

INSTRUCTIONS FOR FILLING UP FORM NO. 2A

[Assessment year 2000-2001]

(These instructions are non-statutory. They are to be detached and retained by the assesseees)

Form No. 2A is a simplified format for complying with the requirement of filing a return of income under section 139 of the Income-tax Act. Taxpayers are welcome to suggest modifications in order to make it more user friendly.

Before You fill in Form No. 2A

What's New for Assessment year 2000-2001?

Surcharge levied @ 10% on income over Rs.60,000. For the assessment year 2000-2001, surcharge is levied @ 10% on the tax payable after allowing rebate under Part-A of Chapter VIII of the Income-tax Act. No surcharge is payable by non-residents and persons having income of Rs.60,000 or less. The slabs of income and rates of tax applicable to them continue to be the same as applicable to the assessment year 1999-2000.

Enhancement of deduction of interest of Section 24 dealing with the deductions from incomes from house property. Second proviso to such-section (2) of section 24, as inserted, provides for the deduction of Rs.75,000/- on account of interest on borrowed capital taken on or after 01.04.99 for constructing or acquiring the residential unit and the construction or acquisition of house property has been completed before 01.04.2001. The higher deduction of Rs.75,000/- can be claimed in relation with part of loan which has been taken on or after 01.04.99 and utilised for construction or acquisition.

Deduction in respect of medical insurance premia: Section 80D as amended provides the enhanced deduction of Rs.15,000/- for payment to effect or keep in force an insurance on the health of the assessee or his wife or her husband or dependent parents, or any member of the family in case the assessee is a HUF and who is a senior citizen.

Deduction in respect of maintenance including medical treatment of handicapped dependants: Section 80DD as substituted allows the deduction of Rs.40,000/- for the assessee who incurs any expenditure in respect of maintenance including medical treatment of handicapped dependent(s) or makes payment of any amount under specified scheme of LIC or UTI framed in this behalf.

Deduction limit under section 80DDB has been revised: The existing deduction of Rs.15,000/- has been raised to Rs.40,000/- for the assessment year 2000-2001 provided that the expenditure is actually incurred on treatment of the

specified diseases. The deduction allowable is the net amount after reducing the insurance receipts, if any. The limit of the deduction is Rs.60,000, in case, the assessee or dependent relative is a senior citizen.

Rate of Tax on Long-Term Capital Gains on listed securities has been reduced: Long Term Capital Gains arising out of transfer of listed securities will now be taxed at 10% in respect of resident investors also. The Finance Bill, 2000 also provides for extending the reduced rate of tax on Capital Gains to units of Unit Trust of India and units of Mutual Funds.

Who Can Use Form No. 2A?

Form No. 2A is for resident individuals and Hindu undivided families who fulfil all the following conditions:-

1. There is no income from business or profession.
2. The total income does not exceed Rs.2,00,000. (Total income means net taxable income arrived at after claiming all admissible deductions under Chapter VI-A)
3. There is no brought forward loss/allowance under any head of income, except under the head "Income from house property".

Assessees fulfilling the above conditions have the option of using the existing Form No. 3 in place of Form No. 2A.

Due Date for Filing the Return

Persons using this form should file the return of income by the 30th June, 2000. For delay in filing the return of income, interest is charged under section 234A at the rate of 1-1/2% for every month or part of a month on the difference between tax payable on total income and tax deduction/collected at source plus advance tax. Failure to file return of income u/s. 139(1) before the end of the relevant assessment year, attracts a penalty of Rs.1,000/- for assessment year 1999-2000 and onwards.

Steps For Filling Up the Return

You may have to compute the income and deductions before putting the figures in the return form. Salaried taxpayers should obtain salary certificate in Form no. 16 from the employer and the same has to be enclosed with the return.

References to sections and rules in these instructions are references to the sections and the rules of the Income-tax Act, 1961 and the Income-tax Rules, 1962, respectively.

Enter any negative amount by showing a negative sign in brackets preceding such figures. For Example, Loss of Rs. 5,000 should shown as

(-)

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Separate sheets can be attached to the two page return form. The net result of computation of income under any head shown in a separate sheet should be shown at appropriate place in the return.

Be sure to put your name and Permanent Account No./GIR No. on the sheets attached to return. ***If you have not applied for and have not been allotted a permanent account number, please apply immediately.***

All parts and columns must be filled in. If any part or column does not apply to your case, please mention "NA" and do not put any other mark or symbol.

