

Form No. 2 – Frequently Asked Questions (FAQs)

Application for Notification of a Zero Coupon Bond under section 2(112) of the Act

1. What is Form No. 2?

Ans. Form No. 2 is prescribed under rule 7 of the Income-tax Rules for making an application to the Central Government for notification of a Zero Coupon Bond (ZCB). Notification is mandatory for a bond to qualify as a zero coupon bond for tax purposes.

2. Who is required to file Form No. 2?

Ans. Form No. 2 is required to be filed by:

- Infrastructure capital company
- Infrastructure capital fund
- Infrastructure debt fund
- Public sector company

3. Is filing of Form No. 2 mandatory?

Ans. Yes. Filing of Form No. 2 is mandatory to obtain notification of a Zero Coupon Bond.

4. When should Form No. 2 be filed?

Ans. Form No. 2 must be filed at least three months before the proposed date of issue of the bond.

5. How many times can Form No. 2 be filed?

Ans. Form No. 2 is issue-specific and must be filed separately for each proposed issue.

6. Can Form No. 2 be filed after the bond is issued?

Ans. No. It must be filed prior to issuance.

7. What details are required in Form No. 2?

Ans. Details of applicant, bond terms, investment plan, project details, declarations and undertakings.

8. Are supporting documents required?

Ans. Yes. Prescribed annexures such as incorporation documents, project report, and power of attorney must be attached.

9. Is there any special requirement for Infrastructure Debt Funds?

Ans. Yes. They must undertake to maintain a sinking fund for accrued interest invested in Government securities.

10. Can Form No. 2 be filed offline?

Ans. No. It must be filed electronically.

11. Can Form No. 2 be revised after submission?

Ans. Revision is generally not permitted unless enabled by the system.

12. What happens after filing Form No. 2?

Ans. The application is examined by the Central Government and may be approved or rejected.

13. What are the consequences of non-compliance?

Ans. Notification may be withdrawn and tax benefits may be denied.

14. Why is Form No. 2 important?

Ans. It enables notification of Zero Coupon Bonds and access to associated tax benefits.