



Ministry of Finance

Voluntary Reporting of Estimated Current Income and Advance Tax Liability

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A taxpayer who is liable to discharge part of its tax liability by way of advance tax has to bear additional burden of interest for default of advance tax, in case total advance tax paid for the year falls short of the assessed tax by ten percent or more. This interest is levied as per the provisions of section 234B of the Income-tax Act, 1961 (*"the Act"*). Such taxpayers are further liable to pay interest for deferment of advance tax, in case any quarterly instalment of advance tax paid falls short of the prescribed percentage of total advance tax paid. This interest is levied in accordance with the provisions of section 234C of the Act.

It is of utmost importance for such taxpayers to arrive at a reasonably accurate estimate of their current income and advance tax liability, so that the additional burden on account of interest for default/deferment of advance tax can be avoided.

Needless to say, a continuous flow of tax revenues throughout the year is critical for the Government so as to meet various budgetary allocations such as welfare schemes, infrastructure development, defence expenditure etc. A reliable and advance estimate of tax revenues for the year would also provide much needed perspective for planning and prioritizing the Government expenditure.

In order to address these concerns, it is proposed to create a mechanism for self-reporting of estimates of current income, tax payments and advance tax liability by certain taxpayers (*companies and tax audit cases*) on voluntary compliance basis. The proposed reporting mechanism is sought to be created by way of inserting a new Rule 39A and Form No. 28AA in the Income-tax Rules, 1962. The proposed draft notification has been placed in public domain on the website of Income Tax Department (www.incometaxindia.gov.in) for inviting comments from stakeholders and general public. The comments and suggestions on the draft Rule and Form may be sent electronically at the email address dirpl4@nic.in by 29th September, 2017.

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