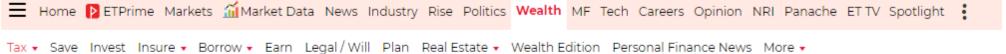
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Missing the September 15 deadline for advance tax payment can cost you more than 15% additional tax payment

"Generally, interest under section 234C is levied when the taxpayer fails to pay advance tax or the advance tax paid by the taxpayer is less than the quarterly threshold of advance tax payable. Interest under section 234C is calculated based upon the total tax liability as per the tax return," says Yogesh Kale, Executive Director, Nangia Andersen India.

How is interest calculated for failure to pay advance tax

Kale says that the interest under sections 234 A/B/C is computed on a monthly basis, regardless of the date of payment of tax during the month. "Even if tax is paid on July 1, 2025, interest for the whole of July would be applicable. It may be possible to take a position that since the tax is paid on 1st July, for no part of July the tax remained unpaid, and hence interest is not applicable for July. However, the tax department may have a different view," says Kale.

		part of the month	by the taxpayer / the date of completion of
			assessment by the tax officer
2	Interest under section	_	From first day of next financial year (1st April,
2	234B		2025 for computation of interest for FY 2024-
	2545		25) till the date of paying the balance tay

liability

From the designated deadline for filing of tax

return till the actual date of filing of tax return

Simple interest @

1% per month or

Interest under section

234A

Source: Yogesh Kale, Executive Director, Nangia Andersen India