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Income Tax Department, Government of India

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ITR-2 FAQ

1. Who is eligible to file ITR-2 for AY 2024-25?

ITR-2 can be filed by individuals or HUFs who:

- Are not eligible to file ITR-1 (Sahaj)
- Do not have income from profit and gains of business or profession and also do not have income from profits and gains of business or profession in the nature of:
 - interest
 - salary
 - bonus
 - commission or remuneration, by whatever name called, due to, or received by him from a partnership firm
- Have the income of another person like spouse, minor child, etc., to be clubbed with their income – if income to be clubbed falls in any of the above categories.

2. Who is not eligible to file ITR-2 for AY 2024-25?

ITR-2 cannot be filed by any individual or HUF, whose total income for the year includes income from profit and gains from business or profession, and also who has income in the nature of:

- interest
- salary
- bonus

- commission or remuneration, by whatever name called, due to, or received

by him from a partnership firm

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Have the income of another person like spouse, minor child, etc., to be clubbed with their income – if income to be clubbed falls in any of the above categories.

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3. What are the changes in ITR-2 as compared to previous years?

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The Finance Act 2023 has amended the provisions of Section 115BAC to make it the default tax regime for the assessee being an Individual and HUF. If an assessee does not want to pay tax according to the new tax regime, he will have to explicitly opt out of it and choose to be taxed under the old tax regime.

- For new tax regime, limit of rebate u/s 87A is increased. If your total income is up to Rs. 7 Lakhs, rebate u/s 87A is allowed and taxes will be zero. For income above Rs. 7 Lakhs, then tax has to be paid according to the slab rate.
- Schedule 80DD and Schedule 80U are added to furnish details of disability claimed under respective section along with Form 10-IA details. Please note that, filing of Form 10IA is mandatory to avail deduction under these sections. It is advised to file the form 10IA before filing the ITR.
- Schedule 80GGC is added to furnish details of contributions made to political party
- The LEI system has been introduced for all payment transactions of value ₹50 crore and above undertaken by entity using Reserve Bank-run Centralized Payment Systems viz. Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT). LEI number has to be furnished for the cases where refund claimed is more than ₹50 crores.

4. What documents do I need to file ITR-2?

- If you have salary income, you need Form 16 issued by your employer.
- If you have earned interest on fixed deposits or saving bank account and TDS has been deducted on the same, you need TDS certificates i.e., Form 16A issued by Deductors.
- You will need Form 26AS to verify TDS on salary as well as TDS other than salary. Form 26AS could be downloaded from the e-Filing (<https://www.incometaxindiaefiling.gov.in/home>) portal.
- If you are living in rented premises, you need rent paid receipts for calculation of HRA (in case you have not submitted the same to your employer).
- If you have any capital gains transactions in shares, you will need a summary or profit / loss statement of capital gain transactions of shares or securities during a year, if any, for computation of capital gain.
- You will need your bank passbook, Fixed Deposit Receipts (FDRs) to calculate amount of interest income.
- If you have received rent from your rented house property, then you will need your tenant / local tax payment / interest on borrowed capital details (if any) to calculate income from house property.

8. In case you want to claim any loss incurred during the current year, then you will need the relevant documents exhibiting the loss.

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9. If case you wish to file previous year's loss, you will need a copy of ITR-V

pertaining to the previous year, disclosing the said loss.

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10. You will also need documents or proofs for claiming tax saving deductions u/s 80C, 80D, 80G, 80GG such as life and health insurance receipts, donation

receipts, rent receipts, receipts for tuition fees etc., if the same were not considered in your Form 16.

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3. What precautions should I take to avoid issues while filing my ITR?

To avoid issues in filing your return and getting your refund, you must ensure you have done the following:

- Linked Aadhaar and PAN.
- Pre-validated your bank account where you want to receive your refund.
- Choose the correct ITR before filing it; else filed return will be treated as defective and you will need to file a revised ITR using the correct form.
- Filed the return within the specified timelines.
- **Verify your return - you can opt for e-Verification (recommended option – e-Verify Now) is the easiest way to verify your ITR.**

6. Can an HUF / Firm claim rebate u/s 87A?

No. Rebate under section 87A is available only to an individual, hence, any person other than an individual cannot claim rebate under section 87A.

