

ITR-2 Filing

By

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Who is eligible for ITR-2

- ITR Form 2 is for Individuals and HUF receiving income other than income from “Profits and Gains from Business or Profession”. Thus persons having income from the following sources are eligible to file Form ITR 2:
- Income from Salary/Pension – if the total income exceeds Rs.50 lakhs
- Income from House Property(Income Can be from more than one house property)
- Income from Capital Gains/loss on sale of investments/property (Both Short Term and Long Term)
- Income from Other Sources (including winning from Lottery, bets on Race Horses and other legal means of gambling)
- Foreign Assets/Foreign Income
- Agricultural Income more than Rs 5000
- Resident not ordinarily resident and a Non-resident
- A Director of any company and an individual who is invested in unlisted equity shares of a company will be required to file their returns in ITR-2.

ITR-2 Cannot be filed by

- Any individual or HUF having income from Business or Profession
- Individuals who are eligible to file ITR-1

Preparation – Applicable to all ITRs

- Income Details with full calculations\
- Tax Liability
- 26as
- Form No.16/16A
- Bank Account Details
- Aadhaar
- E-mail ID / Mobile
- **New: AIS Verify and Download**

Structure of ITR-2

- Divided into:
- Part A: General Information
- Schedule S: Details of income from salaries
- Schedule HP: Details of income from House Property
- Schedule CG: Computation of income under Capital gains
 - Schedule 112A- From sale of equity share of a company or a unit of equity oriented fund /business trust on which STT is paid
 - Schedule 115AD (I)b(b) (iii) proviso- For Non-Residents -From sale of equity share of a company or a unit of equity oriented fund /business trust on which STT is paid

Structure

- Schedule OS: Computation of income under Income from other sources
- Schedule CYLA: Statement of income after set off of current year's losses
- Schedule BFLA: Statement of income after set off of unabsorbed loss brought forward from earlier years
- Schedule CFL: Statement of losses to be carried forward to future years
- Schedule VIA: Statement of deductions (from total income) under Chapter VIA
- Schedule 80G: Statement of donations entitled for deduction under section 80G
- Schedule 80GGA: Statement of donations for scientific research or rural development
- Schedule AMT: Computation of Alternate Minimum Tax payable under section 115JC

Structure

- Schedule AMTC: Computation of tax credit under section 115JC and 115JD
- Schedule SPI: Statement of income arising to spouse/ minor child/ son's wife or any other person or association of persons to be included in the income of the assessee in Schedules-HP, CG and OS
- Schedule SI: Statement of income which is chargeable to tax at special rates
- Schedule EI: Details of Exempt Income
- Schedule PTI: Pass through income details from business trust or investment fund as per Section 115UA, 115UB
- Schedule FSI: Statement of income accruing or arising outside India.
- Schedule TR: Details of taxes paid outside India

Structure

- Schedule FA: Details of Foreign Assets and income from any source outside India
- Schedule 5A: Statement of apportionment of income between spouses governed by Portuguese Civil Code
- Schedule AL: Asset and liability at the year-end (applicable in case the total income exceeds Rs 50 lakhs)
- Schedule DI: Schedule of tax-saving investments or deposits or payments to claim deduction or exemption in the extended period from 1 April 2020 until 30 June 2020 (not applicable to AY 2021-22)
- Part B-TI: Computation of Total Income
- Part B-TTI: Computation of tax liability on total income
- Tax payments- Details of payment of advance tax and self-assessment tax
- Details to be filled if the return has been prepared by a Tax Return Preparer

Filing

- **Offline:**
- Only the following persons can file their ITR offline:
- Individuals who are of the age of 80 years or more.
- Return can be filed offline by:
- By furnishing a return in a physical paper form
- By furnishing a bar-coded return
- The Income Tax Department will issue you an acknowledgement at the time of submission of your physical paper return.

Online filing of ITR-2

- By furnishing the return electronically under digital signature
- By transmitting the data electronically and then submitting the verification of the return in Return Form ITR-V
- If ITR-2 is electronically e-verified under digital signature, the acknowledgement will be sent to your registered email id.

You can also choose to download it manually from the income tax website. You are then required to sign it and send it to the Income Tax Department's CPC office in Bangalore within 120 days of e-filing.

Changes in ITR-2

- ITR forms have been updated to include a declaration of choosing between old or new tax regime introduced by the Finance Act 2020 under section 115BAC.
- **Form 10IE needs to be submitted to the ITR department before filing ITR if the assessee chooses to pay tax according to the new tax regime. ITR forms seek the acknowledgement number of Form 10IE in case the assessee is opting for the new tax regime.**
- Finance Act 2020 allowed to defer the payment or deduction of tax on ESOPs allotted by an eligible start-up covered under Section 80-IAC. If an employee receives ESOPs from an eligible start-up as mentioned under Section 80-IAC regarding which the tax has been deferred, the Part B of Schedule TTI (Computation of tax liability on total income) seeks the disclosure of this deferred tax.

Changes

- Finance Act 2020 shifted the taxability of dividend income from the company's hands to the investor's hands. Sections 10(34), 10 (35), 115-O, 115-R, 115BBDA have been amended. A new row has been added in Schedule OS to allow deduction of expenses like interest from the dividend income.
- Also, a new row has been added under schedule OS to incorporate details of dividend income taxable in the hands of the unitholders of business trust.
- All ITR forms prompt the return filers to provide a quarterly break up of the dividend income for the purpose of interest calculation under section 234C.
- The ITR forms have been updated to include the effect of marginal relief by showing 'surcharge calculated 'before marginal relief' as well as 'after marginal relief'. Previous to this, no separate effect was required to be shown in the ITR Forms.
- Schedule DI inserted in the previous ITR forms for any investment made for the extended period allowed, i.e. 1st April 20 to 31st July 20, is now removed from all the ITR Forms.

