

ADVANCE TAX



As per section 208 of Income Tax Act, 1961, every person whose estimated tax liability for the year is Rs. 10,000 or more, shall pay his tax in advance.

Instalments of advance tax and due dates

Due Date	Amount Payable
15 th Jun	15% of tax liability
15 th Sep	45% of tax liability, less paid in the earlier installment
15 th Dec	75% of tax liability, less paid in the earlier installment
15 th Mar	Whole amount of tax liability, less paid in the earlier installment

Assessee covered in **presumptive income** (section 44AD and 44ADA) are to pay advance tax of the whole amount in one instalment on or before the 15th March of the financial year.

Senior citizens, who are 60 years or older, and do not run a business, are exempt from paying advance tax.

SECTION 234A

- Interest u/s 234A is attracted if :
 - Return is filled after due date
 - Return is not furnished by the Assessee
- Interest will be payable from the due date of submission of return to the date of actual furnishing the return
- Simple interest @ 1% per month or part of the month, payable on Assessed tax minus TDC, TCS and Advance Tax
- Where the Assessee had paid the taxes before the due date of filing the return but could not file the return for reasons beyond his control but filed belated return, interest u/s 234A will not be applicable as there is no loss of revenue.

SECTION 234B

- Interest u/s 234B is attracted if :
 - Advance tax has not been paid by the Assessee
 - Advance tax paid by the Assessee is less than 90% of the assessed tax
- Interest will be payable from 1st April of A.Y. to date of actual payment or regular assessment
- Simple interest @ 1% per month or part of the month, payable on Assessed tax minus TDC, TCS and Advance Tax

SECTION 234C

- Interest u/s 234C is attracted if :
- Installment of advance tax is not paid by the Assessee
 - An instalment is paid by the Assessee but amount paid is less than actual/required

Installment	Interest Payable
1 st (15 Jun)	1% p.m. for 3 months on 15% of the Assessed amount minus already deposited before 15 Jun
2 nd (15 Sep)	1% p.m. for 3 months on 45% of the Assessed amount minus already deposited before 15 Sep
3 rd (15 Dec)	1% p.m. for 3 months on 75% of the Assessed amount minus already deposited before 15 Dec
4 th (15 Mar)	1% p.m. for 1 month on total Assessed amount minus already deposited before 15 Mar