

CHAPTER - 15

ADVANCE TAX / PRE PAID TAX / PAY AS YOU EARN

→ Concept of Advance Tax



Estimated Income	=	XXX
Tax on estimated Income	=	xxx
(-) TDS (If Any)	=	<u>xxx</u>
Balance Estimated Tax		<u>xxx</u>

↓
Less than 10,000

↓
10,000 or more

- No need to pay Advance Tax

- Pay tax only by self assessment tax in A.Y

- Individual
- +
- Resident
- +
- Age ≥ 60 yr
- +
- No PGI/BP

↓
Advance Tax payable in ^{*}installment

↓
No Advance Tax

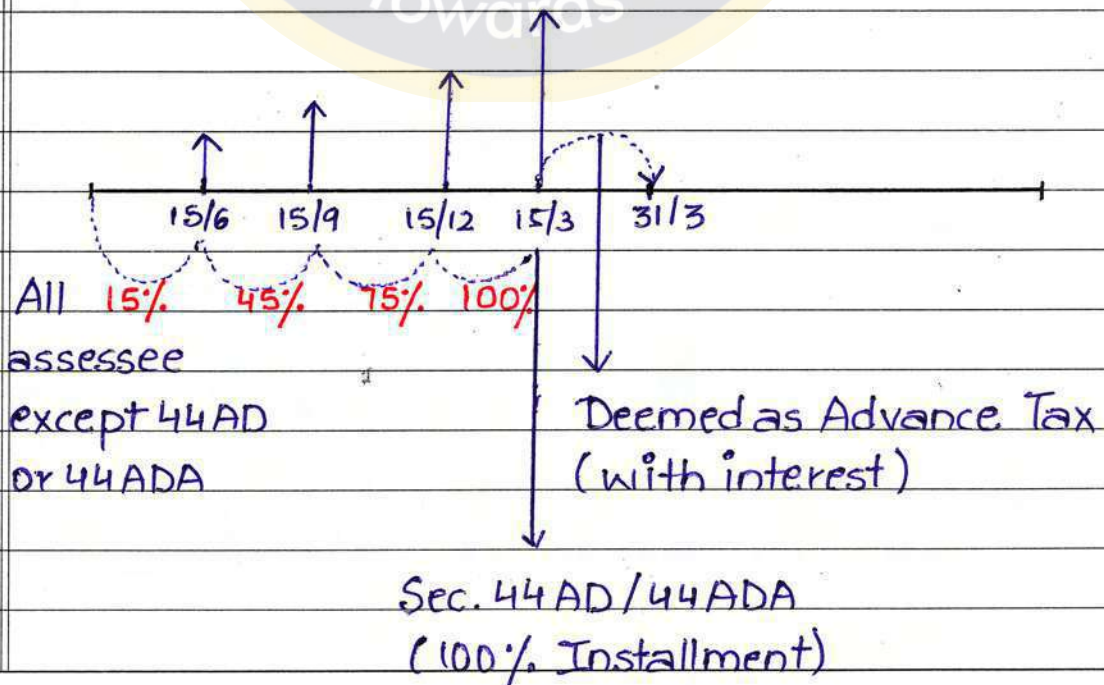
*** Installment of Advance Tax**

↓ All assessee except Sec. 44AD/44ADA Assessee → 4 Installment	↓ Section 44AD/ 44ADA Assessee → 1 Installment
Upto 15/6 = Upto 15%	
Upto 15/9 = 45% of tax	Upto 15/3 = 100%
Upto 15/12 = 75% of tax	of tax
Upto 15/3 = 100% of tax	

NOTE: ① Although last date of payment of Advance Tax is **15 March**. However, any amount paid by way of Advance Tax on or **before 31 March** is also considered as Advance Tax

② **Holiday on due date** = Next following working day and interest not applicable.

