

# H1: ITR-4 Return Filing for Presumptive Income (AY 2025-26)

The ITR-4 form is designed for taxpayers opting for the presumptive taxation scheme under Sections 44AD, 44ADA, and 44AE. It simplifies return filing for small businesses, professionals, and transport operators with income up to ₹50 lakhs. Filing ITR-4 ensures compliance, faster processing, and eligibility for deductions. Ideal for those seeking hassle-free income tax return filing for AY 2025-26.

## H2: Benefits of Filing ITR-4

- **Easy Compliance:** Simplified filing under the presumptive taxation scheme reduces complexities and documentation.
- **Time Saving:** Requires fewer financial details, enabling faster return preparation and submission.
- **No Audit:** Avoids mandatory tax audit if income criteria are met, saving compliance costs.
- **Faster Refunds:** Timely and accurate filing results in quicker tax refund processing.
- **Government Benefits:** Ensures eligibility for government subsidies, tenders, and loan applications.
- **Avoid Penalties:** Prevents late fees, interest, or scrutiny notices by ensuring timely compliance.

## H2: Introduction to ITR-4

### H3: What is ITR-4 Form?

ITR-4, also known as Sugam, is the Income Tax Return form meant for individuals, Hindu Undivided Families (HUFs), and firms (other than LLPs) opting for the **presumptive income scheme** under **Sections 44AD, 44ADA, and 44AE** of the Income Tax Act, 1961. This scheme allows eligible taxpayers to declare income at a prescribed rate without maintaining detailed books of accounts. ITR-4 is designed to **simplify return filing** for small taxpayers with consistent income sources and no complex financial dealings.

The form covers income from **business, profession, salary/pension, one house property, and other sources** (excluding winnings from lottery or income from racehorses). Taxpayers must ensure that their total income does not exceed ₹50 lakhs and that their business turnover remains within the threshold limits prescribed under the presumptive taxation scheme.

### H3: Who Should File ITR-4?

ITR-4 is suitable for taxpayers meeting the following criteria:

- Individuals, HUFs, or partnership firms (except LLPs)
- Income under the **presumptive scheme** of Section 44AD (business), 44ADA (profession), or 44AE (transport business)
- Total income is **up to ₹50 lakhs** during the financial year
- Has income from **salary/pension, one house property, and other sources** (excluding winnings from lottery or horse racing)
- Does **not have foreign income, foreign assets, or capital gains**

For example, a small shop owner, freelance graphic designer, or taxi operator who wants to pay taxes at a fixed percentage of gross receipts can file ITR-4.

### H3: When is ITR-4 Not Applicable?

ITR-4 cannot be used by taxpayers under the following circumstances:

- If **total income exceeds ₹50 lakhs** during the year

- If the taxpayer has **more than one house property**
- If there is **income from capital gains**, or **foreign assets/income**
- If the taxpayer is a **director in a company** or has invested in **unlisted equity shares**
- If the business does not fall under Sections 44AD, 44ADA, or 44AE
- If the taxpayer is an **LLP**, as LLPs are not eligible to file ITR-4

In such cases, the taxpayer must opt for other applicable ITR forms like **ITR-3** or **ITR-5** depending on their income sources and entity type.

## H2: Eligibility Criteria for Filing ITR-4

To file ITR-4 (Sugam), a taxpayer must meet specific eligibility conditions laid out under the **Income Tax Act, 1961**, particularly related to the **presumptive income scheme**. This form is designed to ease the compliance burden for small taxpayers, but it is available only to those who qualify under the following criteria:

### 1. Eligible Assessee Types

- **Individuals**
- **Hindu Undivided Families (HUFs)**
- **Partnership Firms** (excluding LLPs)

### 2. Income Type

- Must have opted for presumptive taxation under:
  - **Section 44AD** – Small businesses
  - **Section 44ADA** – Professionals like doctors, lawyers, designers, etc.
  - **Section 44AE** – Goods carriage transporters

### 3. Income Threshold

- Total income **should not exceed ₹50 lakhs** during the financial year.

### 4. Nature of Business

- Businesses and professions that qualify under the presumptive taxation sections.
- Turnover or gross receipts should be:
  - **Up to ₹2 crores** for Section 44AD
  - **Up to ₹50 lakhs** for Section 44ADA

### 5. Other Permissible Incomes

- Can have income from:
  - **Salary or Pension**
  - **One House Property**
  - **Other Sources** (excluding lottery winnings and horse racing)

If any of these conditions are not met, the taxpayer must use another ITR form like **ITR-3 or ITR-5** depending on the case.

