

TAXBOOK⁺

Working steps of solutions

B16 to End

TDS, TCS & Advance Tax

Build Your Confidence (BYC)

ADVANCE TAX

B16. ADVANCE TAX – CA2020(N) – Mr. K furnished the following information for the year ended 31.3.2022.....

Computation of total income and tax liability of Mr. K

Particulars	Rs.
Income from salary (computed)	90,000
Loss from house property set off u/s 71	(20,000)
	70,000
Income from business	40,000
Lottery winnings (gross)	6,00,000
Total income	7,10,000
Tax on lottery income @ 30% of 6,00,000	1,80,000
Tax on balance income of Rs. 1,10,000 at normal rates	-
	1,80,000
Less: Rebate u/s 87A	-
	1,80,000
Add: Surcharge	-
	1,80,000
Add: HEC @ 4%	7,200
	1,87,200
Less: Tax deducted at source @ 30% on Rs. 6,00,000 u/s 194B since winning > Rs. 10,000 limit	(1,80,000)
Balance	7,200
Advance tax payable?	No as < 10,000

B16a. Compute the advance tax liability of Mr. X, aged 45 years, from the following particulars for FY 2021-22 along.....

Advance tax liability = 3,25,000 – 25,000 = 3,00,000. TDS deductible but not deductible is not to be reduced.

Instalments of advance tax to be paid:

Due date of instalment	Amount payable	
15 June	Not less than 15% of AT	15% of Rs. 3,00,000 = Rs. 45,000
15 September	Not less than 45% of AT – Amount paid in earlier instalment	45% of Rs. 3,00,000 less Rs.45,000 = Rs. 90,000
15 December	Not less than 75% of AT – Amount paid in earlier instalments	75% of Rs. 3,00,000 less Rs. 1,35,000 = 90,000
15 March	100% of AT – Amount paid in earlier instalments	100% of Rs. 3,00,000 less Rs. 2,25,000 = Rs. 75,000

B17. ADVANCE TAX - Mr. C has estimated the total tax payable for FY 2021-22 at Rs. 4,50,000. TDS, deductible but not.....

Advance tax payable (assuming Mr. C is less than 60 years of age) = Rs. 4,50,000. TDS which is not deducted will not be reduced.

Instalments of advance tax to be paid:

Due date of instalment	Amount payable	
15 June	Not less than 15% of AT	15% of Rs. 4,50,000 = Rs. 67,500
15 September	Not less than 45% of AT – Amount paid in earlier instalment	45% of Rs. 4,50,000 less Rs. 67,500 = Rs. 1,35,000
15 December	Not less than 75% of AT – Amount paid in earlier instalments	75% of Rs. 4,50,000 less Rs. 2,02,500 = 1,35,000
15 March	100% of AT – Amount paid in earlier instalments	100% of Rs. 4,50,000 less Rs. 3,37,500 = Rs. 1,12,500

B18. ADVANCE TAX - Mr. J, age 42 years, estimates on 1.4.2021, the total tax payable for FY 2021-22 at Rs. 1,00,000.....

Due date of instalment	Amount payable	
15 June	Not less than 15% of AT	15% of Rs. 1,00,000 = Rs. 15,000
15 September	Not less than 45% of AT – Amount paid in earlier instalment	45% of Rs. 1,00,000 less Rs. 15,000 = Rs. 30,000
15 December	Not less than 75% of AT – Amount paid in earlier instalments	75% of Rs. 1,50,000 less Rs. 45,000 = 67,500
15 March	100% of AT – Amount paid in earlier instalments	100% of Rs. 1,15,000 less Rs. 1,12,500 = Rs. 2,500

B19. ADVANCE TAX - CA2016(N) – Mr. Barun provides you the following information and requests you to determine.....

Advance tax payable (assuming Mr. Barun is less than 60 years of age) = Rs. 65,000 – Rs. 5,000 (assuming TDS deducted) = Rs. 60,000.

Instalments of advance tax to be paid:

Due date of instalment	Amount payable	
15 June	Not less than 15% of AT	15% of Rs. 60,000 = Rs. 9,000
15 September	Not less than 45% of AT – Amount paid in earlier instalment	45% of Rs. 60,000 less Rs. 9,000 = 18,000
15 December	Not less than 75% of AT – Amount paid in earlier instalments	75% of Rs. 60,000 less Rs. 27,000 = 18,000
15 March	100% of AT – Amount paid in earlier instalments	100% of Rs. 60,000 less Rs. 45,000 = Rs. 15,000

B20. ADVANCE TAX - CA2018(N), 2017(N) – Mr. Dheeraj, a resident individual, is a dealer in food grains. During the PY.....

Mr. Dheeraj is eligible to opt for section 44AD since total turnover of PY 2021-22 is less than Rs. 2 crore.

Computation of advance tax payable by Mr. Dheeraj

Particulars	Rs.
Computation of profits and gains u/s 44AD:	
• 6% of turnover received by account payee cheque of Rs. 15 lakh	90,000
• 8% of turnover received in cash of Rs. 65 lakh	5,20,000
Total income	6,10,000
Tax on total income	34,500
Add: HEC @ 4%	1,380
Advance tax payable	35,880

Since Mr. Dheeraj is declaring income u/s 44AD, he will need to pay whole of advance tax by 15.3.2022.

