



## **EXEMPTION FROM PAYMENT OF ADVANCE TAX TO RESIDENT SENIOR CITIZEN**

As per section 208 every person whose estimated tax liability for the year exceeds Rs. 10,000, shall pay his tax in advance in the form of “advance tax”. Thus, any taxpayer whose estimated tax liability for the year exceeds Rs. 10,000 has to pay his tax in advance by the due dates prescribed in this regard. However, as per section 207, a resident senior citizen (i.e., an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax.

In other words, if a person satisfies the following conditions, he will not be liable to pay advance tax:

- 1) He is an individual
- 2) He is resident in India as per the Income-tax Act
- 3) He is of the age of 60 years or above at any time during the year
- 4) He is not having any income chargeable to tax under the head “Profits and gains of business or profession”

### **Illustration**

Mr. Kapoor (resident and age 65 years) is a retired person, earning rental income of Rs. 40,000 per month. Apart from rental income, he does not have any other source of income. Will he be liable to pay advance tax?

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Any taxpayer whose estimated tax liability for the year exceeds Rs. 10,000 has to pay his tax in advance by the due dates prescribed in this regard. However, if a person satisfies the following conditions, he will not be liable to pay advance tax:

- 1) He is an individual
- 2) He is resident in India as per the Income-tax Act
- 3) He is of the age of 60 years or above
- 4) He is not having any income chargeable to tax under the head “Profits and gains of business or profession”

In this case Mr. Kapoor is a resident as per Income-tax Law. His age is 65 years and he is not having any income chargeable to tax under the head “Profits and gains of business or profession”. Thus, he satisfies all the above conditions and, hence, he will not be liable to pay advance tax.

### **Illustration**



Mr. Sunil (resident and age 56 years) is a retired person, earning rental income of Rs. 40,000 per month. Apart from rental income he does not have any other source of income. Will he be liable to pay advance tax?

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Any taxpayer whose estimated tax liability for the year exceeds Rs. 10,000 has to pay tax in advance by the due dates prescribed in this regard. However, if a person satisfies the following conditions, then he will not be liable to pay advance tax:

- 1) He is an individual
- 2) He is resident in India as per the Income-tax Act
- 3) He is of the age of 60 years or above
- 4) He is not having any income chargeable to tax under the head “Profits and gains of business or profession”

In this case Mr. Sunil is a resident as per Income-tax Law. His age is 56 years and he is not having income chargeable to tax under the head “Profits and gains of business or profession”. He satisfies all the conditions except the age criteria of 60 years and, hence, he will be liable to pay advance tax. In other words, Mr. Sunil is not a senior citizen as per the Income-tax Law and, hence, he is not exempted from payment of advance tax.

### Illustration

Mr. Mohan (resident and age 61 years ) is a retired person earning rental income of Rs. 40,000 per month. After retirement from his job, he started his own business of provision shop. Will he be liable to pay advance tax?

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Any taxpayer whose estimated tax liability for the year exceeds Rs. 10,000 has to pay his tax in advance by the due dates prescribed in this regard. However, if a person satisfies the following conditions, then he will not be liable to pay advance tax:

- 1) He is an individual,
- 2) He is resident in India as per the Income-tax Act
- 3) He is of the age of 60 years or above
- 4) He is not having any income chargeable to tax under the head “Profits and gains of business or profession”

In this case Mr. Mohan is a resident as per Income-tax Law. His age is 61 years and he is having income chargeable to tax under the head “Profits and gains of business or profession”. He satisfies all the conditions except the business/profession income criteria. Hence, he will be liable to pay advance tax. In other words, Mr. Mohan will be liable to pay advance tax because he is having income chargeable to tax under the head “Profits and gains of business or profession”.

### Illustration



Mr. Raja (a non-resident and age 63 years) is a retired person, earning rental income of Rs. 40,000 per month from a property located in Delhi. He is residing in Canada. Apart from rental income, he does not have any other source of income. Will he be liable to pay advance tax in India?

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Any taxpayer whose estimated tax liability for the year exceeds Rs. 10,000 has to pay his tax in advance by the due dates prescribed in this regard. However, if a person satisfies the following conditions, he will not be liable to pay advance tax:

- 1) He is an individual
- 2) He is resident in India as per the Income-tax Act
- 3) He is of the age of 60 years or above
- 4) He is not having any income chargeable to tax under the head “Profits and gains of business or profession”

The exemption from payment of advance tax is available to a resident individual who is of the age of 60 years or above and who does not have income chargeable to tax under the head “Profits and gains of business or profession”. In this case, Mr. Raja is a non-resident as per Income-tax Law, and, hence, he cannot claim the benefit of exemption from payment of advance tax. In other words, Mr. Raja will be liable to pay advance tax.