Three copies of the return form are to be filed. One of these will be returned to you duly acknowledged by the receiving official. The acknowledgement to the return shall be deemed to be the intimation and no separate intimation shall be given unless there is a demand or refund.

Instruction For Filling Up

Part I - General information

1. Assessment Year. Assessment year is a period of 12 months immediately following the financial year. Thus, for the accounting period (previous year) 01.04.1999 to 31.03.2000, the assessment year is 2000-2001.

2. PAN/FIR No. Please mention your PAN, if the same has been allotted. Pending allotment, you should mention the GIR No. already given to you. If neither has been allotted and you are an old assessee, you should write **NOT ALLOTTED**. If you are a new assessee, write **NEW**. Please note that it has been made mandatory throughout the country for an existing Income-tax payer; or any person assessable to Income-tax; or carrying on any business or profession whose total sales/turnover/gross receipts exceeds Rs.5,00,000 during the financial year or a trustee required to file a return on behalf of a trust, to file an application in Form No. 49A for allotment of 10 character Permanent Account Number under the new series if they have not applied/been allotted the same earlier. Application Form (Form No. 49A) may be obtained from your Assessing Officer or concerned Public Relation Officer of the Income-tax Department in the respective locations/cities.

3. Ward/Circle/Special Range. If you are a new assessee, please ascertain the Ward/Circle/Special Range relevant in your case from the Public Relations Officer or from the receipt counter of the Income-tax Office.

4. Date of Birth. Please mention date, month and year in that order. For example, a taxpayer born on 6th July, 1950 should write:

0	6	-	0	7	-	1	9	5	0
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5. **Status.** For indicating the status, use one of the following codes:

<u>If you happen to be</u>	<u>use code no.</u>
(a) Individual	01
(b) Hindu undivided family	02

6. **Revised Return.** If you have already filed a return of income and are filing a revised return under section 139(4), please mention the date of filing the *original return* and the receipt number and office mentioned in the acknowledgement sheet.

8 & 11. **Name.** Surname should be given first and the first name and middle name, thereafter. Leave one box blank after each word. For example, Satya Prakash Sharma should be written as:

S	H	A	R	M	A		S	A	T	Y	A		P	R	A	K	A	S	H
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9 & 10. Leave one box blank after each complete word. Separate one limb from another by using coma (,) in a box after the limb.

12. Please furnish the details of bank accounts giving the particulars of name of the bank, branch of the bank and account number. Please tick the bank account, where you would like the amount of refund to be credited.

13. Please furnish the details of credit card giving the particulars of the credit card numbers and issuing bank of institution.

Part II - Statement of Income

14. SALARIES

Indicate here the net income chargeable under head "Salaries". Salary includes arrears or advance of salary, payment received in lieu of leave not availed of, bonus, wages, fees, pension (including commuted value of pension), any annuity or gratuity and profits in lieu of salary, perquisites and all other cash allowances. Salary received/receivable from more than one employer should be included in the gross salary. Relevant provisions are in sections 15 & 17 of the I.T. Act, 1961. Income of the nature exempt under section 10, is not to be included in this figure. Normally, all cash allowances are taxable. However, the following are exempt:

- (i) Leave travel assistance to the extent stipulated in section 10(5)
- (ii) House rent allowance to the extent stipulated in section 10(13A)
- (iii) Any such special allowance notified in the Official Gazette for the purposes of section 10(14).

Perquisites provided by an employer are taxable. These can be :

- (i) Free or concessional accommodation-section 17(2)(1) and

- (ii) Free or concessional benefits/amenities - section 17(2)(iii)
 - (a) Conveyance-rule 3(c)
 - (b) Gas, electricity, water-rule 3(d)
 - (c) Domestic or personal services
 - (d) Personal travelling
 - (e) Any other item
- (iii) Payment by employer in respect of any obligation which but for such payment would have been payable by the assessee e.g. children's education, income-tax etc. and sums payable by employer for life insurance or annuity-section 17(2)(iv) and (v). The above mentioned perquisites are illustrative and not exhaustive in nature. However, medical benefit provided by the employer to the extent specified in the proviso to section 17(2) is excluded from perquisite.

The total of the following deductions are allowed from the salaries.