CRUX:



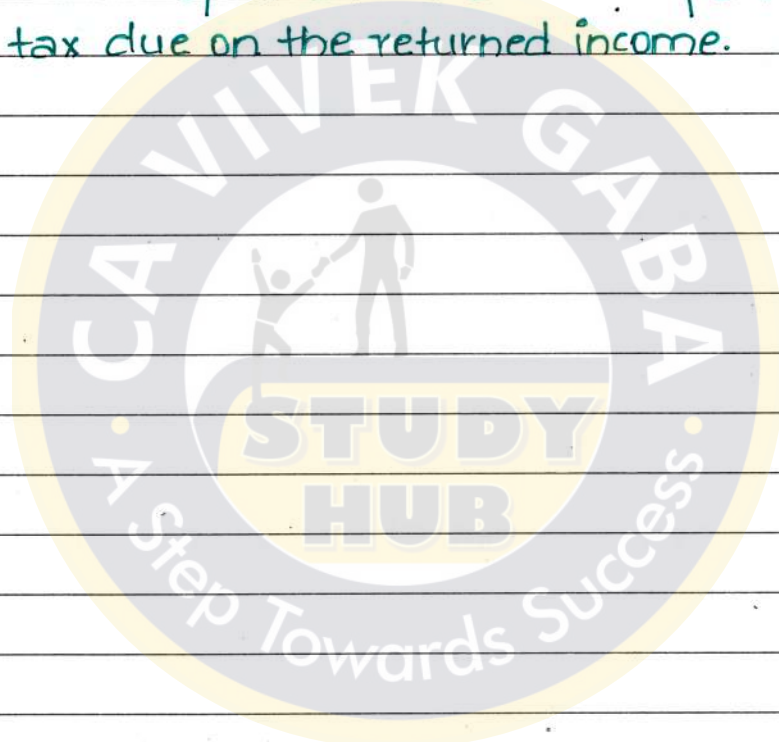
Remarks

➤ Interest

Section 234A	Section 234B	Section 234C
For default in furnishing return of income	For default in payment of Advance Tax	Deferment of Income Tax Advance
• Interest @ 1%.	• Interest @ 1%.	• Interest @ 1%.
• Return of income furnishing after due date or not furnished, the assessee shall be liable to pay interest @ 1% of every month or part of a month	Where in any financial year, an assessee who is liable to pay advance tax u/s 208 has failed to pay such tax or the advance tax paid by such assessee is less than 90% of the assessed tax, the assessee shall be liable to pay interest @ 1% of every month or part of month	Where in any financial year the assessee who is liable to pay advance tax u/s 208 has failed to pay such tax or advance tax paid by the assessee on the current income on or before July/Sep/Dec/March on its short fall

Remarks

In case of an eligible assessee in respect of the eligible business referred to in section 44AD, who is liable to pay advance Tax u/s 208 has failed to pay such tax or the advance Tax paid by the assessee on its current income on or before 15 March is less than the tax due on the returned income, then assessee shall be liable to pay simple interest at the rate of 1% on the amount of shortfall from the tax due on the returned income.



Remarks

FIRST PROVISO TO SECTION 234C

Provided that **nothing contained in this sub-section shall apply** to any shortfall in the payment of the tax due on the returned income where such shortfall is on account of under-estimate or failure to estimate—

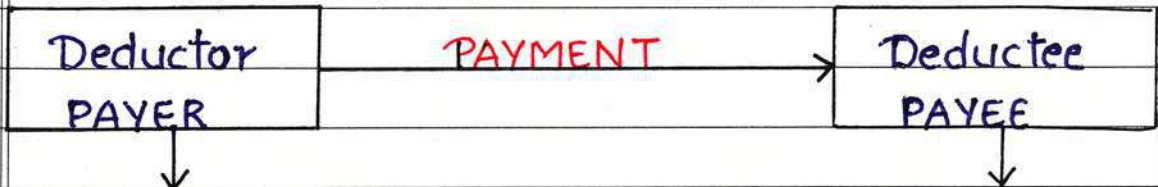
- (a) the amount of **capital gains**; or
- (b) income by way of **lottery, crossword puzzles, races, card games and gambling** etc.; or
- (c) income under the head "**Profits and gains of business or profession**" in cases where the income accrues or arises under the said head for the **first time**; or
- (d) **Dividend income**

Analysis & Example: [We will Discuss in Amendment Class]

CHAPTER - 16

TAX DEDUCTION AT SOURCE (TDS)

TAX COLLECTION AT SOURCE (TCS)



