Short Note on Concept of Advance Tax

1. **Liability for payment of Advance Tax:-**

   Sec 207 (1) :- Tax shall be payable in Advance during the F Y in accordance with the provision of sec 208-219 in respect of the total income of the assesse which would be chargeable to tax.

   Sec 207 (2):- w.e.f 01.04.2012 the above subsection is not applicable to an individual resident in India who:

   a) Does noy have any income chargeable under the head "Profits and gains of business or profession" and
   b) Is of the age of sixty years or more at any time during the previous year.

2. **When the advance tax liability arise:**

Advance tax liability arises when the projected total income of an assessee exceeds the emption limit and tax liability exceeds Rs.10, 000.

3. **Due dates and Installments of advance tax :-**

Due dates	For Corporate Assessee	For Non-Corporate Assessee
On or before June 15th of the previous year	Up to 15 % of advance tax payable	--------
On or before September 15^{th} of the previous year	Up to 45 % of advance tax payable	Up to 30 % of advance tax payable
On or before December 15^{th} of the previous year	Up to 75 % of advance tax payable	Up to 60 % of advance tax payable
On or before March 15^{th} of the previous year	Up to 100 % of advance tax payable	Up to 100 % of advance tax payable

Apart from above, any income tax payment made on or before 31^{st} March of the previous year also treated as advance tax.

4. TDS/TCS need to be considered:

While calculating the percentage of advance tax payment as per the above table, we shall consider the tax deductible or collectible at source and need to deduct the TDS/TCS from the assessed tax.

5. How the advance payment can be made:

Advance tax payment can be deposited through challan no.280 in banks. But all corporate assessee and the assessee those are subject to compulsory audit u/s.44AB need to deposit tax through electronic payment mode as per department circular no.5/2008 dated: 17.7.2008.

6. Specific exemption from payment of advance tax:

An assessee who opted for the scheme of computing business income u/s.44AD on presumptive basis at the rate of 8% of turnover, shall be exempted from the payment of advance tax related to such business with effect from assessment year 2011-12.

7. Consequences for nonpayment of Advance tax:

Interest will attract as per section 234A for default of payment of advance tax as follows:

Section	Amount on which Interest is applicable	Nature of Default	Interest Rate	Period
234B	Assessed Tax	Failed to pay advance tax	Simple Interest @ 1% p.m. or part of the month	From 1st April of Asst. year to the date of determination of income u/s 143 (1) and where a regular asst. is made to the date of such asst.
234B	Assessed Tax	Advance tax paid is less than 90% of the assessed tax	Simple Interest @ 1% p.m. or part of the month	From 1st April of Asst. year to the date of determination of income u/s 143 (1) and where a regular asst. is made to the date of such asst.
234C	Tax due in returned Income	Advance tax paid is less than the % mentioned in the table at point no.2	Simple Interest @ 1% p.m. or part of the month	Three months except in the case of last Installment where the period will be One month.

In case of the Company there won't be any Interest applicable on shortfall of advance tax for installment due on 15th June and15th September if the % of advance tax paid is not less than 12% and 36% respectively.

Thanks
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