## **H2: Documents Required for ITR-4 Filing**

Though **ITR-4 (Sugam)** is a simplified form for taxpayers under the **presumptive income scheme**, it still requires key documents for accurate reporting. These documents help validate your income, deductions, and tax payments to ensure compliance with the Income Tax Act. Here's a checklist:

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### **1. PAN and Aadhaar Card**

- Essential identification documents for every taxpayer.
- Must be linked to file the return and for e-verification.

### **2. Form 26AS & AIS**

- Reflects TDS deducted, advance tax paid, and other financial transactions.
- Cross-check for income declarations and tax credits.

### **3. Bank Account Details**

- Include IFSC, account number, and account type for refund processing.
- Ensure at least one account is marked as "primary."

### **4. Salary Slips / Form 16 (if salaried)**

- To report income from salary and calculate total income.
- Useful even if primary income is presumptive.

### **5. Business or Professional Receipts**

- Gross receipts/income during the financial year for businesses or professions.
- Basis for presumptive income computation under Section 44AD/44ADA.

## **6. Investment Proofs (if claiming deductions)**

- LIC, PPF, NSC, ELSS, or health insurance receipts for deductions under 80C to 80D.
- Only applicable if such claims are being made.

## **7. Loan Certificates**

- For claiming deduction on education or home loan interest, if any.

## **8. Challans of Advance Tax / Self-Assessment Tax**

- Proof of tax paid before filing the return.
- Includes Challan 280 payments.

## **H2: Step-by-Step Process to File ITR-4**

Filing ITR-4 (Sugam) is a streamlined process for individuals and HUFs opting for presumptive taxation under **Section 44AD, 44ADA, or 44AE**. Follow the steps below to ensure an error-free and timely filing for AY 2025–26:

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### **Step 1: Collect Required Documents**

Gather key documents such as PAN, Aadhaar, Form 26AS, AIS, bank details, proof of presumptive income, investment proofs (if applicable), and tax payment challans.

### **Step 2: Login to Income Tax Portal**

Visit [incometax.gov.in](https://incometax.gov.in), click on "Login", and use your PAN/Aadhaar and password. New users must register before logging in.

### **Step 3: Select ITR-4 and Fill Details**

Choose "File Income Tax Return" → Select Assessment Year 2025–26 → Select "ITR-4" under Individual or HUF → Proceed in online mode. Enter basic details such as personal info, filing status, and bank account.

### **Step 4: Declare Presumptive Income**

In the "Income Details" section, declare your gross turnover or receipts and apply the presumptive rate (e.g., 8%/6% for business or 50% for professionals) as per the applicable section.

### **Step 5: Claim Deductions & Validate**

Enter eligible deductions under Chapter VI-A (e.g., Sections 80C, 80D), if applicable. Validate all entries using system checks to avoid errors before submission.

### **Step 6: Submit and E-Verify**

Submit the return online and proceed with e-verification through Aadhaar OTP, net banking, or EVC. E-verification must be done within 30 days to complete the filing process.

## H2: Income Sources Covered Under ITR-4

The ITR-4 form is specifically designed for taxpayers who opt for the **Presumptive Taxation Scheme** under sections **44AD, 44ADA, and 44AE** of the Income Tax Act. Apart from business or professional income, it also accommodates limited additional sources of income. Here's a breakdown of what income sources can be reported under ITR-4:

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### H3: Presumptive Business Income (44AD & 44AE)

Individuals or HUFs running small businesses can report their income under Section 44AD, declaring **8% of turnover** (or 6% if digital). Under Section 44AE, those engaged in plying, hiring, or leasing goods carriages can declare a **fixed presumptive income per vehicle per month**. These schemes reduce compliance by not requiring detailed books of accounts or audits.

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### H3: Presumptive Professional Income (44ADA)

Professionals like doctors, lawyers, architects, and accountants earning gross receipts up to ₹50 lakh can file under Section 44ADA. They can declare **50% of gross receipts as income** without maintaining detailed expense records. It simplifies tax reporting for small professionals while remaining compliant.