- | | |
|---|---|
| <ul style="list-style-type: none"> • Concept of cess or surcharge in case of TDS rate • Payment of TDS • Return of TDS • TDS Certificate (Sec. 203) • Interest in case of default in payment of TDS (Sec. 201(I) & 201(IA)) • Fees or penalty in case of default in return of TDS (Sec. 234E & 271H) • No deduction of TDS in certain cases. | <ul style="list-style-type: none"> • Sec. 206AA (Requirement of PAN) • Sec. 197 (A.O Certificate) • Sec. 197A (Self declaration) |
|---|---|

Remarks

CONCEPT-1

Payment

Made to Resident

Made to Non-Resident

Payment of Salary

Payment of other than Salary

All cases (Salary & Other)

TDS Rates given in section xx

TDS Rates given in section

TDS Rates given in section xx

+ Surcharge xx

+ Surcharge xx

+ H&E.C xx
xxx

+ H&E.C xx
xxx

→ Payment of TDS (Monthly)

April - Feb. = 7th of next month

March = 30 April

→ Return of TDS (Quarterly)

April - June = 31 July

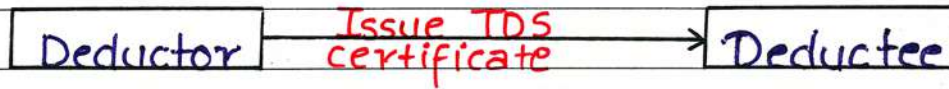
June - Sept. = 31 Oct.

Oct. - Dec. = 31 Jan

Jan - March = 31 May

Remarks

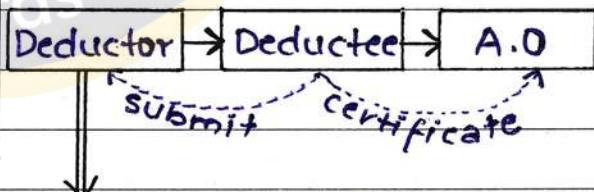
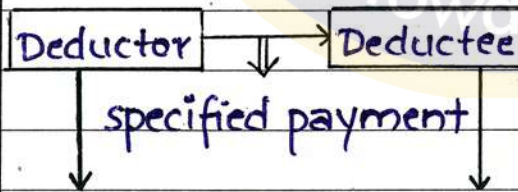
•> TDS Certificate



• Form No.	16 (Salary)	16A (Other Profession)
• Period	Annual	Quarterly
• Due date	15 June of the following relevant F.Y	15 days from the due date of furnishing TDS return 15/8, 15/11, 15/12, 15/6

Section - 197A
Self declaration for non-deduction of TDS

Section - 197
A.O certification for non-deduction of TDS or lower deduction of TDS



