

CBDT specified monetary limits for reduction or waiver of interest u/Sec. 220(2)

Section 220(2) of the Income-tax Act ('the Act') deals with the consequences of non-payment a taxpayer. As per Section 220(2) of the Act, if a taxpayer fails to pay the amount specified in any notice of demand under section 156 of the Act, she shall be liable to pay simple interest at the rate of 1% per month or part of the month for the period of delay in making the payment.

CBDT vide Circular No. 15/2024 dated Nov 4, 2024 specifies monetary limits for reduction or waiver of the interest paid or payable under section 220(2), subject to section 220(2A) conditions. The monetary limit are as follows:

S. No	Income- tax Authority	Monetary limits for reduction or waiver of interest
1.	Pr. CIT/CIT	Upto Rs 50Lacs
2.	CCIT/DGIT	Above Rs 50 Lacs to Rs 1.5 crore
3.	Pr.CCIT	Above Rs 1.5 crore

The powers of reduction or waiver of the interest paid or payable under section 220(2) of the Act in respect of any income-tax authority shall continue to be subject to satisfaction of all the following conditions specified under section 220(2A) of the Act-

- i. Payment of such amount has caused or would cause genuine hardship to the assessee:
- ii. 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
- iii. The assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

Source: Circular No.15/2024

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