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INCOME-TAX ACT, 2025

D: Collection and recovery

Section 411 - When tax payable and when assessee deemed in default.

(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 289 at the place and to the person mentioned in the notice shall be paid within—

(a) thirty days of the service of the notice; or

(b) such period being a period less than thirty days, as specified in the notice with the previous approval of the Joint Commissioner, where the Assessing Officer has any reason to believe that it shall be detrimental to revenue if the full period of thirty days is allowed.

(2) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then––

(a) such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings; and

(b) any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.

(3) (a) if the amount specified in any notice of demand under section 289 is not paid within the period specified under sub-section (1),––

(i) the assessee shall be liable to pay simple interest at 1% for every month or part of a month comprised in the period; and

(ii) such period shall commence from the day immediately following the end of the period mentioned in sub-section (1) and end with the day on which the amount is paid.

(b) No interest shall be charged under this sub-section in respect of any demand raised on account of penalty levied under section 439,–

(i) up to the date of passing of the order under section 359;

(ii) up to the date of passing of the order under section 363, where the assessment or reassessment has been made in pursuance to directions issued by the Dispute Resolution Panel under section 275. [1]

(4) No interest shall be charged under sub-section (3) on any amount for any period, where interest is charged on the same amount for the same period under section 398(3) on the amount of tax specified in the intimation issued under section 399.

(5) Nothing contained in sub-section (3) shall prevent the Assessing Officer, where an application is made by the assessee before the expiry of the due date under sub-section (1), to extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.

(6) Where as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 378 or an order of the Settlement Commission under section 245D(4) of the Income-tax Act, 1961,––

(a) the amount on which interest was payable under sub-section (3) had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded; and

(b) if subsequent to such reduction, as a result of an order under said sections or section 377, the amount on which interest was payable is increased, the assessee shall be liable to pay interest under sub-section (3),—

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(i) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1); and

(ii) ending with the day on which the amount is paid.

(7) Irrespective of the provisions contained in sub-section (3), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, on an application by the assessee, reduce or waive the amount of interest paid or payable by an assessee under sub-section (3) if he is satisfied that—

(a) payment of such amount has caused or would cause genuine hardship to the assessee;

(b) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and

(c) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

(8) The order under sub-section (7) accepting or rejecting the application of the assessee, either in full or in part, shall be passed within twelve months from the end of the month in which the application is received.

(9) No order under sub-section (7) rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard.

(10) If the amount is not paid within the specified time under sub-section (1) or extended under sub-section (5), at the place and to the person mentioned in the said notice, the assessee shall be deemed to be in default.

(11) If, in a case where payment by instalments is allowed under sub-section (5), the assessee commits defaults in paying any one of the instalments within the time fixed under that sub-section,––

(a) the assessee shall be deemed to be in default as to the whole of the amount then outstanding; and

(b) the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.

(12) Where an assessee has presented an appeal under section 356 or 357, the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, till the time such appeal remains undisposed of.

(13) Where an assessee has been assessed in respect of income arising outside India in a country, the laws of which prohibit or restrict the remittance of money to India, the Assessing Officer shall—

(a) not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India; and

(b) continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.

(14) For the purposes of sub-section (13), income shall be deemed to have been brought into India, if—

(a) it has been utilised or could have been utilised for the purposes of any expenditure actually incurred by the assessee outside India; or

(b) the income, whether capitalised or not, has been brought into India in any form.

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1. Substituted by The Finance Act, 2026 for

If the amount specified in any notice of demand under section 289 is not paid within the period limited under sub-section (1),––
(a) the assessee shall be liable to pay simple interest at 1% for every month or part of a month comprised in the period; and
(b) such period shall commence from the day immediately following the end of the period mentioned in sub-section (1) and end with the day on which the amount is paid.

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