After this declaration
Deductor won't deduct TDS

Self declaration under form - 15-G, 15-H

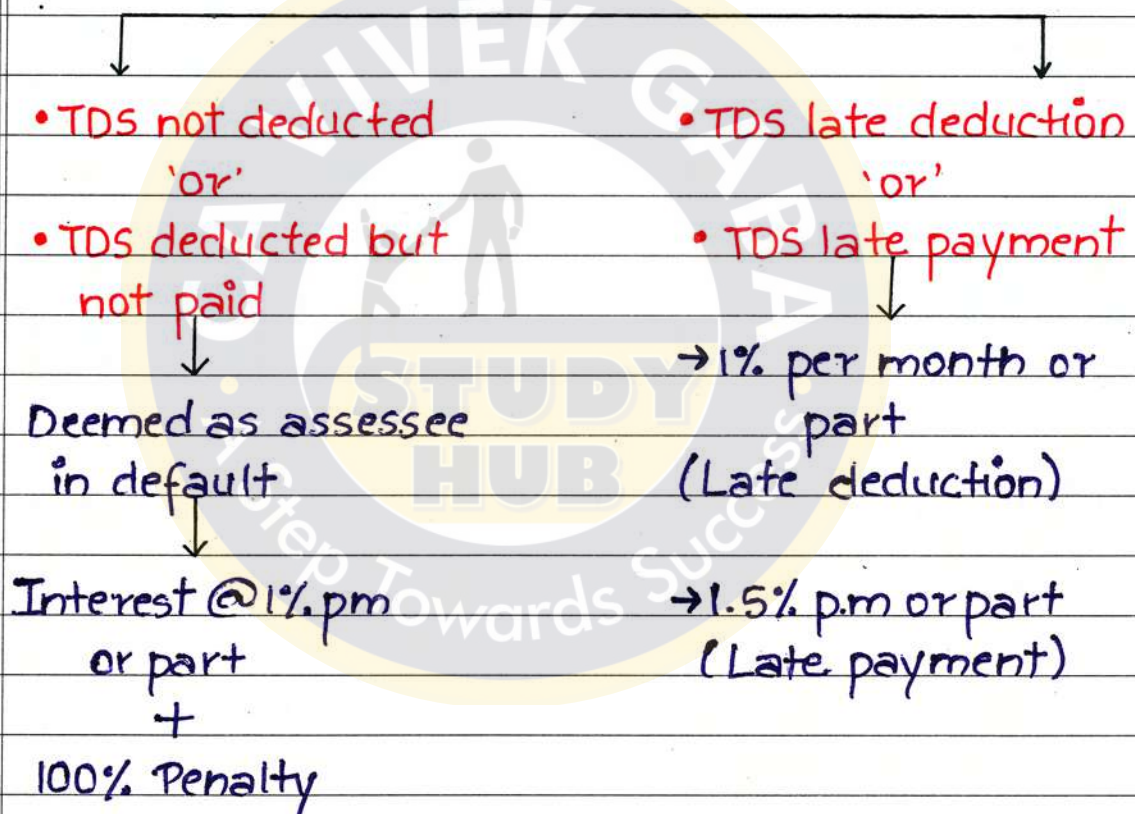
After submission of A.O certificate deductor won't deduct TDS or deduct TDS at lower rate prescribed in A.O certificate.

- Interest on security
- Interest other than int. on security

Remarks

- Amount withdrawn from RPF.
- Amount received in LIC
- Rent
- Insurance commission

➤ Interest in case of default in payment of TDS.



➤ Fees or penalty in case of return

Default - 1

- Late filing of return = 200 % - per day fees and/or

Min. = 10,000, Max = 1,00,000

Penalty if TDS return filed after 1 Year.

Default-2

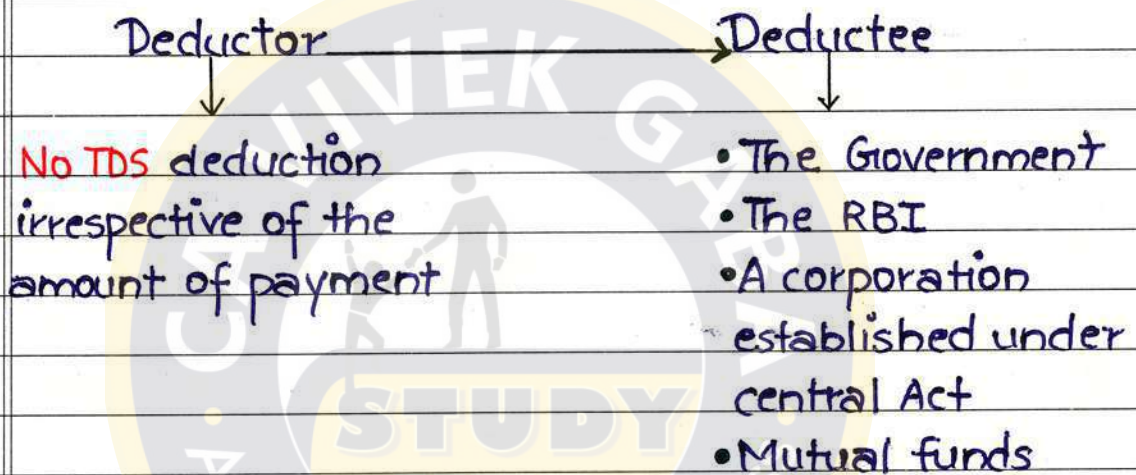
- Incorrect Information/return

Penalty = Min. = 10,000

Max. = 1,00,000

This can't be waived off.

- Section - 196: TDS not deducted in following cases:-



- Section - 206AA: TDS rates in case of default in submission of PAN

If deductee fails to furnish PAN to deductor then, deductor shall deduct TDS at **higher of the following:**

- Rates given in section .
- Rates given in F. Act
- 20%. [5% in case of 194-0]