

**ADVANCE TAX**  
**SECTION 147****Section 147(1)**

Advance tax is payable by the following categories of tax payers:

(a)	Individual	If assessed total income as per the latest completed assessment is Rs.500,000/-
(b)	AOP & Company	The amount of advance tax due for a quarter shall be computed according to the following formula:

$$(A \times B / C) - D$$

Where:

- A. Is the taxpayer's turnover for the quarter.
- B. is the tax assessed to the taxpayer's for the latest tax year.
- C. is the taxpayer's turnover for the latest tax year; and
- D. is the tax paid in the quarter for which a tax credit is allowed under section\* 168, other than tax deducted under section\*\* 155.

(\* ) Tax credit under this section is allowed of all taxes paid at source (other than those which fall under final tax regime).

(\*\* ) This represents tax deducted relating to property income which becomes the final tax

**Example for payment of advance tax in case of companies:**

$$\frac{\text{Turnover for the quarter} \times \text{Tax assessed for the latest tax year}}{\text{Turnover for the latest tax year}}$$

**Sub-sec.(4AA) of Sec.147:**

In terms of sub-section (4AA) of section 147 where normal tax is not payable, advance tax will be payable with reference to minimum tax payable for the latest tax year.

**Sub-sec.(4A) of Sec.147:**

In terms of sub-section (4A) of section 147 any taxpayer whose income for any tax year is likely to be more than the income on the basis of latest tax year, (on the basis of which advance tax is required to be paid), shall have to file estimate of income before the last instalment of advance tax is due and shall pay the advance tax on the basis of such estimate.

**Sub-sec.(4B)of Sec.147: Individual:**

Individual are liable to make the payment of advance tax on quarterly basis If the latest assessed or declared income is Rs.500,000/- or more on the basis of following formula:

$$(A/4) - B$$

Where:

- A. is the tax assessed to the taxpayer of the latest tax year or latest assessment year under the repealed Ordinance: and

- B. is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 149 or 55

**Note:** Under section 80(2)(a) “association of persons” include a firm , a Hindu Undivided Family, any artificial juridical person and anybody or persons formed under a foreign law but does not include a company.

**Sub-section 6 of Section 147:**

The taxpayers have been allowed the facility of filing estimate of income for advance tax if it is estimated to be lower than the income as per last return or income for the year is likely to be more than the income on the basis of latest tax year, on the basis of which advance tax is required to be paid, shall have to file estimate of income before the last installment of advance tax is due and shall pay the advance tax on the basis of such estimate, which should be correct upto 90% of the final tax liability for that year in order to avoid penal provisions of levy of additional tax u/s205(1B) of the shortfall

If the payment of advance tax on the basis of estimate falls short of 80% of the actual liability additional tax shall be payable @ 12% u/s 205.

**Sub-sec(6A)of Sec.147:**

Above section provides that a company or an AOP in the absence of last assessed income or declared turnover, shall estimate the advance tax payable on the basis of quarterly turnover and pay tax thereon after taking into account minimum tax payable u/s 113 as provided in sub-section (4AA) of section 147 and by making adjustment of any amount already paid.

**Sub-Section (5) of section 147:**

The Schedule of advance tax payment in cases of individual is as under:

- |                                              |                            |
|----------------------------------------------|----------------------------|
| i) Quarter ending 30 <sup>th</sup> September | 15 <sup>th</sup> September |
| ii) Quarter ending 31 <sup>st</sup> December | 15 <sup>th</sup> December  |
| iii) Quarter ending 31 <sup>st</sup> March   | 15 <sup>th</sup> March     |
| iv) Quarter ending 30 <sup>th</sup> June     | 15 <sup>th</sup> June      |

**Sub-Section(5A) of section 147:**

The Schedule of advance tax payment by Companies and Association of Persons are as under:

- |                      |                                         |
|----------------------|-----------------------------------------|
| i) September Quarter | On or before 25 <sup>th</sup> September |
| ii) December Quarter | On or before 25 <sup>th</sup> December  |
| iii) March Quarter   | On or before 25 <sup>th</sup> March     |
| iv) June Quarter     | On or before 15 <sup>th</sup> June      |

**Sub-Section (5B) of Section 147:**

Advance tax on Capital Gains on sale of securities shall be payable on quarterly basis as under:

S #	Period	Rate
1	Where holding period of a security is less than six months	2% of the capital gain derived during the quarter

2	Where holding period of a security is more than six months but less than twelve months	1.50% of the capital gain derived during the quarter
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The advance tax shall be payable within seven days after the close of each quarter and the Second proviso to sub-section (5) provides that these provisions will not be applicable to individual investors.