I-T to monitor firms' advance tax payments

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In a move to ensure companies do not defer their tax liabilities for the financial year, the income-tax department has decided to keep a close watch on advance tax payments by analysing India Inc's annual and quarterly balance sheets, as well as sectoral growth trends.

According to the I-T department's central action plan for 2023-24, financial statements of top 100 listed companies in their last published annual reports, and quarterly reports through the year, will be analysed. Based on this study, senior officials will monitor advance tax collections of their charges. The officials have also been asked to focus on "notes" and observations on financial accounts, if any.

The tax department, according to sources, will also review growth trends in some sectors like real estate, pharmaceuticals, steel, mining, financial institutions, and gems & jewellery. "It is pertinent to study the balance sheets of companies in each sector to know whether the payment made by them is in sync with their earnings outlook," said a tax official who did not wish to be named.



REVENUE MAXIMISATION PLAN

- I-T to analyse companies' annual and quarterly financial statements
- To focus on any notes or observations on balance sheet
- Persuade companies to not defer payment of tax dues
- Review sectoral growth trends for better mapping

Companies would pay the first advance tax instalment on June 15.

A strategy has also been made to focus on quality scrutiny of accounts before raising tax demand, and to pay special attention to the recovery of arrears.

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The idea is to both widen and deepen tax bases, according to two officials in the know.

The action plan, with a greater emphasis on enhancing tax collected at source and utilising the enforcement mechanism to detect tax evasion, is expected to increase the tax-payer base by 10 per cent in 2023-24.

Every person (individual, firm or company) whose estimated tax liability for the year is ₹10,000 or more, after tax deducted at source (TDS), shall pay tax in advance during the same financial year. Advance

tax is to be paid in instalments

- 15 per cent on or before June

15 of the financial year, 30 per cent each by September 15 and December 15, and the remaining by March 15.

According to the central action plan, direct tax collections (actuals) for 2022-23 stood at ₹16.26 trillion, compared

with the revised estimate of ₹16.5 trillion. Of this, corporation tax was ₹8.2 trillion, personal income tax ₹7.68 trillion, and securities transaction tax

tions are estimated to grow 9.6 per cent to ₹18.2 trillion. Notably, during the September-December quarter

₹29.700 crore. For the current

fiscal, overall direct tax collec-

of 2022-23, the tax department had directed a review of the instalment paid by top advance tax payers for the quarter. Sources said the department wanted to ensure that companies knew their advance tax liability on the basis of their profits and income. Since the payments for the January-March quarter were not up to

the mark, the review this year was to be started in the first quarter itself, said the official

quoted above.