### Illustration

Essem Enterprises, a partnership firm, owns a property in Delhi. The property is given on rent of Rs. 40,000 per month. Apart from rental income, the firm is not having any source of income. Will the firm be liable to pay advance tax?

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The exemption from payment of advance tax is available to a resident individual who is of the age of 60 years or above and who does not have income chargeable to tax under the head “Profits and gains of business or profession”. In this case, the taxpayer is a partnership firm and, hence, the exemption will not apply to it, thus, the firm will be liable to pay advance tax.



## MCQ ON EXEMPTION FROM PAYMENT OF ADVANCE TAX TO RESIDENT SENIOR CITIZEN

**Q1.**As per section 207, \_\_\_\_\_ not having any income from business or profession is not liable to pay advance tax.

- (a) A resident individual who is of the age of below 60 years
- (b) A resident HUF
- (c) A non-resident individual
- (d) A resident senior citizen (*i.e.*, an individual of the age of 60 years or above)

**Correct answer : (d)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax.

Thus, option (d) is the correct option.

**Q2.**As per section 207, a resident individual who is of the age of below 60 years not having any income from business or profession is not liable to pay advance tax.

- (a) True
- (b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q3.**As per section 208, every person whose estimated tax liability for the year exceeds \_\_\_\_\_, shall pay his tax in advance in the form of “advance tax”.

- (a) Rs. 5,000
- (b) Rs. 10,000
- (c) Rs. 25,000
- (d) Rs. 50,000

**Correct answer : (b)**

**Justification of correct answer :**

As per section 208, every person whose estimated tax liability for the year exceeds Rs. 10,000, shall pay his tax in advance in the form of “advance tax”.





Thus, option (b) is the correct option.

**Q4.**Exemption from payment of advance tax under section 207 is also available to a non-resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax. In other words, exemption under section 207 is not available to any taxpayer who is a non-resident or to a resident who is not a resident senior citizen not having income from business or profession.

Thus, the statement given in the question is false and hence option (b) is the correct option.

**Q5.**A resident partnership firm not having income from business or profession can claim exemption from payment of advance tax under section 207.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax. In other words, a resident partnership firm not having income from business or profession cannot claim exemption from payment of advance tax under section 207.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q6.**A resident corporate taxpayer cannot claim exemption from payment of advance tax under section 207. However, a resident HUF can claim such exemption.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax. In other words, a taxpayer who is not a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession cannot claim exemption under section 207.

Thus, the statement given in the question is false and hence, option (b) is the correct option.



**Q7.** A resident individual who is of the age of 60 years not having any income chargeable to tax under the head “Profits and gains of business or profession” can claim exemption under section 207.

- (a) True (b) False

**Correct answer : (a)**

**Justification of correct answer :**

A resident individual who is of the age of 60 years or above at any time during the year and is not having any income chargeable to tax under the head “Profits and gains of business or profession” is not liable to pay advance tax.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

**Q8.** A resident individual who is of the age of 60 years or above as/at \_\_\_\_\_ not having any income chargeable to tax under the head “Profits and gains of business or profession” can claim exemption under section 207.

- (a) On the first day of the financial year (b) On the last day of the financial year  
(c) At any time during the year (d) On 30<sup>th</sup> September of the financial year

**Correct answer : (c)**

**Justification of correct answer :**

A resident individual who is of the age of 60 years or above at any time during the year not having any income chargeable to tax under the head “Profits and gains of business or profession” can claim exemption under section 207.

Thus, option (c) is the correct option.

**Q9.** As per section 207, only a resident senior citizen being a female of the age of 60 years or above not having any income from business or profession is not liable to pay advance tax.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (whether male or female of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q10.** A resident senior citizen (*i.e.*, an individual of the age of 60 years or above) engaged in the business of plying, hiring or leasing of goods carriages and adopting the provisions of section 44AE can claim the benefit of exemption available under section 207.





(a) True

(b) False

**Correct answer : (b)**

**Justification of correct answer :**

As per section 207, a resident senior citizen (*i.e.*, an individual of the age of 60 years or above) not having any income from business or profession is not liable to pay advance tax. In other words, a resident senior citizen having income from business or profession cannot claim the benefit of exemption available under section 207.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

INCOME TAX DEPARTMENT

