

Advance Tax and Tax Calculator(E-Filing)

Teacher: AmitMitra

Sem: VI Sub: Computerised Accounting and E-Filing of Tax Return

What is Advance Tax?

Advance tax means income Tax should be paid in advance instead of lump sum payment at year end. It is also known as pay as you earn tax. These payments have to be made in instalments as per due dates provided by the income tax department.

Who should pay Advance Tax?

Salaried, freelancers and businesses– If your total tax liability is Rs 10,000 or more in a financial year you have to pay advance tax. Advance tax applies to all taxpayers, salaried, freelancers, and businesses. Senior citizens, who are 60 years or older, and do not run a business, are exempt from paying advance tax.

Presumptive income for Businesses–The taxpayers who have opted for presumptive taxation scheme under section 44AD have to pay the whole amount of their advance tax in one instalment on or before 15 March. They also have an option to pay all of their tax dues by 31 March.

Presumptive income for Professionals– Independent professionals such as doctors, lawyers, architects etc. come under the presumptive scheme under section 44ADA. They have to pay the whole of their advance tax liability in one instalment on or before 15 March. They can also pay the entire amount by 31 March.

Read in detail about presumptive taxation here [Want a CA to calculate and help pay your advance tax dues?](#)

Due Dates for payment of Advance Tax

FY 2019-20 & FY 2018-19 for both individual and corporate taxpayers

Due Date	Advance Tax Payable
On or before 15th June	15% of advance tax
On or before 15th September	45% of advance tax less advance tax already paid
On or before 15th December	75% of advance tax less advance tax already paid

Due Date	Advance Tax Payable
On or before 15th March	100% of advance tax less advance tax already paid

For taxpayers who have opted for Presumptive Taxation Scheme under section 44AD & 44ADA – Business Income

Due Date	Advance Tax Payable
On or before 15th March	100% of advance tax

Interest Imposed by the IT Department – Section 234A

The due date for filing your income tax return for the FY 2018-19 is 31st August 2019. Unlike before, if you delay or miss the filing there are some legal repercussions. Not complying with Income Tax regulations often comes with strict consequences like having to pay interest based on Section 234 of the Income Tax Act

1. Types of Interest

There are 3 different interest under section 234 :

- Delay in filing of Tax Return – Section 234A
- Delay in payment of Advance Tax – Section 234B
- Deferred Payment of Advance Tax – Section 234C

2. Introduction to Section 234A – Interest for Default in Filing Tax Return

Income Tax Returns for a financial year need to be filed within the time limit prescribed for each year for you. Your failure to file a return within this prescribed time or not file at all will attract this Interest.

3. Interest under Section 234B

Interest under section 234B is applicable when:

- Your tax liability after reducing TDS for the financial year is more than Rs 10,000 and you did not pay any advance tax.

OR

- You paid advance tax, but advance tax paid is less than 90% of 'assessed tax'.

In any one of the above cases, interest under section 234B shall be applicable. Interest is calculated @ 1% on Assessed Tax *less* Advance Tax. Part of a month is rounded off to a full month. The amount on which interest is calculated is also rounded off in such a way that any fraction of a hundred is ignored.

Example 1:

Radhika's total tax liability is Rs 48,000. Radhika paid this amount on 12th June while filling her return. No tax was deducted at source in her case. Radhika's total tax liability is more than Rs 10,000, and hence she was liable to pay advance tax. As a result, Radhika will be liable to pay interest under section 234B.

Interest calculation

Rs 48,000 x 1% x 3 (April, May, June)

= Rs 1,440

Radhika is liable to pay Rs 1,440 interest as per section 234B.

4. Interest under Section 234C

Income Tax Department strives to make it as easy and convenient for citizens to comply with advance tax payments. So, one has the option of paying it in 4 instalments over the financial year. However, if you still default, there are some consequences in the form of interest penalty. Basically, Section 234C deals with interest to be levied on defaulters of Advance Tax Instalment Payments. This is the last part in a 3-part series about Interest imposed by the IT Department.

The interest for late payment is set at 1% on the amount of tax due. It is calculated from the individual cut off dates shown above, till the date of actual payment of outstanding taxes.

Calculation of Interest under section 234C – In case of a Taxpayer other than the one opting for presumptive income u/s 44AD.

	Rate of Interest	Period of Interest	Amount on which Interest is calculated
If Advance Tax paid on or before June 15 is less than 15% of the Amount*	Simple interest @1% per month	3 months	15% of Amount* (-)tax already deposited before June 15
If Advance Tax paid on or before	Simple interest	3 months	45% of Amount* (-) tax already

September 15 is less than 45% of the Amount*	@1% per month		deposited before September 15
If Advance Tax paid on or before December 15 is less than 75% of the Amount*	Simple interest @1% per month	3 months	75% of Amount* (-) tax already deposited before December 15
If Advance Tax paid on or before March 15 is less than 100% of the Amount*	Simple interest @1% per month	1 month	100% of Amount* (-) tax already deposited before March 15

Example

Consider that your total tax liability for this financial year is Rs. 100,000 and it needs to be paid in installments as explained above. Assume there is no TDS here.

