

Interest payable by assessee.

215. (1) Where, in any financial year, an assessee has paid advance tax under section 209A or section 212 on the basis of his own estimate (including revised estimate), and the advance tax so paid is less than seventy-five per cent of the assessed tax, simple interest at the rate of fifteen per cent per annum from the 1st day of April next following the said financial year up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax so paid falls short of the assessed tax :

Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect as if for the words “seventy-five per cent”, the words “eighty-three and one-third per cent” had been substituted.

(2) Where before the date of completion of a regular assessment, tax is paid by the assessee under section 140A or otherwise,—

- (i) Interest shall be calculated in accordance with the foregoing provision up to the date on which the tax is so paid; and
- (ii) Thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax as so paid (in so far as it relates to income subject to advance tax) falls short of the assessed tax.

(3) Where as a result of an order under section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under sub-section (1) 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 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.

(4) In such cases and under such circumstances as may be prescribed, the Assessing Officer may reduce or waive the interest payable by the assessee under this section.

(5) In this section and sections 217 and 273, “assessed tax” means the tax determined on the basis of the regular assessment (reduced by the amount of tax deductible in accordance with the provisions of sections 192 to 194, section 194A , section 194C , section 194D , section 195 and section 196A so far as such tax relates to income subject to advance tax and so far as it is not due to variations in the rates of tax made by the Finance Act enacted for the year for which the regular assessment is made.

(6) Where, in relation to an assessment year, an assessment is made for the first time under section 147, the assessment so made shall be regarded as a regular assessment for the purposes of this section and sections 216, 217 and 273.