

F.—Interest chargeable in certain cases

Interest for defaults in furnishing return of income.

234A. (1) 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 at the rate of one per cent for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

- (a) Where the return is furnished after the due date, ending on the date of furnishing of the return; or
- (b) Where no return has been furnished, ending on the date of completion of the assessment under section 144,

on the amount of the tax on the total income as determined under sub-section (1) of section 143, 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 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.¹

Explanation 1.—In this section, “due date” means the date specified in sub-section (1) of section 139 as applicable in the case of the assessee.

Explanation 2.—In this sub-section, “tax on the total income as determined under sub-section (1) of section 143” shall not include the additional income-tax, if any, payable under section 143.

Explanation 3.—Where, in relation to an assessment year, an assessment is made for the first time under section 147 or section 153A, the assessment so made shall be regarded as a regular assessment for the purposes of this section.

Explanation 4.—[* * *]

(2) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 140A towards the interest chargeable under this section.

¹ Inserted with effect from the 1st day of April, 2013

(3) Where the return of income for any assessment year, required by a notice under section 148 or section 153A issued after the determination of income under sub-section (1) of section 143 or after the completion of an assessment under sub-section (3) of section 143 or section 144 or section 147, is furnished after the expiry of the time allowed under such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one per cent for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time allowed as aforesaid, and,—

- (a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or
- (b) where no return has been furnished, ending on the date of completion of the reassessment or recomputation under section 147 or reassessment under section 153A,

on the amount by which the tax on the total income determined on the basis of such reassessment or recomputation exceeds the tax on the total income determined under sub-section (1) of section 143 or on the basis of the earlier assessment aforesaid.

Explanation.—[* * *]

(4) Where as a result of an order under section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount of tax on which interest was payable under sub-section (1) or sub-section (3) of this section has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

- (i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly;
- (ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.