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### H3: Other Income (Salary, House Property, Interest)

Apart from presumptive income, ITR-4 allows reporting of:

- **Salary or pension income**
  - **One house property (not under dispute or multiple ownership)**
  - **Income from other sources** like savings bank interest or fixed deposit interest  
However, it does not permit capital gains, speculative income, or foreign income/assets.
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## H2: Tax Deductions in ITR-4

Even under the presumptive taxation scheme, eligible taxpayers can claim deductions under **Chapter VI-A** of the Income Tax Act. However, they are **not allowed to claim business expense deductions** as the presumptive income is deemed net income. Here are the permitted deductions:

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### H3: Section 80C to 80U

Taxpayers can claim deductions such as:

- **80C**: Investments in LIC, PPF, ELSS, tuition fees, etc.
  - **80D**: Health insurance premiums
  - **80G**: Donations to specified funds/charities
  - **80TTA**: Interest on savings account
  - **80U**: For persons with disabilities
- These deductions help reduce the total taxable income.
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### H3: Home Loan, Donations & Others

Deductions are also available for:

- **Interest on home loan (Section 24b)** for self-occupied house property
  - **Donations to charitable institutions** (Section 80G)
  - **Education loan interest** (Section 80E)
- These can be claimed even while using ITR-4, provided the source of income is eligible.
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### H3: Not Eligible for Business Expense Claims

Since income under ITR-4 is computed on a presumptive basis, **specific business expenses like rent, salary, depreciation, travel, or utilities cannot be claimed** separately. The deemed income is considered to be net of all expenses, and hence, detailed accounting is not required.

## H2: Maintenance of Books & Audit Rules

Taxpayers filing ITR-4 under the **Presumptive Taxation Scheme** enjoy significant compliance relief, especially in terms of maintaining detailed accounts and undergoing audits. However, certain conditions apply depending on turnover and type of income. Below is a comprehensive explanation of these rules:

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### H3: Books Not Required (Presumptive Scheme)

Under Sections **44AD, 44ADA, and 44AE**, individuals opting for presumptive taxation **are not required to maintain books of accounts** as specified under Section 44AA. Since the income is declared as a fixed percentage of gross receipts or turnover, there's no need for ledgers, journals, or profit & loss statements, simplifying record-keeping.

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### H3: Audit Not Applicable If Within Limits

As per Section 44AB, audit requirements **do not apply** to those declaring income under the presumptive scheme if:

- Turnover is up to ₹2 crore (for businesses under 44AD),
  - Gross receipts are up to ₹50 lakh (for professionals under 44ADA),
  - Not more than 10 vehicles are owned (under 44AE).  
However, if the taxpayer claims income **lower than the prescribed percentage** and it exceeds the **basic exemption limit**, audit becomes mandatory.
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### H3: Exceptions That May Require Audit

Audit under Section 44AB may become applicable if:

- Income is **below 8%/6% (business) or 50% (profession)** and exceeds the exemption limit,

- Taxpayer opts out of presumptive scheme after opting in (restrictions apply for 5 years under 44AD),
  - Business/profession falls under **non-eligible categories**.  
In such cases, the taxpayer must maintain books of accounts and get them audited by a Chartered Accountant.
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## H2: Common Mistakes to Avoid

Filing ITR-4 seems simple, but minor errors can lead to notices, penalties, or rejection of your return. Below are **frequent mistakes** that taxpayers should avoid to ensure a smooth filing experience:

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### Wrong ITR Form Selection

One of the most common issues is selecting the **wrong ITR form**. ITR-4 is only applicable for individuals, HUFs, and firms (excluding LLPs) who opt for presumptive income. Filing ITR-4 despite having capital gains, foreign income, or business income not covered under 44AD/44ADA will lead to rejection.

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### Declaring Ineligible Income

ITR-4 **cannot be used** if your income includes:

- Capital gains
  - Income from more than one house property
  - Foreign income or assets
  - Speculative or commission-based income  
Including such sources in ITR-4 can cause compliance issues or lead to defective return notices.
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### Exceeding Presumptive Limits

Presumptive taxation is only valid if your:

- **Business turnover  $\leq$  ₹2 crore**
- **Professional receipts  $\leq$  ₹50 lakh**  
Exceeding these thresholds mandates switching to a regular ITR form (ITR-3) and maintaining full books and audit, if applicable.

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### **Not E-Verifying Return**

Filing your return is **incomplete without e-verification**. Failing to verify within 30 days (via Aadhaar OTP, Net Banking, or ITR-V) makes the return invalid. Always ensure you complete the e-verification process promptly.

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### **Missing Bank/Interest Details**

Taxpayers often forget to disclose **interest income from savings accounts or FDs**, leading to mismatches with AIS/TIS data. Also, **all active bank accounts** must be reported in the return. Omitting such details can trigger scrutiny or reprocessing.

## **H2: How Udyog Suvidha Kendra Helps You**

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### **H3: Easy Filing with Expert Support**

Get professional assistance from tax experts who guide you through eligibility checks, form selection, and accurate data entry—ensuring a hassle-free ITR-4 filing experience tailored to your income profile.

