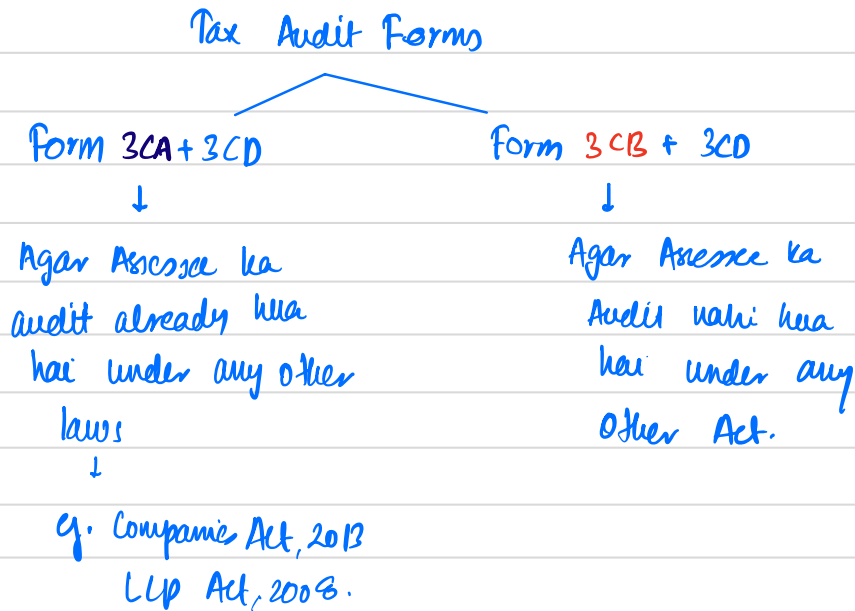


→ For studying this chapter, you must have the knowledge of
 TAA
 AAAD
 AAAD/ADA/AE
 and Professional Ethics



Can Tax Audit Report be Revised? → Yes. Revise ho sakta hai

↓

Assessee karna sakta hai CA se → Agar koi disallowance hua hai to.

↓

Before End of AY.

↓

Tax Audit report → Multiple Times revise kar sakta hai

↓

Audit Report File karne ke bad

Considerations while making Audit Report?

→ Agar koi Income/Exp. covered hai → in more than 1 clause → Har class me mention karna padega and cross reference dena padega.

→ Agar Difference of Opinion hai → Tax Auditor vs Assessee → Tax Auditor ko dono viewpoints mention karna padega.

- Koi 3CD ke classse applicable nahi hai → To N/A mention karo.
- Auditor ko DT Amendments ka dhyan rakhna padega. → Even if Audit Report Form amend na hua ho.
- 3CD me info kahan se aayegi → Auditor ko jo BOM, records, docs, info and explanations available honge
↓
Agar info Incomplete wala hai to mention karna padega
Para 3 → Form 3CA
Para 5 → Form 3CB
- Agar Auditor koi Case law pe rely kar raha hai → To vo mention karna padega.

T10 Calculation

- Trade Discount → deducted From T10
- Cash discount
 - ↳ If deducted From Invoice → Deducted From T10
 - ↳ If Not → It is not deducted From T10.
- T10 discount → deducted From T10
- Special Rebate given to customer
 - ↳ In the nature of Trade discount → Deducted From T10
 - ↳ In the nature of Commission on sales → It is not deducted From T10.
- Sales Return → Deducted even if T10 is of earlier years

→ Sale proceeds of
 Fixed Assets
 Investment property } Do not form part of P.T.O.

→ Sale proceeds of
 Shares
 Debentures
 Securities }
 If held as st. in Trade → Include in P.T.O.
 If not held as st. in Trade → Do not include in P.T.O.