Mistake by students – Lack of understanding of provisions of section 44AD and related provisions for payment of advance tax and applicable due date.

B22. 234B - CA2017(M) – Mr. Sachal, a resident individual aged 54, furnishes income details as under.....

Computation of interest u/s 234B

Particulars	Rs.
Mr. Sachal can opt for section 44AD. Assuming entire turnover is received in non-cash modes, income u/s 44AD would be 6% of Rs. 1.5 crore, i.e., Rs. 9 lakh. It is assumed that he has claimed the lower income of Rs. 8.1 lakh instead since he undertakes tax audit u/s 44AB.	8,10,000
Income from other sources	2,70,000
Total income	10,80,000
Tax on total income	1,36,500
Add: HEC @ 4%	5,460
	1,41,960
Less: Tax deducted at source	(25,000)
Assessed tax (same as tax due on returned income since assumed that total income is determined on date of processing of ROI on 11.12.2022, i.e., same date as filing of ROI)	1,16,960
Interest u/s 234 will be levied as advance tax paid of Rs. 1,03,000 < Rs. 1,05,264 (90% of assessed tax of Rs. 1,16,960).	
Simple interest = 1% × 9 months (1.4.2022 to 11.12.2022 being date of payment of self assessment tax as well as processing of ROI u/s 143(1); part of month taken as full month) × Rs. 13,900 (Rs. 1,16,960 assessed tax – Rs. 1,03,000 advance tax paid = Rs. 13,960. This is rounded off to Rs. 13,900 u/r 119A ignoring fraction)	1,251

B24. 234C – Jacob has estimated his total income for PY 2021-22 to be Rs. 80,000 as of 1 April 2021. He wins a lottery.....

Particulars	Rs.
Tax on total income	
• @ 30% on winning from lottery u/s 115BB	1,50,000
• @ normal rates on balance income of Rs. 80,000	Nil
	1,50,000
Less: Rebate u/s 87A: Nil since total income of Rs. 5.8 lakh > Rs. 5 lakh	-
	1,50,000
Add: HEC @ 4%	6,000
Total tax liability	1,56,000
Less: TDS deducted on lottery income u/s 194B @ 30%	(1,50,000)
	6,000
Advance tax not payable since amount < Rs. 10,000. Interest is not leviable.	

B25. 234B, 234C – Total income of Muskan, resident aged 50 years, for PY 2021-22 is Rs. 9,00,000. Tax deducted.....

Particulars	Rs.
Tax on total income of Rs. 9,00,000	92,500
Add: HEC @ 4%	3,700
	96,200
Less: Tax deducted at source	(5,000)
	91,200

Computation of interest u/s 234B for default in payment of advance tax

Advance tax paid of Rs. 86,000 is not less than 90% of assessed tax of Rs. 91,200. Interest u/s 234B is not payable.

Computation of interest u/s 234C for deferment of advance tax

Due date of AT instalment	Shortfall	Simple interest u/s 234C	Interest
15 June	15% of Rs. 91,200 – AT paid up to 15 June of Rs. 10,950 = Rs. 2,730	Nil since AT paid is ≥ 12% of Rs. 91,200	-
15 September	45% of Rs. 91,200 – AT paid up to 15 September of Rs. 10,950 = Rs. 30,090. Rounded off Rs. 30,000.	1% × 3 months × Rs. 30,000 (leviable since AT paid Rs. 10,950 is not ≥ 36% of Rs. 96,200)	900
15 December	75% of Rs. 91,200 – AT paid up to 15 December of Rs. 66,000 = Rs. 2,400.	1% × 3 months × Rs. 2,400	72
15 March	100% of Rs. 91,200 – AT paid up to 15 March of Rs. 86,000 = Rs. 5,200	1% × Rs. 5,200	52
			1,024

Total tax and interest to be paid before filing of return of income = Rs. 91,200 + Rs. 1,024 = Rs. 92,224.

B26. 234B, 234C - CA2019(N) – Mr. Mani, a resident individual, sold a plot of land on 20.3.2022. Long term capital gain.....

Computation of advance tax payable by Mr. Mani

Particulars	Rs.
Unexhausted BEL = Rs. 2,50,000 assuming Mr. Mani is less than 60 years of age	
Taxable LTCG u/s 112 = Rs. 5,00,000 – Rs. 2,50,000 = Rs. 2,50,000	
Tax on LTCG u/s 112 @ 20% of Rs. 2,50,000	50,000
Add: HEC @ 4%	2,000
Advance tax payable since it is \geq Rs. 10,000	52,000

Since LTCG arises after the due date of last instalment of advance tax of 15.3.2022, he will need to pay whole of advance tax of Rs. 52,000 by 31.3.2022. Since advance tax so paid would not be less than 90% of assessed tax, interest u/s 234B will not apply. Also, interest u/s 234C will not apply since shortfall is due to failure to estimate amount of capital gains and whole of tax thereon is paid by 31 March.

Mistake by students – Could not compute advance tax payable correctly. Could not explain the manner for payment of advance tax so that liability for payment does not arise.