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### **H3: Error-Free & Compliant Submission**

Our team ensures that your return complies with all applicable sections of the Income Tax Act, avoids common mistakes, and meets deadlines—minimizing chances of notices, penalties, or rejection.

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### **H3: End-to-End Process Management**

From document collection and data validation to final submission and e-verification, Udyog Suvidha Kendra manages the entire ITR-4 filing process, so you can focus on your business while we handle your taxes.

## H2: FAQs

### 1. What is ITR-4 and who can file it?

ITR-4 is meant for individuals, HUFs, and firms (excluding LLPs) opting for the presumptive taxation scheme under Sections 44AD, 44ADA, or 44AE. It is suitable for small business owners and professionals with income up to ₹50 lakhs.

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### 2. What is the presumptive taxation scheme under Section 44AD?

Section 44AD allows eligible businesses with turnover up to ₹2 crore to declare 8% (or 6% for digital transactions) of gross receipts as income, without maintaining books of accounts or undergoing audits, making compliance easier for small businesses.

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### 3. Who is eligible to file under Section 44ADA?

Professionals such as doctors, lawyers, architects, and consultants with gross receipts up to ₹50 lakhs can opt for Section 44ADA. They can declare 50% of their receipts as income without maintaining detailed books or undergoing a tax audit.

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### 4. Can I claim deductions under 80C to 80U in ITR-4?

Yes, deductions under Sections 80C to 80U (like LIC, PPF, medical insurance, etc.) are allowed in ITR-4, provided you're eligible and have valid proofs. However, business-related expense claims are not allowed under the presumptive scheme.

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### 5. Is ITR-4 applicable to salaried individuals?

Salaried individuals can file ITR-4 only if they also have presumptive business or professional income and their total income is below ₹50 lakhs. Pure salaried individuals without such income should file ITR-1 or ITR-2, as applicable.

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### 6. What happens if I wrongly file ITR-4 instead of another form?

Filing the wrong ITR form can lead to a defective return notice under Section 139(9). If not corrected in time, the return may be treated as invalid, and penalties or interest may apply for delayed or non-filing.

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### **7. Do I need to maintain books of accounts under ITR-4?**

No, if you're filing under the presumptive taxation scheme, you're not required to maintain books of accounts under Section 44AA. This simplifies compliance for small taxpayers. However, accurate records are still recommended for internal tracking.

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### **8. Is tax audit required for presumptive income?**

A tax audit is **not required** if you're filing under presumptive taxation and income limits are within the prescribed threshold. However, if you declare income lower than the presumptive rate and exceed basic exemption limits, audit becomes mandatory.

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### **9. Can I switch between presumptive and regular taxation?**

Yes, but frequent switching is discouraged. If you opt out of the presumptive scheme after choosing it, you may not be able to re-enter for five years (for Section 44AD). This lock-in does not apply to professionals under 44ADA.

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### **10. Can I file ITR-4 if I have capital gains income?**

No, if you have capital gains, ITR-4 is not applicable. You must file ITR-2 or ITR-3, depending on other sources of income. ITR-4 is only for presumptive income along with salary, house property, and interest income.

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### **11. Is e-verification mandatory for ITR-4?**

Yes, e-verification is mandatory to complete the return filing process. You can do it using Aadhaar OTP, Net Banking, EVC via bank account, or by sending a signed ITR-V to CPC Bengaluru within 30 days of filing.

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### **12. Can I revise my ITR-4 after submission?**

Yes, if you discover any error or omission in your original return, you can revise ITR-4 before the end of the relevant assessment year or before the completion of assessment, whichever is earlier. Always verify the revised return as well.

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### **13. What is the due date for filing ITR-4 for AY 2025-26?**

The due date for filing ITR-4 for individuals and firms (non-audit cases) is **31st July 2025**. For audit cases, where presumptive taxation isn't opted, the due date extends to **31st October 2025** under applicable provisions.

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### **14. Can I file ITR-4 offline?**

ITR-4 can be filed offline only by super senior citizens (80+ years) or in very specific cases. For most taxpayers, filing must be done online through the income tax e-filing portal using the ITR utility or directly via login.

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### **15. How can Udyog Suvidha Kendra help with ITR-4 filing?**

Udyog Suvidha Kendra offers end-to-end support—from eligibility assessment and document preparation to filing and e-verification. Our experts ensure accurate, timely, and compliant ITR-4 submission while helping you claim eligible deductions and avoid penalties.