

# I-T permits waiver or reduced interest for tax payers

**NEW DELHI:** The income tax department has allowed tax officials to either waive or reduce interest payable by a taxpayer, subject to specified conditions.

Under the Income Tax Act Section 220(2A), if a taxpayer fails to pay the tax amount specified in any demand notice, he/she is liable to pay interest at 1 per cent per month for the period of delay in making the payment.

The Act also empowers Principal Chief Commissioner (PrCCIT) or Chief Commissioner (CCIT) or Principal Commissioner (PrCIT) or Commissioner rank officers to reduce or waive the amount interest due to be paid.

The Central Board of Direct Taxes (CBDT) through a circular dated November 4 has specified the monetary threshold of the interest that can be waived or reduced by the tax officers.

Accordingly, PrCCIT rank officer can decide on reducing or waiving interest due of over Rs 15 crore. For in-

terest due above Rs 50 lakh to Rs 1.5 crore, CCIT rank officer will decide on the waiver/reduction, while PrCIT or Income Tax Commissioners can decide on interest due up to Rs 50 lakh.

The power of reduction or waiver of the interest payable under Section 220(2A) would be subject to satisfaction of three specified conditions – payment of such amount has caused or would cause genuine hardship to the assessee; default in interest payment was due to circumstances beyond the control of the assessee; the assessee has cooperated in inquiry relating to assessment or proceeding of the recovery of any amount due from him.

Nangia & Co LLP Partner Sachin Garg said: "This move of CBDT is expected to facilitate expeditious disposal of applications by a taxpayer for waiver or reduction of interest under section 220. It may be noted that there is no change in the specified conditions that are required to be met for seeking such a reduction or waiver of interest under section 220 of the Act."



# CBDT allows tax officials to waive or reduce interest

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**T**he waiver or reduction of interest under Section 220(2A) is conditional on three criteria: the interest payment must cause genuine hardship to the taxpayer, the delay in payment must be due to circumstances beyond the taxpayer's control, and the taxpayer must have cooperated during the inquiry or recovery process.

Sachin Garg, Partner at Nangia & Co LLP, highlighted the benefit of this move, noting, "The CBDT's decision is expected to facilitate faster disposal of taxpayer applications

for interest waivers or reductions, making the process more taxpayer-friendly."

Rajat Mohan, Senior Partner at AMRG & Associates, emphasised that the circular's tiered thresholds will streamline decision-making. "Setting thresholds empowers officials to make quicker decisions, promoting transparency and reducing administrative delays," he said.

This change aligns with the CBDT's efforts to improve administrative efficiency, offering timely relief to taxpayers facing unforeseen difficulties in fulfilling their tax obligations.

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# CBDT allows tax officials to waive or reduce interest due from assessee

## MPOST BUREAU

**NEW DELHI:** In a recent development, the Income Tax Department has granted tax officials the authority to waive or reduce the interest payable by taxpayers who fail to meet tax payment deadlines, provided specific conditions are met. This initiative, introduced through a Central Board of Direct Taxes (CBDT) circular on November 4, aims to ease the financial burden on taxpayers experiencing genuine hardship.

Under Section 220(2A) of the Income Tax Act, taxpayers who do not pay the tax amount specified in demand notices are liable for an interest charge of 1 per cent per month on the delayed amount. The Act empowers high-ranking tax officials, including



Principal Chief Commissioners (PrCCIT), Chief Commissioners (CCIT), Principal Commissioners (PrCIT), and Commissioners, to decide on waiving or reducing this interest.

The CBDT circular specifies monetary thresholds for interest waivers based on the offi-

Under Section 220(2A) of the Income Tax Act, taxpayers who do not pay the tax amount specified in demand notices are liable for an interest charge of 1 per cent per month on the delayed amount

cial's rank. PrCCITs can decide on cases where the interest due exceeds Rs 1.5 crore. For interest amounts between Rs 50 lakh and Rs 1.5 crore, the decision rests with CCITs, while PrCITs and Commissioners can handle requests involving interest due up to Rs 50 lakh.

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