A D V A N C E T A X

Instalments of advance tax and due dates [Section 211]

I. For Company Assesses

Due date of instalments	Amount payable
On or before the 15th June of the previous year	Not less than 15% of advance tax liability.
On or before the 15th September of the previous year	Not less than 45% of advance tax liability ***as reduced by the amount, if any, paid in the earlier instalment.***
On or before the 15th December of the previous year	Not less than 75% of advance tax liability ***as reduced by the amount, if any, paid in the earlier instalment (s)***.
On or before the 15th March of the previous year	The whole amount of advance tax liability ***as reduced by the amount, if any, paid in the earlier instalment (s)***.

II. For Non-company Assesses

Due date of instalments	Amount payable
On or before the 15th June of the previous year	NIL
On or before the 15th September of the previous year	Not less than 30% of advance tax liability.
On or before the 15th December of the previous year	Not less than 60% of advance tax liability ***as reduced by the amount, if any, paid in the earlier instalment.***
On or before the 15th March of the previous year	The whole amount of advance tax liability ***as reduced by the amount, if any, paid in the earlier instalment (s)***.

Scheme of advance tax is known as ***'Pay as you Earn'*** Scheme which indicates that assessee is required to pay income-tax during the previous year when he earns income even such income is chargeable to tax during the relevant assessment year.

Section 207 : Advance tax is payable on ***total income*** which would be chargeable to tax in the relevant assessment year. Hence it is tax on "***Estimated Current Income***".

Note : Every income falling under five heads of income, whether it is capital gains or winnings from lotteries, crossword puzzles etc., is liable for payment of advance tax.

Section 208 : Every person is liable to pay income tax where the advance tax payable is ₹ 10,000 or more.

Section 209 : For the purpose for calculating liability of advance tax, assessee has to estimate his current income and income-tax thereon shall be calculated at the rates in force for that financial year (i.e. relevant P.Y.).

Section 210 (1) : After calculation of advance tax liability advance tax is payable in instalments (as mentioned in Section 211) without having to submit any estimate or statement of current income to the Assessing Officer.

Section 210 (2) : After making first instalment or subsequent instalment or instalments of advance tax, an assessee can revise the remaining instalment or instalments of advance tax in accordance with his revise estimate of current income and pay advance tax accordingly. In this case also he is not required to submit any revised estimate or statement of revised current income to the Assessing Officer.

Payment of advance tax in case of capital gains or casual income [Proviso to Section 234C]

Advance tax is payable on all types of income, including capital gains and winnings from lotteries, crossword puzzles etc. However, it is not normally possible for an assessee to estimate his capital gains or winnings from lotteries, crossword puzzles etc., which are generally unexpected. Therefore, in such cases, it is provided that if any such income arises after the due date of any instalment of advance tax, then, the entire amount of tax payable (after deduction of tax at source, if any) on such income should be paid in remaining instalment or instalments of advance tax which are due or ***where no such instalment is due***, by 31st March of the relevant financial year.

Illustration :

Compute the Advance Tax Payable by X from the following estimated income submitted for the financial year 2010-11 :

	₹
Income from salary (Gross)	1,74,000
Rent from house property (per annum)	90,000
Interest on Government securities	60,000
Interest on bank deposit	13,000
Receipt from horse race (net)	14,000
Agricultural income	90,000
Contribution towards PPF	10,000
Tax deducted at source by the employer on salary	1,400

Solution :

Computation of Estimated Total Income for the financial year 2010-11

	₹	₹
A. Salaries :		
Income from salary (Gross)		1,74,000
B. Income from house property :		
NAV (Actual Rent)	90,000	
Less : Statutory deduction u/s 24 (a) @ 30%	27,000	63,000
C. Income from other sources :		
Interest on Government securities	60,000	
Interest on bank deposit	13,000	
Receipt from horse race (Gross) : ₹ 14,000 x 100/70	20,000	93,000
Estimated Gross Total Income		3,30,000
Less : Deduction u/s 80C on PPF		10,000
Estimated Total Income		3,20,000

Computation of Advance Tax Liability for the financial year 2010-11

	₹
Estimated Total Income	3,20,000
Total income subject to special tax rate (Income from horse race)	20,000
Total income ***(including agricultural income)*** subject to normal tax rates	3,90,000
Tax on Total income subject to special tax rate (₹ 20,000 x 30%)	6,000
Tax on Total income ***(including agricultural income)*** subject to normal tax rates	23,000
	29,000
Less : Income Tax on agricultural income plus maximum amount not chargeable to tax at normal rates	9,000
Income Tax	20,000
Add : Education Cess @ 2 %	400
	20,400
Add : SHEC @ 1 %	200
	20,600
Less : TDS/TCS (Salary : ₹ 1,400 + Horse race : ₹ 6,000)	7,400
Advance tax liability (Since it is 10,000 or more)	13,200

Payment of advance tax will have to be made by X as follows :

Due date of instalments	Amount payable
On or before the 15th June, 2010	NIL
On or before the 15th September, 2010	₹ 3,960 [₹ 13,200 x 30%]
On or before the 15th December, 2010	₹ 3,960 [(₹ 13,200 x 60%) – ₹ 3,960]
On or before the 15th March, 2011	₹ 5,280 [₹ 13,200 – ₹ 3,960 – ₹ 3,960]