If you made partial payments instead, you will be liable to pay interest as per the last column in the table below:

Payment Dates	Advance Tax payable	Total Advance Tax paid	Shortfall (Cumulative)	Penalties (Cumulative)
15th June	15,000	5,000	10,000	@1% * 3*10,000 = 300
15th September	45,000	25,000	20,000	@1% * 3 *20,000=600
15th December	75,000	35,000	40,000	@1% * 3 *40,000=1200
15th March	1,00,000	50,000	50,000	1% * 1 *50,000=500

Tax Calculator

After ascertaining the total income, *i.e.*, income liable to tax, the next step is to compute the tax liability for the year. Tax liability is to be computed by applying the rates prescribed in this regard. For rates of tax, refer "Tax Rate" section. Following table will help in understanding the manner of computation of the total tax liability of the taxpayer.

Computation of total income and tax liability for the year

<i>Particulars</i>	<i>Amount</i>
Income from salary	XXXXXX
Income from house property	XXXXXX
Profits and gains of business or profession	XXXXXX
Capital gains	XXXXXX
Income from other sources	<u>XXXXXX</u>
<i>Gross Total Income</i>	XXXXXX
<i>Less</i> : Deductions under Chapter VI-A (<i>i.e.</i> , under section 80C to 80U))	<u>(XXXXXX)</u>
<i>Total Income (i.e., taxable income)</i>	XXXXXX
Tax on total income to be computed at the applicable rates (for rates of tax, refer "Tax Rate" section)	XXXXXX
<i>Add</i> : Surcharge	<u>XXXXXX</u>
<i>Tax Liability After Surcharge</i>	XXXXXX
<i>Add</i> : Health and education cess @ 4% on tax liability after surcharge (applicable from A.Y 2019-20)	<u>XXXXXX</u>
<i>Tax liability before rebate under sections 90,90A and 91 (if any) (*)</i>	XXXXXX
<i>Tax liability for the year before pre-paid taxes</i>	XXXXXX
<i>Less</i> : Prepaid taxes in the form of TDS, TCS and advance tax	<u>(XXXXXX)</u>
<i>Tax payable/Refundable</i>	XXXXXX

(*) Rebate under sections 90,90A and 91 is available to a taxpayer in respect of double taxed income, *i.e.*, income which is taxed in India as well as abroad.

Income u/s 234 Calculator for Non-Corporate Tax payers : AY 2019-20

Details of Tax paid and Income Tax return

1. Select Due Date for filing of Income Tax Return	<input type="text" value="31st July 2019"/>
2. Total Tax Liability for the Assessment Year	
3. TDS deducted / TCS collected and utilized for the year	
4. Advance Tax paid upto 15th June 2018	
5. Advance Tax paid during 16th June 2018 to 15th Sep. 2018	
6. Advance Tax paid during 16th Sep. 2018 to 15th Dec. 2018	
7. Advance Tax paid during 16th Dec. 2018 to 15th Mar. 2019	
8. Advance Tax paid during 16th Mar. 2019 to 31st Mar. 2019	
9. Amount of shortfall in tax payment upto 31st Mar. 2019	<input type="text"/>
10. Income Tax Shortfall (shown at 9 above) paid on or before	<input type="text" value="31st March 2019"/>
11. Income Tax Return filed on or before	<input type="text" value="31st July 2019"/> <input type="text" value="30th September 2019"/>

ResetSubmit

Calculation of Interest Payable u/s 234 A

No. of months for which interest is payable on shortfall @ 1% per month	<input type="text"/>
Interest Payable under Section 234 A	<input type="text"/>

Calculation of Interest Payable u/s 234 B

No. of months for which interest is payable on shortfall @ 1% per month	<input type="text"/>
Interest Payable under Section 234 B	<input type="text"/>

Calculation of Interest Payable u/s 234 C

Advance Tax Payable upto 15th June 2018 (15% of Total Tax Liability)	<input type="text"/>
Shortfall in Advance Tax payment	<input type="text"/>

Interest Payable u/s 234 C on shortfall in tax payment upto 15th June 2018 <i>(No interest payable if tax paid is 12% or more of Total Tax Liability)</i>	<input type="text"/>
Advance Tax Payable upto 15th Sep. 2016 <i>(45% of Total Tax Liability)</i>	<input type="text"/>
Shortfall in Advance Tax payment	<input type="text"/>
Interest Payable u/s 234 C on shortfall in tax payment upto 15th Sept. 2018 <i>(No interest payable if tax paid is 36% or more of Total Tax Liability)</i>	<input type="text"/>
Advance Tax Payable upto 15th Dec. 2016 <i>(75% of Total Tax Liability)</i>	<input type="text"/>
Shortfall in Advance Tax payment	<input type="text"/>
Interest Payable u/s 234 C on shortfall in tax payment upto 15th Dec. 2018	<input type="text"/>
Advance Tax Payable upto 15th Mar. 2018 <i>(100% of Total Tax Liability)</i>	<input type="text"/>
Shortfall in Advance Tax payment	<input type="text"/>
Interest Payable u/s 234 C on shortfall in tax payment upto 15th Mar. 2019	<input type="text"/>
Total Interest payable u/s 234 C	<input type="text"/>
Total Interest payable u/s 234 A, 234 B and 234 C	<input type="text"/>