1. Standard Deduction: For Assessment years 1999-2000 and 2000-2001, salaried tax payers whose income from salary does not exceed Rs. 1 lakh will be entitled to a standard deduction of a sum of 33-1/3% of the salary or Rs.25,000/-, whichever is less. In case of salaried employees whose income exceeds Rs.1 lakh but does not exceed Rs.5 lakh, the standard deduction is limited to Rs.20,000/- and standard deduction has been withdrawn in cases of salaried employees whose income exceeds Rs.5 lakhs. However, surcharge is levied for A.Y. 2000-2001 at the rate of 10% on the tax payable after allowing rebate under PART - A of Chapter VIII of the Income-tax Act. No surcharge is payable by non-residents and persons having income of Rs.60,000 or less. Standard deduction to the extent of 1/3rd of the gross salary or Rs.20,000/-, whichever is less, is allowed for Assessment year 1998-99.
2. Entertainment allowance, if specifically granted by the employer. In case of Government servants, 20% of salary subject to the maximum of Rs.5,000.
3. Professional tax or tax on employment levied by a State government.

After deducting these amounts from salaries, you arrive at the income chargeable under the head "salaries".

15. HOUSE PROPERTY

If you have more than one property, use a separate sheet and give computation of income as indicated under this head for each property. The aggregate amounts are to be shown against **a**, **b** and **c**.

- a. Annual value:** For computing the annual value, first the amount for which the property might reasonably be expected to let from year to year or the actual amount received, whichever is higher, is to be taken. From this, the aggregate of the following amounts are to be deducted.

1. Municipal taxes actually paid during the previous year by the owner. Arrear of taxes for earlier years paid during the year are allowable as deduction provided deduction for such amount has not been claimed/availed in the earlier years.

For the self occupied property, the annual value is taken as nil.

b. Deductions u/s 24 and brought forward loss. The following deductions are allowed u/s 24 :

- (i) Repair and collection charges to the extent of 1/4th of the annual value.
- (ii) Amount of premium paid to insure the property.
- (iii) Annual charge not being a capital charge or a charge voluntarily created.
- (iv) Ground rent.
- (v) Interest on capital borrowed for acquisition, construction repairs of renewal. Interest for the period prior to construction or acquisition is allowable over a period of five years beginning with the year of construction or acquisition in equal instalments.
- (vi) Land revenue levied by the State Government.
- (vii) Vacancy allowance for the period during which the property was vacant (could not be let). The amount of deduction is the fraction of the annual value proportionate to the fraction of the year during which the property was vacant.
- (viii) Unrealised rent.

No deductions u/s 24 is allowed in respect of a self-occupied property or a property which could not be occupied because of employment, business or profession at another place or where the annual value is taken as nil. However, in respect of self-occupied property, deduction for interest on borrowed capital has been increased to Rs.75,000/- for the assessment year 2000-2001. This enhanced deduction is allowable in respect of the borrowed capital taken after 01.04.1999 for construction or acquisition of self-occupied property and such construction or acquisition should be completed before 01.04.2001. Rs.30,000 is allowable in respect of loans taken prior to 01.04.1999. The deduction is also available to a person, whose house is vacant due to employment, etc. elsewhere. In such a case, the net result of computation will be a loss upto Rs.30,000 or Rs.75,000, as the case may be. The total amount of deduction u/s 24 and any loss brought forward from the earlier year is to be shown at item **15(b)** in the return.

16. CAPITAL GAINS

Short-term and long-term capital assets. Profits and gains arising from the transfer of a capital asset are included in the taxable income as 'capital gains'. If the asset in question was held by the taxpayer for more than 36 months upto the date of transfer, the asset is regarded as a long term capital asset. In case of shares in a company, units of UTI and Mutual Funds and the securities listed in the stock exchanges, the period of holding is more than 12 months for being considered a long term capital asset. An asset, which does not qualify as a long-term asset, is considered to be a short term asset. Capital gain arising from the transfer of a long term capital asset is taxed at reduced rate, while capital gains arising from the transfer of a short term capital asset are taxed as normal income.

a. Computation of short-term capital gain. the short-term capital gain to be shown at **a** is to be computed by deducting the following from the full value of consideration.

- (i) Cost of acquisition (ii) Cost of improvement (iii) Cost of transfer

b. Computation of long-term capital gain. The long-term capital gain to be shown at **b** is to be computed by deducting the following from the full value of consideration.

- (i) Indexed cost of acquisition (ii) indexed cost of improvement (iii) Cost of transfer

The indexed cost of acquisition and indexed cost of improvement are to be computed by indexing the cost of acquisition and cost of improvement using the following cost inflation index.

