commas, disappear leaving only the data to be captured. The comma's which are placed in boxes makes the user not write commas which may become a problem in recognition

- By providing visual cues like commas, many users would not use special characters like /- and =00/- in the forms. Many Taxpayers also write paise in the forms, the commas would give visual cues to Taxpayers not to use the decimal points
- Every entry as a unique legend, for example for Income from Salary, the legend is B1, the software searches this in the form and decides a zone as shown above and captures the data.

Now if boxes are not in red color, the boxes will be retained, and many times, the recognition results in Junk Character.

5] Can the forms be used in Black and white format, If no Why not

The use of Dropout ink is elaborated in Question 4. Black and White Format will not be accepted in SAHAJ and SUGAM Forms. It is mandatory for Taxpayer's to file the required color document.

6] Will formats other than the prescribed format be accepted by Department?

No, formats other than the prescribed format would not be accepted by Department. Income Tax Department will publish Print Specification and no other formats will be accepted. Some of the Key Points here are as given below:

1. Taxpayer cannot add or remove any row in Sch TDS1, TDS2, IT, TCS. Any extra rows should not be entered as continuation either by removing some rows in other Schedules. For example, In SAHAJ, Sch IT has 5, Sch TDS1 has 3 and Sch TDS2 has 4 rows. Taxpayer cannot remove one column from Sch TDS1 and move it to Sch TDS2. The structure of the form cannot be altered using a software.
2. Taxpayer need to Fill the Name, Address in the given way

7] Where should the taxpayer obtain these forms?

1. Tax Melas
2. Income Tax Offices
3. Tax Practitioners
4. Websites
5. Software Wizard

8] What if the form is generated using software - will the format be required to be the same?

It is mandatory for all the software's to get them certified by Income Tax Department. Any laxity in not adhering to Print Specification given by Income Tax Department would result in black listing the software vendors

9] Can the size of the form be other than A4?

No, the size cannot be A4

10] The form states that Bank Account is mandatory in all cases...why is the bank account required if no refund is due?

It has been noticed that many Taxpayer paid more than their Tax Liabilities and in such cases it is important for Income Tax Department to give back refund in a stipulated period of time. Non availability of bank account no. would delay the encashment of refund in such cases.

11] If taxpayer has brought forward losses can sahaj or sugam form be used?

No, he cannot use. Use ITR-2 for Non-Business Individuals and Regular ITR-4 for Business Individuals to carry forward the loss

12] If taxpayer has losses to be carried forward can sahaj or sugam form be used

No, SAHAJ or SUGAM can be used only set off losses on income on any other head. The following examples are allowed

	CASE 1	CASE 2	CASE 3
Income from Salary	5,00,000	4,00,000	4,00,000
Income from ONE HOUSE Property	-1,50,000	-1,50,000	-1,50,000
Income from Other Sources	0	-1,00,000	1,00,000
Income from Business	0	0	2,00,000
Gross Total Income	3,50,000	1,50,000	5,50,000

The following cases are not allowed

	CASE 1	CASE 2	CASE 3
Income from Salary	3,00,000	4,00,000	4,00,000
Income from ONE HOUSE Property	-3,50,000	-3,50,000	-4,50,000
Income from Other Sources	0	-1,00,000	1,00,000
Income from Business	0	0	-1,00,000
Gross Total Income	-50,000 [You can use this form to declare this loss, but you cannot carry forward the same to next year. For that use ITR-2 and Regular ITR-4		

13] If taxpayer has capital gains or other special rate income can sahaj or sugam form be used?

No Taxpayer's cannot use SAHAJ and SUGAM for Capital Gains and other Special Rate Income

14] If taxpayer has agriculture income more than Rs 5000 can sahaj or sugam form be used

No, you cannot use SAHAJ and SUGAM. Use ITR-2 and ITR-4

15] Why is AIR information not being captured now in these 2 forms?

Income Tax Department can track High Value Transactions from third party sources. Therefore it is not necessary to have this information captured here.

