



JAGATPUR P.G. COLLEGE, VARANASI

(Affiliated TO M G K V P VARANASI)



SUBJECT : COMMERCE

CLASS : B.Com

YEAR : III YEAR

NAME OF THE PAPER : Income Tax

**TOPIC : Assessment Procedure and Advance
Payment of Tax, Tax Planning**

**Key Words: P.A.N. Number, Best Judgment Assessment, Re-assessment, Self
Assessment, Provision of the Income Tax Act in payment of
Advance tax**

Dr. Bali Ram Tiwari

Assistant Professor

Department of Commerce

Jagatpur P.G. College Varanasi-221302

E-mail : brtemailid@gmail.com

Mob: 9415269435

Assessment Means the Determination of total Income and Tax Payable

Assessment can be of the following types :

1. Self Assessment
2. Regular Assessment
3. Best Judgment Assessment
4. Re-assessment
5. Faceless Assessment
6. Jurisdiction less Assessment.

Self Assessment – Sec- 140A- If on the Basis of return an Assesse Finds that some Amount is payable as tax After Adjusting.

- i) Tax Deducted and Collected at Source
- ii) Tax paid in Advance
- iii) Tax relief u/s 89
- iv) Double Taxation relief under section 90,90A,91. The return shall be filed Along with the proof of payment of such tax and interest. If there is delay or shortfall in payment of any instalment of Advance tax and or Delay in filing the return he shall also deposit the interest for this default by the aforesaid challan.

Regular Assessment

Regular Assessment means the Assessment made on the basis of evidence u/s 143(3) or Best Judgment Assessment u/s 144.

Best Judgment Assessment-Sec/144

In a best Judgment Assessment the assessing officer should really Base the Assessment on his Best Judgment on his Best judgment i.e. he must not act dishonestly. He must make a fair estimate of the proper figure of Assessment and

for this purpose he must be able to take into consideration local knowledge and reputation in regard to the Assessee's circumstances and his own knowledge of previous returns and Assessment of the Assessee and other matters which he thinks will assist him in arriving at a fair and proper estimate.

Re-Assessment..... Sec. 147

If the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any Assessment year he may assess or re-assess such Income.

Faceless Assessments

These Assessments are being referred to as 'Faceless' because they completely eliminate the physical interface between the Assessee and the assessing Authority and instead involve the complete electronic interface in the conduct of assessments exclusively in electronic mode.

Advance Payment of Tax

'Pay as you earn' scheme means that Assessee has to pay tax simultaneously along with the earning of his income. This tax is paid on the current year's income in the same year., in fact, it is paid as Advance and it is called Advance payment of Tax.

Computation of Advance Tax- It is done either by the Assessee or by the Assessing officer.

By the Assessee : He will compute advance tax on his estimated current income at the rates in force in the financial year. **By the Assessing officer :** where a person has already been Assessed by way of regular Assessment, the Assessing officer will take the total income of latest previous year assessed the total income returned by the Assessee for any subsequent year, whichever is higher. Instalment of Advance tax

and due dates for payment for the financial 2020-21. Advance tax is payable in four Instalments except as given in (B).

Ist Instalment- on or before 15 June – at least 15% of Advance tax payable.

II " " 15 Sept. at least 45% of Advance tax

III " " 15 Dec. at least 75% of Advance tax

IV " " 15 March – 100% of Advance tax

Advance Tax is payable by an eligible assessee in respect of eligible Business or eligible profession-100% on or Before 15th March of the relevant Previous year.

Permanent Account Number – Sec-139 A

The Income tax Department issues a Permanent Account Number (PAN) to every tax Payer Borne on its Records. The Permanent Account Number is meant to identify the returns, Tax Payment Challans and the Correspondence received from the Assessee and link these to their Assessment records to facilitate quick disposal of their refund claims or Assessments.

Tax Planning

As the word tax planning gives its meaning i.e. to plan about tax. To reduce tax burden of the assessee by following the provisions of the Income tax is called Tax planning.

Objective of Tax Planning : Tax Planning is a wise step taken by the Assessee for the following objectives :

1. To Reduce Tax burden of the Assessee
2. To increase in saving of the Assessee
3. To Rise in Prosperity and standard of livings

4. For future safety
5. Economic stability

Types of Tax Planning

Tax Planning is of following types :

1. Short term tax planning
2. Long term tax planning
3. Wealth Tax planning
4. Estate tax planning
5. Investment tax planning

Methods of Tax Planning : Following Methods are of tax planning

1. Tax Planning in Relation of Residential status of the Assesse.
2. Tax Planning in Relation of Income under head salaries
3. Tax Planning in relation of Income under Income from house property
4. Tax Planning in Relation Income from Business & Profession
5. Tax Planning in Relation of Income from Capital Gains
6. Tax Planning in Relation of Income from other sources

Tax- Avoidance

When an assessee brings reduction in his tax liability by following the legal provisions of income tax Act and taking advantage of weaknesses of the law, in this situation the government suffers loss. But in this process tax laws are not neglected. This is called tax Avoidance

Tax Evasion

There are two similar words "Tax Avoidance" and Tax Evasion". But Both are different each other. Often is heard that some person earn income by way of two number as some Businessman does business in two number and earns income two number which is neither shown in return of income nor tax is paid on it. Thus

the Assesse conceals the income and save the tax far paying. it is called tax evasion.

Related Question :

- i. Write a short note on Advance payment of tax?
- ii. When a person is liable to pay advance tax?
- iii. What is best Judgment Assessment?
- iv. What is Self Assessment?
- v. What is PAN Card?

References

1. H.C. Mehrotra- Income tax law & Accounts
2. R.K. Jain- Income Tax Law & Accounts

SELF DECLARATION

"The content is exclusively meant for academic purpose and for enhancing teaching and learning. Any other use for economic/commercial purpose is strictly prohibited. The users of the content shall not distribute-disseminate or share it with any one else and its use is restricted to advancement of individual knowledge. The information provided in this e-content is authentic and best as per my knowledge."

Dr. Baliram Tiwari
Assistant Professor
Department of Commerce
Jagatpur P.G. College
Jagatpur,
Varanasi-221302

THANK YOU