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{One must know Choti Choti Baten about the tax laws}

{As per CBDT Press Release dated 24.10.2020}

{The necessary notification in this regard shall be issued in due course – says press release}

Regarding extension of due dates for the purpose of charging of interest u/s 234A of the Income Tax Act, 1961 for assessment year 2020-21

1. **Section 234A(1)** of the Income Tax Act, 1961 provides that where the return of income for any assessment year under sub-section (1) **or** sub-section (4) of section 139, **or** in response to a notice under sub-section (1) of section 142, is furnished **after** the “***due date***”, **or is not** furnished, the assessee **shall** be liable to pay simple interest @ 1% for every month or part of a month comprised in the period commencing on the date immediately **following** the “***due date***”.
2. It means that the interest shall be liable to be paid for such default for the ***period*** commencing on the date immediately **following** the “***due date***”.
3. As per the provisions of *Explanation 2* to section 139(1) of the Act, following are the “***due dates***” for assessment year 2020-21:

SN	Clause of the Explanation 2	Assessee	Due date
1	(a)(i)	Where the assessee other than an assessee referred to in clause (aa) is a company	31.10.2020
2	(a)(ii)	Where the assessee other than an assessee referred to in clause (aa) is a person (other than a company) whose accounts are required to be audited under this Act or under any other law for the time being in force	31.10.2020
3	(a)(iii)	Where the assessee other than an assessee referred to in clause (aa) is a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force	31.10.2020

4	(aa)	In the case of an assessee who is required to furnish a report referred to in section 92E	30.11.2020
5	(c)	In the case of any other assessee	31.7.2020

4. However, these due dates were extended by the Central Board of Direct Taxes {CBDT} as follows *vide* clause (i)(b) of the 1st proviso of Notification No. 35/2020 dated 24.6.2020, except for clause (aa) of the *Explanation 2*, which remained 30.11.2020 as per the Act:

SN	Clause of the Explanation 2	Assessee	Due date as Extended
1	(a)(i)	Where the assessee other than an assessee referred to in clause (aa) is a company	30.11.2020
2	(a)(ii)	Where the assessee other than an assessee referred to in clause (aa) is a person (other than a company) whose accounts are required to be audited under this Act or under any other law for the time being in force	30.11.2020
3	(a)(iii)	Where the assessee other than an assessee referred to in clause (aa) is a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force	30.11.2020
4	(aa)	In the case of an assessee who is required to furnish a report referred to in section 92E	30.11.2020
5	(c)	In the case of any other assessee	30.11.2020

5. However, these due dates have now been extended by the Board as follows *vide* its official “**Press Release**” dated 24.10.2020:

SN	Clause of the Explanation 2	Assessee	Due date as Extended

1	(a)(i)	Where the assessee other than an assessee referred to in clause (aa) is a company	31.1.2021
2	(a)(ii)	Where the assessee other than an assessee referred to in clause (aa) is a person (other than a company) whose accounts are required to be audited under this Act or under any other law for the time being in force	31.1.2021
3	(a)(iii)	Where the assessee other than an assessee referred to in clause (aa) is a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force	31.1.2021
4	(aa)	In the case of an assessee who is required to furnish a report referred to in section 92E	31.1.2021
5	(c)	In the case of any other assessee	31.12.2020

6. However, 2nd proviso to the Notification No. 35/2020 dated 24.6.2020 provided as follows:

*“Provided further that the extension of the date as referred to in sub-clause (b) of clause (i) of the first proviso shall **not apply** to Explanation 1 to section 234A of the Income-tax Act, 1961 in cases where the amount of tax on the total income **as reduced by** the clauses (i) to (vi) of sub-section (1) of the said section **exceeds one lakh rupees**”*

7. It means that in case the amount of tax on total income as computed in the manner laid down u/s 234A(1) **exceeds Rs. 1 lakh**, it **shall be deemed** as if the **“due date”** for the purpose of charging of interest u/s 234A has **not** been extended. For the purpose of section 234A, the **“due date”** is the said as is specified i/s 139(1) of the Act {See Explanation 1 to section 234A}.

8. The manner of computation of tax u/s 234A is as follows:

The amount of the **tax on the total income** as determined under section 143(1) and where a regular assessment is made, on the amount of the tax on the total income determined under regular assessment, as **reduced by** the amount of,—

- (i) advance tax, if any, paid;
- (ii) any tax deducted **or** collected at source;
- (iii) any relief of tax allowed under section 89;

- (iii) any relief of tax allowed under section 90 on account of tax paid in a country outside India;
 - (iv) any relief of tax allowed under section 90A on account of tax paid in a specified territory outside India referred to in that section;
 - (v) any deduction, from the Indian income-tax payable, allowed under section 91, on account of tax paid in a country outside India; **and**
 - (vi) any tax credit allowed to be set off in accordance with the provisions of section 115JAA **or** section 115JD.
9. Now, as per the press release dated 24.10.2020, the new extensions shall be with the following **clarification and rider** in this regards:

Clarification (para 5 of the press release)

Further, in order to provide **relief to** small and middle class taxpayers, the said notification dated 24th June, 2020 had also extended the due date for payment of **self-assessment tax** for the taxpayers whose **self-assessment tax** liability is **up to Rs. 1 lakh**. Accordingly, **the “due date”** for payment of self-assessment tax **up to Rs. 1 lakh** for the taxpayers who are not required to get their accounts audited was extended from 31st July, 2020 to 30th November, 2020 and for the auditable cases, **this “due date”** was extended from 31st October, 2020 to 30th November, 2020.

Rider (para 6 of the press release)

In order to provide **relief for** the **second time to** small and middle class taxpayers in the matter of payment of **self-assessment tax**, the **“due date”** for payment of **self-assessment tax date** is hereby again being extended. Accordingly, the **“due date”** for payment of **self-assessment tax** for taxpayers whose **self-assessment tax** liability is **up to Rs. 1 lakh** has been extended to 31st January, 2021 for the taxpayers mentioned in para 3(A) and para 3(B) of the press release **and to 31st December, 2020** for the taxpayers mentioned in para 3(C) of the press release.

Conclusion

10. Hence, wherever the liability of self assessment tax computed in accordance with the provisions of section 140A r/w section 234A(1) of the Act is **up to Rs. 1 Lakh, no interest** shall be payable if the return of income for assessment year 2020-21 is furnished on or before 31.12.2020 or 31.1.2021 as the case may be. However, if such liability exceeds Rs. 1 Lakh, interest u/s 234A shall be liable to be paid, which shall be computed in relation to the **“due dates”** specified in the Act.

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