Financial Year	Index	Financial Year	Index	Financial Year	Index
1981-82	100	1988-89	161	1996-97	305
1982-83	109	1989-90	172	1997-98	331
1983-84	116	1990-91	182	1998-99	351
1984-85	125	1991-92	199	1999-2000	389
1985-86	133	1992-93	223		
1986-87	140	1993-94	244		
1987-88	150	1994-95	259		

Exemptions. The following exemptions are admissible to the extent prescribed in the respective sections. The amount exempted is to be reduced from the capital gain computed as above and the balance amount is to be shown in the return.

Short-term capital gains

1. Amount exempt u/s 54B(1), 54D(1) or 54G(1)
2. Amount deposited u/s 54B(2), 54D(2) or 54G(2)

Long-term capital gains

1. Amount exempt u/s 54(1), 54B(1), 54D(1), 54EA(1), 54EA(1), 54F(1) or 54G(1)
2. Amount deposited u/s 54(2), 54B(2), 54D(2), 54F(4) or 54G(2)

Please attach proof of deposit along with the return.

c. Income from capital gains. The sum total of short-term capital gains and long-term capital gains is to be shown here. If there is loss on transfer of either short-term or long-term capital asset, it can be set off against income from capital gain arising on transfer or any other asset. However, if the net result of computation is still loss, you have to use form no.3 and you should not use the present Form no.2A.

17. INCOME FROM OTHER SOURCES

a. Gross income. Income which is not chargeable under any of the above mentioned heads and which is not from business or profession is to be shown here. Examples of other sources of income are interest, winnings from lotteries, crossword puzzles, horse-races, royalty, rent for plot of land etc.

b. Deductions. Deductions are allowable u/s 57. these include expenses laid out for earning the income. In the case of income from family pension, a standard deduction to the extent of 1/3rd of pension or Rs.15,000, whichever is lower, is allowed.

c. Income from other sources. The difference between the amount shown at serial no.1 and serial no.2 is to be shown here. Please remember that if there is a loss arising from the activity of owning and maintaining race horses, the amount cannot be set off against income from any other source and you have to file your return of income in Form no.3

18. GROSS TOTAL INCOME

The sum total of amounts shown at 14+15.c+16.c+17.c is to be shown here.

19. CLUBBED INCOME

(a) Mention the name of the person (minor child, spouse or any other person) whose income has been included in the computation of your total income.

(b) Mention the aggregate amount of income clubbed under the heads of income specified at item Nos. 14 to 17 in terms of Chapter V.

20. DEDUCTIONS UNDER CHAPTER VIA

The following deductions are allowed. The sum total of the deductions allowable is limited to the amount of gross total income.

1. Deduction in respect of contribution to pension fund set up by the Life Insurance Corporation of India upto Rs.10,000 (80CCC).
2. Premium paid for medical insurance upto Rs.10,000. Rs.15,000/- is allowed in case of senior citizens. (Section 80D).
3. Deduction of Rs.40,000/- is allowed in case of assessee who incurs any expenditure in respect of maintenance including medical treatment of handicapped dependants or makes payment of any amount under specified schemes of LIC or UTI framed in this behalf. (Section 80DD).
4. Deduction of Rs.40,000 is allowed for the assessment year 2000-2001 provided that the expenditure is actually incurred on treatment of the specified diseases. The deduction allowable is the net amount after reducing the insurance receipts, if any. The limit of the deduction is Rs.60,000, in case, the assessee or dependent relative is a senior citizen. (Section 80DDB).
5. Donations to certain approved funds and charitable institutions. The overall ceiling is 10% of gross total income (as reduced by the amount on which no tax is payable or with reference to which the taxpayer is entitled to any deduction under Chapter VI-A). (Section 80G).
6. Donation for approved organisations of scientific/social science/statistical research, rural development, conservation of natural resources, afforestation or eligible project or scheme. (Section 80GGA).
7. Income by way of interest on deposits in banks, etc., upto an aggregate of Rs.12,000. this limit is raised by another Rs.3,000 if income is received (a) by way of interest on any security of the Central government or State Government, (b) in respect of units of mutual fund or units from the Unit Trust of India (Section 80L).

