

Circular 2/2015

F. No. 385/03 /2015-IT(B)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes (CBDT)

North Block, New Delhi
10th February, 2015

Subject: Chargeability of Interest under Section 234A of the Income-tax Act, 1961 on self-assessment tax paid before the due date of filing of return of income- regarding

Interest under Section 234A of the Income-tax Act, 1961 (hereinafter the Act) is charged in case of default in furnishing return of income by an assessee. The interest is charged at the specified rate on the amount of tax payable on the total income, as reduced by the amount of advance tax, TDS/TCS, any relief of tax allowed under section 90 and section 90A, any deduction allowed under section 91 and any tax credit allowed in accordance with the provisions of section 115JAA and section 115JD of the Act. Since self assessment tax is not mentioned as a component of tax to be reduced from the amount on which interest under section 234A of the Act is chargeable, interest is being charged on the amount of self-assessment tax paid by the assessee even before the due date of filing of return.

2. It has been held by the Hon'ble Supreme Court in the case of CIT vs Prannoy Roy, 309 ITR 231 (2009) that the interest under section 234A of the Act on default in furnishing return of income shall be payable only on the amount of tax that has not been deposited before the due date of filing of the income-tax return for the relevant assessment year. Accordingly, the present practice of charging interest under section 234A of the Act on self-assessment tax paid before the due date of filing return was reviewed by CBDT.

3. The Board has decided that no interest under section 234A of the Act is chargeable on the amount of self-assessment tax paid by the assessee **before the due date of filing of return of income.**

4. This Circular may be brought to the notice of all officers for compliance.

5. Hindi version shall follow.

(Sandeep Singh)
Under Secretary to Government of India

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