

What's New

News Flash



September 2017

CBDT issues draft rule proposing a self-reporting mechanism for estimated income and tax payments

The Central Board of Direct Taxes (CBDT) has issued a draft notification dated 19 September, 2017, for insertion of a new rule (Rule 39A) and a Form (Form 28AA) for reporting voluntarily the estimates of the current year's income, tax payments and advance tax liability by specified taxpayers, i.e., company and other persons to whom tax audit is applicable.

Draft Rule 39A provides that the specified taxpayer shall furnish an intimation of estimated income and payment of taxes as on 30 September of the financial year, latest by 15 November of the said financial year. Further, if the estimated income as on 30 September is less than the income of the corresponding period of the preceding financial year by a sum of INR 500,000 or 10%, whichever is higher, then the taxpayer shall be required to furnish a second intimation for similar details as on 31 December, latest by 31 January of the said financial year.

Draft Form 28AA, amongst others, requires the details of year-wise comparison of estimated incomes under various heads, taxes paid, turnovers, profits before tax, depreciation interest expenses, etc. Further, the taxpayer is also required to provide point-wise reasons for decrease in payments of advance tax.

CBDT has invited comments and suggestions on the draft notification from stakeholders and the general public.

Key takeaways

From the last few years, revenue authorities have started rigorously following-up with taxpayers for making payments of advance tax on a timely basis. Though the present law has a provision empowering the tax officer to issue an order for payment of advance tax, subject to the fulfilment of certain parameters, such authority is seldom used. The introduction of a self-reporting mechanism may increase compliance burden for the taxpayers. The taxpayers will have to wait for the final notification to see the intentions of CBDT regarding its implementation strategy.

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