- Section 50C governs the determination of the value of the sale consideration in case of land or building or both. If the sale consideration is less than the stamp duty value, then the stamp duty value will be considered the full value of consideration except for a difference of 5%. Finance 2020 increased the tolerance limit from 5% to 10%, and the changes have been made in the ITR.
- Separate disclosure of cash donation under schedule 80GGA along with date is required in the ITR Form.
- ITR form has been updated with a new column under schedule 112A and 115AD (1)(b)(iii) proviso to be able to provide the details of the nature of securities transferred. Also, both the schedules have been updated to give the 'grandfathering clause' effect by allowing to mention the details like Sale price, FMV and COA of the securities.

Due Dates

- FY 2020-21 (AY 2021-22) – 31st December 2021
- Normal Due Date
- Every year on or before 31st July is termed as the last date for filing ITR 2

ITR Utility

- **Income Tax Department has introduced the Income Tax Return (ITR) Offline utility for taxpayers for Assessment Year 2021-22. The department has made this utility facility available.**

Utility - Option

- **The Utility is based on new technology “JSON”. It is enabled to import and pre-fill the data from an e-filing portal. You can fill the balance data. You can also edit the profile data other than PAN data in the utility, however, it is suggested to edit the same in your Profile at e- filing portal incometax.gov.in and regenerate prefill data.**

Changes

- **There are a few add-ons that will be enabled in subsequent releases namely Pre-fill data related to tax payments, Upload of ITR, Questionnaire-based functionality to help you identify which ITR is applicable to you, Payment of taxes through this utility, and Facility to verify and upload ITR through the utility itself.**
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ITR Preparation

- **Option**
- **OnLine**
- **Offline**
- **steps :**
- **Once you access the e-filing portal, you can download the Utility by clicking on Downloads, then Offline Utilities, then select Income Tax Return Preparation Utilities.**
- **On click of link for the Utility presented against ITR-1 or ITR-4, a ZIP file will start getting downloaded on your system. Open the Utility from the extracted folder.**

Procedure

- **After you Extract the downloaded utility as a ZIP file, open the Utility from the extracted folder. In case you receive this message, you click the “Run Anyway” option in the dialogue box.**
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- **Once you click on “Run Anyway”, your utility will start installing, after which you can proceed with filing your ITR.**

Steps

- **As soon as you install the utility, you will be landed to Homepage. Click on “Continue” to fill your Income- tax Return for AY 2021-22.**
- **You will find 3 tabs namely if you are filling the return for the first time, click on “File returns” in this tab, If you have already started to file your return, you can see the draft version of your returns in this tab and click on “edit” and it will show you all pre-filled ITR data you had earlier imported into the utility.**

Filing

- **After click on “File returns”, select the radio button to “Import pre-filled data”. On click of this option,**
- **Option**
 - the prefilled data already saved by you on your system in .json format can be imported to prefill the information in the income tax return.
- **Enter the “PAN” for whom you want to fill the return and select the “Assessment year” and click on “Proceed”. Assessment Year 2021-22 can only be selected.**

ITR Form

- **Not advisable**
- **Pre-filled json can be downloaded post login to the e-Filing portal from 'My Account -> 'Download Pre-Filled for AY 2021-22' and can be imported to the utility for prefilling the personal and other available details. Attach the pre-filled JSON file from your system and click on "proceed".**

Steps

- **On click of Proceed in earlier screen, you will be navigated to “Income Tax Returns” screen, where you can see the Basic pre-filled details from the imported JSON file.**
- **Click on “File Return” to continue.**
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- **select the Status applicable to you and click on “Continue”. Status will be pre-filled based on your last year’s data and will be editable.**

Steps

- **Select the ITR type which you want to file from the dropdown and “Proceed”. A user-friendly questionnaire to identify ITR applicable to you will be available in subsequent release of the offline utility.**
- **Click on “Let’s get started” to start filling your return.**
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Steps

- **Fill the applicable and mandatory fields of the ITR form-> Validate all the tabs of the ITR form and Tax will be calculated.**
- **After confirming all the schedules, you can Preview and submit your Return.**

Validation

- **You can either “Download” or “Print” the preview by clicking on the respective buttons. You can download the Preview on your system. It will be downloaded in pdf format.**
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- **Click on “Proceed to validation”, to validate the Return.**

- Remember that all the errors need to be validated by the user after that he can “Download JSON”. Just click on the error, you will be navigated to the field related to that error.
- The new utility is a user-friendly functionality for filing of returns and will afford greater ease to the taxpayers

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Miscellaneous

- What is Portuguese Civil Code?
- The Portuguese Civil Code in India is applicable only to the state of Goa and the Union territories of Dadra & Nagar Haveli and Daman & Diu. If you are not governed by the laws of these places, you should select “No” for this question. However, in case you are governed by the laws of any of these places, you should select “Yes”.

Declaration in ITR

- As per the Portuguese Civil Code, whatever income is earned by the husband and the wife from all sources (except [Salary Income from employment](#)) shall be apportioned equally between both the spouses. The income so apportioned shall be added to the total income of each spouse separately and each spouse should disclose only his/her share of income in the *Income Tax Return*.
- As per Section 5A of the Income Tax Act, all incomes of individuals governed by the Portuguese Civil Code are taxed in this manner except Income from salary earned from the employer. Salary Income is not apportioned to both the spouses and is only the income of the person who has earned it.