

TEST 15

(ADVANCE TAX)

Time : 20 minutes Total Marks : 20

Question 1 : XYZ Ltd. has paid advance tax for the previous year 2023-24 as given below:

| | |
|--------------------|-----------|
| 1. Upto 15.06.2023 | ₹50,000 |
| 2. Upto 15.09.2023 | ₹1,50,000 |
| 3. Upto 15.12.2023 | ₹3,00,000 |
| 4. Upto 15.03.2024 | ₹6,00,000 |

Actual tax liability was found to be ₹7,00,000 and balance tax was paid on 10.12.2024. Compute interest payable under section 234A, 234B, 234C.

Question 2 : Mr. Y has incomes as given below:

1. Income under the head house property ₹15,00,000
2. Gift of a painting from a friend with market value ₹2,00,000
3. Gift of shares and securities from Mrs. X valued ₹3,00,000
4. Agricultural income ₹3,00,000

He has paid advance tax as given below:

| | |
|----------------------------------|---------|
| Upto 15 th June 2023 | ₹15,000 |
| Upto 15 th Sept 2023 | ₹30,000 |
| Upto 15 th Dec 2023 | ₹50,000 |
| Upto 15 th March 2024 | ₹60,000 |

Balance amount of tax was paid and return of income was filed on 10th Sept 2024.

Compute his tax liability for the Assessment Year 2024-25 and also interest under section 234A, 234B and 234C.

TEST 15 SOLUTION (ADVANCE TAX)

Solution 1:

Interest under section 234C shall be computed in the manner given below:

| | Tax Payable | Tax Paid | Shortfall |
|--|-------------|----------|-----------|
| 15.06.2023 | 1,05,000 | 50,000 | 55,000 |
| Interest u/s 234C = $55,000 \times 1\% \times 3 =$ | 1,650 | | |
| 15.09.2023 | 3,15,000 | 1,50,000 | 1,65,000 |
| Interest u/s 234C = $1,65,000 \times 1\% \times 3 =$ | 4,950 | | |
| 15.12.2023 | 5,25,000 | 3,00,000 | 2,25,000 |
| Interest u/s 234C = $2,25,000 \times 1\% \times 3 =$ | 6,750 | | |
| 15.03.2024 | 7,00,000 | 6,00,000 | 1,00,000 |
| Interest u/s 234C = $1,00,000 \times 1\% \times 1 =$ | 1,000 | | |
| Total interest payable u/s 234C | | | 14,350 |

Interest under section 234B shall be computed from 01.04.2024 to 10.12.2024 and is as given below:

$$7,00,000 - 6,00,000 = 1,00,000 \times 1\% \times 9 = 9,000$$

Interest under section 234A shall be computed from 01.11.2024 to 10.12.2024 and is as given below:

$$1,00,000 \times 1\% \times 2 = 2,000$$

$$\text{Total interest payable } (14,350 + 9,000 + 2,000) = 25,350$$

Solution 2:

Computation of Total Income

| | |
|--------------------------------------|-----------|
| Income under the head House Property | 15,00,000 |
| Income under the head Other Sources | |
| Gift in kind received from a friend | 2,00,000 |
| Gross Total Income | 17,00,000 |
| Less: Deduction u/s 80C to 80U | Nil |
| Total Income | 17,00,000 |
| Agricultural Income | 3,00,000 |

Computation of Tax Liability

| | |
|---|----------|
| Step 1. Tax on $(17,00,000 + 3,00,000)$ at slab rates | 4,12,500 |
| Step 2. Tax on $(2,50,000 + 3,00,000)$ at slab rates | (22,500) |
| Step 3. Deduct Tax at Step 2 from Tax at Step 1 | 3,90,000 |
| Add: HEC @ 4% | 15,600 |
| Tax Liability | 4,05,600 |

Interest u/s 234C

| | Amount payable | Amount actually paid | Shortfall |
|---|----------------|----------------------|-----------|
| Upto 15.06 2023 (4,05,600 x 15%) | 60,840 | 15,000 | 45,840 |
| Rounded off under rule 119A = 45,800 | | | |
| Interest u/s 234C = 45,800 x 1% x 3 month = | 1,374 | | |
| Upto 15.09 2023 (4,05,600 x 45%) | 1,82,520 | 30,000 | 1,52,520 |
| Rounded off under rule 119A = 1,52,500 | | | |
| Interest u/s 234C = 1,52,500 x 1% x 3 month = | 4,575 | | |
| Upto 15.12.2023 (4,05,600 x 75%) | 3,04,200 | 50,000 | 2,54,200 |
| Interest u/s 234C = 2,54,200 x 1% x 3 month = | 7,626 | | |
| Upto 15.03.2024 (4,05,600 x 100%) | 4,05,600 | 60,000 | 3,45,600 |
| Interest u/s 234C = 3,45,600 x 1% x 1 month = | 3,456 | | |

Interest liability under section 234C

` 17,031

Interest under section 234B (01-04-2024 to 10-09-2024)

3,45,600 x 1% x 6

` 20,736

Interest under section 234A (01-08-2024 to 10-09-2024)

3,45,600 x 1% x 2

` 6,912