

## Section - 12, Interest-Tax Act, 1974

### **Interest for default in furnishing return of chargeable interest.**

**12.** (1) Where the return of chargeable interest for any assessment year under sub-section (1) of section 7, or in response to a notice under sub-section (2) of that section, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

- (a) where the return is furnished after the due date, ending on the date of the furnishing of the return; or
- (b) where no return has been furnished, ending on the date of completion of assessment under sub-section (3) of section 8,

on the amount of the interest-tax on the chargeable interest as determined under sub-section (2) or sub-section (3) of section 8 as reduced by the interest-tax paid in advance.

*Explanation 1.*—In this section, "due date" means the 31st day of December of the relevant assessment year or, as the case may be, the date on which return in response to a notice under sub-section (2) of section 7 is due to be filed.

*Explanation 2.*—Where in relation to an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section (2), or, as the case may be, sub-section (3) of section 8.

*Explanation 3.*—For the purposes of computing the interest payable under section 9, interest-tax on the chargeable interest declared in the return shall be deemed to be the interest-tax on total chargeable interest determined under sub-section (2) or sub-section (3) of section 8.

(2) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section.

(3) Where the return of chargeable interest for any assessment year, required by a notice under section 10 issued after the completion of assessment under sub-section (2) or sub-section (3) of section 8 or section 10 is furnished after the expiry of the time allowed under such notice or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent for every month or part of a month comprised in the period commencing on the date immediately following the expiry of time allowed as aforesaid, and,—

- (a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or
- (b) where no return has been furnished, ending on the day of completion of the reassessment under section 10,

on the amount by which the interest-tax on the chargeable interest as determined on the basis of such reassessment exceeds the interest-tax on chargeable interest on the basis of earlier assessment aforesaid.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

- (i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21, and the provisions of this Act shall apply accordingly;
- (ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent years.