7. I am a non-resident. Can I claim rebate u/s 87A?

No. Rebate under section 87A is available only to an individual who is resident in India, hence, non-residents cannot claim rebate under section 87A.

8. I own two houses. One is a farmhouse that I visit every week, and the other is my residence. Can both these residences be treated as self-occupied?

Up to AY 2019-20, you can claim only one property as self-occupied property and other property will be deemed to be let-out.

From AY 2020-21 onwards only, both the houses can be treated as self-occupied properties for residential purpose subject to fulfilment of specified conditions.

9. How to compute income from a property that is self-occupied for part of the year and let out for part of the year?

In this case, for the purpose of computation of income chargeable to tax under the head **Income from House Property**, such a property will be treated as let-out throughout the year and income will be computed accordingly.

However, while computing the taxable income in case of such a property, actual rent will be considered only for the let-out period.



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Any profit or gain arising from transfer of a capital asset during the year is charged to tax under the head **Capital Gains**.

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What is the meaning of Capital Asset?

Capital Asset is defined under Section 2(14) of the Income Tax Act, 1961 to include:

- a) Any kind of property held by an assessee, whether or not connected with business or profession of the assessee.
- b) Any securities held by a FII which has invested in such securities in accordance with the Regulations made under the SEBI Act, 1992 (subject to certain exclusions).

12. What is the meaning of the term Long-Term Capital Asset?

- o Any capital asset held for a period of more than 36 months immediately preceding the date of its transfer will be treated as Long-Term Capital Asset.
- o However, in respect of certain assets like shares (equity or preference) which are listed in a recognized stock exchange in India, units of equity-oriented mutual funds, listed securities like Debentures and Government Securities, Units of UTI and Zero Coupon Bonds, the period of holding to be considered is 12 months instead of 36 months.
- o In case of unlisted shares in a company, the period of holding to be considered is 24 months instead of 36 months.
- o With effect from AY 2018-19, the period of holding of immovable property (being land or building or both) shall be considered as 24 months instead of 36 months.

13. As per the Income Tax Law, gain arising on transfer of Capital Asset is charged to tax under the head Capital Gains. What constitutes transfer as per Income Tax Law?

Generally, transfer means sale, however, as per Section 2(47) of the Income Tax Act, 1961 transfer, in relation to a Capital Asset, includes:

- Sale, exchange or relinquishment of the asset;
- Extinguishment of any rights in relation to a Capital Asset;
- Compulsory acquisition of an asset;
- Conversion of Capital Asset into Stock-in-Trade;
- Maturity or redemption of a Zero Coupon Bond;
- Allowing possession of immovable properties to the buyer in part performance of the contract of the nature referred to in section 53A of the Transfer of Property Act, 1882;

- Any transaction which has the effect of transferring an (or enabling the enjoyment of) immovable property, or
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Disposing of or parting with an asset or any interest therein or creating any interest in any asset in any manner whatsoever.

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14. What are the provisions framed under the Income Tax Law in relation to carry forward and set-off of Capital Loss?

(<https://www.incometax.gov.in/iec/foportal/help/FileITR2Online-FAQ>) If Loss under the head Capital Gains incurred during a year cannot be adjusted in the same year, then unadjusted Capital Loss can be carried forward to next year.

- In the subsequent year(s), such loss can be adjusted only against income chargeable to tax under the head Capital Gains, however, Long-Term Capital Loss can be adjusted only against Long-Term Capital Gains. Short-Term Capital Loss can be adjusted against Long-Term Capital Gains as well as Short-Term Capital Gains.
- Such loss can be carried forward for eight years immediately succeeding the year in which the loss is incurred.
- Such loss can be carried forward only if the return of income / loss of the year in which loss is incurred is furnished on or before the due date of furnishing the return, as prescribed u/s 139(1).

15. How much tax is charged on Virtual digital Assets defined u/s 2(47A)?

Gains from Virtual Digital Assets are subject to a 30% tax (along with applicable surcharge and 4% cess) under Section 115BBH.

16. How to Disclose VDA income in ITR form?

There is a separate schedule, "Schedule VDA" in ITR-2 & 3 where you can disclose your VDA income transaction-wise. and it will be taxable at special rate of 30 % under the head capital gain income.

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