

SHORT NOTES ON ADVANCE TAX

All items of income (including capital gains, winnings from lotteries, crossword puzzle etc) are liable to advance tax payment.

RELEVANT SECTIONS FOR ADVANCE TAX

1. SECTION 208

This section says that a person is liable to pay advance tax where his/her advance tax payment liability = Rs. 10000/- or more.

NOTE:

A senior citizen not having income from business and profession is not liable to pay advance tax.

2. SECTION 209

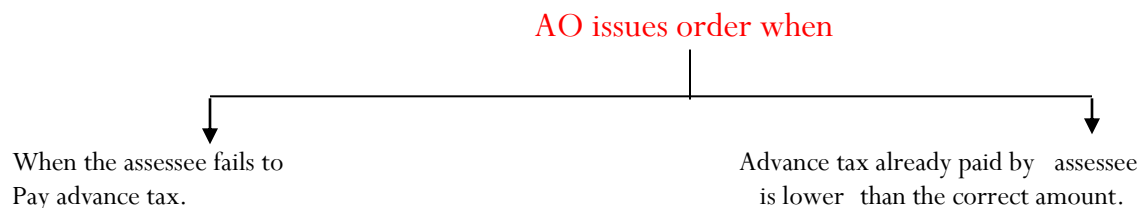
At the time of calculating advance tax liability **only TDS/TCS actually paid/deducted/collected is reduced** from total tax liability to calculate advance tax liability.

TDS/TCS which was deductible/collectible but not deducted/collected is not reduced from total tax liability to calculate advance tax liability.

3. SECTION 210

Advance tax payment made by assessee pursuant to order issued by AO to pay advance tax.

Now the question arises , when does AO issues order to pay advance tax??



This order should be issued by AO before 1st february of relevant Financial year.

Such estimate of advance tax is made by assessing officer on the basis of preceding year assessed income of assessee by way of regular assesment(i.e., u/s 143(1))

Or

Income returned by assessee in any return of income in subsequent previous year
Whichever is higher.

TIME LIMIT FOR PAYMENT OF ADVANCE TAX BY ASSEESSEE ON ORDER OF ASSESSING OFFICER

Advance tax amount to be paid within 30 days of service of notice.

4. SECTION 210(4)

Revision of order of AO previously issued u/s 210

The order issued by AO to pay advance tax can be revised by him in case where subsequent to making order u/s 210 to pay advance tax but before 1st March of that Previous year, a Return of income of asseessee of later assessment year has been furnished and assesment is done at any rate higher than rate at which previous advance tax is determined by AO

On receipt of revised order assessee has to pay advance tax.

Assessee can pay low tax by intimating AO in Form 28A.

Interest U/s 220(2)

If an assessee fails to pay advance tax as per order of AO within 30 days of service of order,

Then Interest amount = 1 % of every month

Or

Part of month

from expiry of 30 days period.

Note: Where interest @1% or 1.5% is already charged in respect of TDS/TCS u/s 201(1A) or 206(7) then no interest u/s 220(2) shall be charged on same amount for the same period.

AO asked assessee to pay demand (Advance tax) within 30 days of service of notice