8. Remuneration from certain foreign sources in the case of professors, teachers etc. to the extent of 50% of the remuneration or 75% of such remuneration as is brought into India, whichever is higher (Section 80R).
9. Remuneration received for services rendered outside India to the extent of 75% of such remuneration as is brought into India, whichever is higher. (Section 80RRA).
10. Deduction of Rs.40,000 where taxpayer is permanently physically handicapped, blind or mentally retarded (Section 80U).

21. TOTAL INCOME

The total income is to be computed by deducting the amount of deductions under chapter VIA from the gross total income and is to be shown here. The amount of total income is to be rounded off to the nearest multiple of ten rupees. If the last figure in the amount is five or more, the amounts shall be increased to the next higher amount, which is a multiple of ten. Otherwise, the amount is to be reduced to the next lower amount, which is a multiple of ten.

22. NET AGRICULTURAL INCOME

The net agricultural income is to be computed in accordance with Part IV of the First Schedule to the finance Act, 1999 and is to be shown here.

PART III - Statement of Taxes

23. Tax on Total Income

a. Special rates. Special rates of tax are applicable to the following types of income. On income by way of winning from lottery, crossword puzzle, gambling, betting, horse race etc. at the rate of 40% u/s 115BB.

b. Normal rates.	<u>Income</u>	<u>Tax rate</u>
	Upto Rs.50,000	Nil
	Next Rs.10,000	10%
	Next Rs.90,000	20%
	On the balance amount	30%

Surcharge is levied @ 10% on the tax payable after allowing rebate under Part-A of Chapter VIII of the Income-tax Act. No surcharge is payable by non-residents and persons having income of Rs.60,000 or less.

24. Rebate u/s 88. You are entitled to a rebate from the tax payable on total income i.e. total income as reduced by long-term capital gains, of an amount equal to 20% of the aggregate sums of prescribed investments or payments, subject to maximum rebate of Rs.12,000. (Rs.14,000 in case of subscriptions to shares and debentures offered in approved issues of public companies for infrastructure and power sectors). The prescribed investments/payments include life insurance premium, provident fund contribution, debentures of equity shares in a public company engaged in infrastructure, repayment of housing loan etc. In case of an individual, whose income from exercise of his profession as an author, playwright, artist, musician, actor, sportsman etc. is 25% or more of his total income, the rebate is allowed at the rate of 35% instead of 20%.

25. Rebate u/s 88B. You are eligible for an additional tax rebate at the rate of 100% of tax on total income subject to a maximum limit of Rs.10,000 if you have attained the age of 65 years during the previous year or earlier.

26. Tax payable. The tax payable after rebate is to be computed by deducting the amount shown at **24** and **25** from that shown at **23**.

29. Relief u/s 89/90/91. In case you have received salary in arrears or in advance or for more than 12 months and the income is assessable at higher rate you may claim relief u/s 89(1). You may claim double taxation relief u/s 90 or 91 in respect of income received from a source outside India.

30. Net Tax payable. The difference between the amounts shown at **28** and **29** is to be shown here.

31. Advance tax paid. The total amount of advance tax paid during the previous year is to be shown here. Please enclose advance tax challans along with the return.

32. Tax deducted/collected at source. The total of tax deducted and collected are to be attached with the return.

33. Balance tax payable. The aggregate amount of advance tax paid and tax deducted/collected at source shown at 31 and 32 is to be deducted from the amount shown at 30 and the balance amount is to be shown here.

34. Interest payable u/s 234A/234B/234C. Interest chargeable for late filing of return, default in payment of advance tax or deferment of advance tax should be computed in the manner laid down under these sections and the total amount is to be shown here. Please note that interest chargeable under sections 234A and 234B is at the rate of one and one-half percent with effect from 1.6.1999 onwards.

35. Total amount of tax and interest. The sum total of the amounts shown at **33** and **34** is to be shown here.

36. Self Assessment Tax. The amount of self assessment tax paid should mentioned here. Please attach challan in support of the amount paid.

37. Tax/Interest payable or Refundable. The net amount of tax and interest payable by you should be shown here. In case you are eligible to get any refund and interest u/s 244A, please show the amount here. Score off inappropriate words.

PART IV - Income Claimed Exempt

Please specify the nature and the amount of income claimed to be exempted from tax and reasons for the claim.

PART V - Documents Attached

Give particulars of documents/statements attached to the return of income.

VERIFICATION

Fill up the required information in the verification. Please attach a copy of the power of attorney alongwith the return, wherever necessary. Please ensure that the verification has been signed before furnishing the return. An unsigned return is an invalid return.