



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: B.COM III SEM.

SUBJECT: Income Tax Laws and Practice

SUBJECT CODE: BCH 320

LECTURE: 5

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LECTURE-5



SETTLEMENT OF TAX LIABILITY:

An assessee is required to file his return of income and deposit the tax with the authorities within the prescribed time, failing which the act provides wide ranging power for recovery of tax besides the fines and penalties for late payment.

Advance tax:

Where the tax liability of the assessee is Rs.5,000 or more, provisions have been enacted to spread the payment of tax in three or four installments. This also eases the cash flow for the assessee by allowing him to pay in installments. Advance tax is payable during any financial year on the estimated total income that would be chargeable to tax in the immediately following assessment year.

Tax at source(TDS):

Deduction of tax at source is a method of collection tax whereby it is obligatory for certain persons to deduct tax, surcharge and education cess at prescribed rates from certain type of payments and deposit the tax so deducted with the authorities to the credit of the person from whose payment it was deducted. Therefore, it is a tax on income at its very source deducted by the payer and deposited to the government on behalf of the person earning that income. An assessee can claim credit for any tax deducted at source from his income during the previous year.

Advance tax v/s tax at source:

The primary difference between the two is that while the onus to pay advance tax is on the assessee himself, the responsibility for deducting and paying tax at source lies with the person making the payment which is liable to be taxed at source. Tax deduction at source is particularly helpful in ensuring tax revenue from individuals and small unregistered entities who otherwise may not disclose these incomes.

Refunds: where on completion of the assessment, it is determined that the amount of tax paid by the assessee is in excess of what was actually due from him, the excess so paid by the assessee is termed as refund and is due back to him from the government.