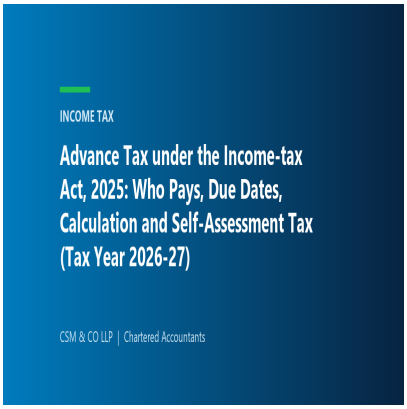

Advance Tax under the Income-tax Act, 2025: Who Pays, Due Dates, Calculation and Self-Assessment Tax (Tax Year 2026-27)

Description

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Quick summary

- Advance tax is payable in a financial year when the tax payable on the current income, after TDS and TCS, is ?10,000 or more (sections 403 to 405); a resident individual aged 60 or more with no business or professional income is exempt (section 403(3)).
- Instalments are 15% by 15 June, 45% by 15 September, 75% by 15 December and 100% by 15 March; a person who declares presumptive income under section 58(2) (business or specified profession) pays the whole amount by 15 March (section 408).
- Anything paid by 31 March counts as advance tax of that year; tax still due when the return is filed is self-assessment tax and must be paid, with interest and fee, before the return is furnished (section 266).
- Missing the schedule attracts interest under sections 424 and 425.

Income tax is meant to be paid as income is earned. TDS does this for salary, interest and similar income. For the rest, the law asks the taxpayer to pay **advance tax** during the financial year. In the Income-tax Act, 2025 (from 01/04/2026) these rules are in **sections 403 to 410**, and self-assessment tax is in **section 266**.

Who must pay (sections 403 and 404)

- Advance tax is payable on the **current income**, which is the total income that will be chargeable to tax for the year (section 403(2)).
- It is payable only if the tax payable for the year, worked out as in section 405, is **?10,000 or more** (section 404).
- **Exempt:** a resident individual who is **60 years or more at any time in the tax year** and has **no income chargeable under the head "Profits and gains of business or profession"** (section 403(3)).

How the amount is worked out (sections 405 and 406)

Advance tax = tax on your estimated current income at the rates in force **minus** the tax that will be deducted or collected at source during the year on income included in that estimate (section 405). You estimate the income yourself and pay on your own accord (section 406). After any instalment you can raise or lower the remaining instalments to match a revised estimate.

Due dates (section 408)

Instalment	Due on or before	Cumulative advance tax payable
1	15 June	Not less than 15%
2	15 September	Not less than 45%
3	15 December	Not less than 75%
4	15 March	100%

Presumptive taxpayers. A person who declares profits under **section 58(2) (Table Sl. No. 1 or 3)**, that is, the business scheme or the specified profession scheme, pays the **whole** advance tax by **15 March** (section 408(2)). Goods carriage operators under Table Sl. No. 2 follow the four-instalment table.

Any sum paid on or before **31 March** counts as advance tax of that financial year for all purposes (section 408(3)).

Example. Tax on estimated income is ?1,80,000 and TDS of ?30,000 will be deducted during the year, so advance tax is ?1,50,000. The instalments are: ?22,500 by 15 June; a cumulative ?67,500 by 15 September (so ?45,000 more); a cumulative ?1,12,500 by 15 December (?45,000 more); and the balance, ?37,500, by 15 March.

When the Assessing Officer asks (sections 407 and 409)

An Assessing Officer can order advance tax from a person already assessed, on the higher of the income in the latest regular assessment or the income in any later return. The order must be passed by the last day of February and is followed by a demand notice (section 407(1) to (3)). If a later return or assessment follows, the order can be amended before 1 March (section 407(4) and (5)). You can reply with your own lower estimate, but if your estimate is higher, you must pay on the higher figure by the last instalment (section 407(8) and (9)). Failure to follow the order, or to send the intimation in time, makes you an assessee in default (section 409). Advance tax is credited in the regular assessment for the tax year in which it was payable (section 410).

Self-assessment tax (section 266)

After taking into account advance tax, TDS and TCS, tax relief and foreign tax credit, any tax that remains payable on the basis of your return is **self-assessment tax**. You must pay it, with the interest and fee payable for a delay in filing or a default in advance tax, **before you furnish the return**, and the return must carry **proof of payment** (section 266(1)). If you pay less than the total, the payment is applied **first to the fee, then to the interest, then to the tax** (section 266(3)).

What happens if advance tax is short or late

Interest is charged at 1% a month on shortfalls and delays under sections 424 and 425, explained in the post on interest for delay and default in the Income-tax Act, 2025. Presumptive taxpayers who miss 15 March are charged 1% on the shortfall (section 425(3)).

Practical points

1. Re-estimate income before each instalment, especially after capital gains, a bonus or a large business receipt.
2. Include all TDS in your estimate, but only on income that is part of your estimate (section 405).
3. Keep proof of every payment, and check that it appears in your tax statement before you file the return.
4. A senior citizen with pension and interest income only is exempt, but one with business income pays advance tax like anyone else.

How CSM & Co LLP can help

We estimate advance tax each quarter for businesses, professionals and investors, and handle interest and notices when a payment was missed. Please reach out to our team and we will be happy to assist.

Frequently asked questions

Who has to pay advance tax?

Any assessee whose tax payable for the year, after TDS and TCS on income that is taxed, is ?10,000 or more (sections 404 and 405). A resident individual who is 60 years or more at any time in the tax year and has no income from business or profession does not have to pay advance tax (section 403(3)).

What are the advance tax due dates for 2026-27?

15% by 15 June 2026, 45% by 15 September 2026, 75% by 15 December 2026 and 100% by 15 March 2027, each as reduced by the amounts already paid (section 408(1)).

I use presumptive taxation. When do I pay advance tax?

If you declare profits under section 58(2) for a business or a specified profession (Table Sl. No. 1 or 3), the whole advance tax is due on or before 15 March (section 408(2)).

Can I pay the advance tax after 15 March?

An amount paid on or before 31 March is treated as advance tax paid in that financial year (section 408(3)), but interest for the shortfall at the earlier instalment dates is still charged under section 425.

What is self-assessment tax?

Tax still payable on the basis of the return after crediting advance tax, TDS, TCS, tax relief and foreign tax credit. It must be paid, along with interest and fee for any delay in filing or default in advance tax, before the return is furnished, and the return must carry proof of payment (section 266). If the payment is short, it is applied first to the fee, then interest, then tax.

Can the Assessing Officer ask me to pay advance tax?

Yes. If you have already been assessed, the Assessing Officer can require advance tax on the higher of your last regularly assessed income or the income in a later return, by an order passed no later than the last day of February (an amended order before 1 March), followed by a demand notice. You can send an intimation if you estimate a lower figure, and you must pay more if your own estimate is higher (section 407).

Official sources

- Income Tax Department: Income-tax Act, 2025 (sections 266, 403 to 410, 424, 425)

Related reading

- What is Income Tax? Meaning, Rules, Tax Slabs, Types and Tax Guide for Tax Year 2026-27
- Income Tax Refund: How It Is Claimed, Interest on Refund, Set-Off and Tax on the Interest (Tax Year 2026-27)
- Deductions Allowed Only on Actual Payment: Section 37 (Earlier 43B) and Dues to Micro and Small Enterprises (Tax Year 2026-27)

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