Classes 1-9 of 3CD

FORM NO. 3CD

[See rule 6G(2)]

Statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961

PART - A

1. Name of the assessee
2. Address
3. Permanent Account Number (PAN)
4. Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, *goods and service tax*, customs duty, etc. if yes, please furnish the registration number or *GST number* or any other identification number allotted for the same
5. Status
6. Previous year from.....to.....
7. Assessment year
8. Indicate the relevant clause of section 44AB under which the audit has been conducted

PART - B

9. (a) If **firm or association of persons**, indicate names of partners/members and their profit sharing ratios.
(b) If there is any change in the **partners or members** or in their **profit sharing ratio** since the last date of the preceding year, the particulars of such change
10. (a) Nature of **business or profession** (if more than one business or profession is carried on during the previous year, nature of every business or profession)
(b) If there is any change in the nature of business or profession, the particulars of such change.

		in these columns may have to be filled up consolidating the expenditure incurred under various GST registrations. Note - It may be noted that any expenditure that is incurred, wholly and exclusively for business or profession of the assessee qualifies for the deduction under the Act. Registration or otherwise of the payee under the GST Act has no relevance in considering allowability of expenditure.
--	--	--



20.5 SUMMARY OF PROVISIONS IN RESPECT OF WHICH INFORMATION TO BE FURNISHED IN FORM 3CD

The following table will give you a bird's eye view of certain provisions for which the information is to be given in Form 3CD

Section of the Income-tax Act, 1961	Clause No. of the Guidance Note	Details to be furnished
44AB	8	Indicate the relevant clause of section 44AB under which the audit has been conducted
115BA, 115BAA, 115BAB, 115BAC, 115BAD ↓ Kya Assessee ne alternative Tax scheme opt kiya hai?	8a	Mention whether the individual/HUF/AOP/BOI has opted to shift out of the default regime u/s 115BAC. In case of companies/co-operative societies, mention whether they have opted for concessional rates of taxation under the special regimes under section 115BAA/115BAB or 115BAD, as the case may be. BAE
44AA Kya 44AA ke kisab se BOA maintain karna hai.? → If yes. Then which BOA?	11(a)	Mention whether books of account are prescribed under section 44AA, if yes, list of books so prescribed.
44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB, Chapter XII-G (provisions relating to shipping business)	12 → Kya Assessee presumptive taxation opt kar raha hai?	Mention whether the profit or loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section.
145(2)	13(d)	Mention whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards. ↳ Kya ICDs ke karan koi Adjustments required hai?

44AB ke kis clause me Tax Audit applicable hai.

Closing Stock Valuation
ka kaisa method adopt kiya hai? → 145A me jo mention kiya hai usse compare ka lo.
Sabkarlenave

145A	14(b)	Review the methods of valuation adopted for valuation of closing stock and compare the same with the method prescribed under section 145A.
45(2)	15	Mention the details of capital asset converted into stock-in-trade Cap Asset converted → SIT
28 Aise koi amt hai jo sec 28 me aate hai → but credit value hui hai	16	Indicate the amounts falling within the scope of section 28 which are not credited to the profit and loss account eg. duty drawback etc
43CA or 50C ↓ S DV se kam value pe koi property transfer hui hai kya.	17	Where any land or building or both is transferred during the previous year for a consideration less than value adopted or assessed or assessable by any authority of a State Government referred to in section 43CA or 50C, furnish the following details: (a) Details of property (b) Consideration received or accrued (c) Value adopted or assessed or assessable
32 <u>Depreciation</u> ←	18	Mention the particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of asset in the mentioned format. Section 43(1) and Explanations thereunder and section 36(1)(iii) also to be kept in mind.
33AB, 33ABA, 35(1)(i), 35(1)(ii), 35(1)(ia), 35(1)(iii), 35(1)(iv), 35(2AA), 35(2AB), 35ABB, 35AD, 35CCA, 35CCC, 35CCD, 35D, 35DD, 35DDA, 35E	19	State the amounts admissible under these sections → Scientific Expenditure ki details batao.
36(1)(ii) Employee ko jo koi Bonus commission pay kiya.	20(a) 4	Indicate the sums paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend
36(1)(va) read with 2(24)(x)	20(b) hi	Mention the details of contributions received from employees for various funds as referred to in section 36(1)(va)
37 ← see 37 ke disallowance check karna hai	21(a)	Mention the details of amounts debited to profit and loss account, being in the nature of capital, personal, advertisement expenditure, expenditure incurred at clubs, expenditure by way of penalty or fine for violation of any law for the time being in force etc.

← employee's contribution jo deee date ko hat Act

ke pehle deposit karna padta hai

40(a)(i)/(ia)/(iib)/ (iii)(iv)/(v) <i>40(a) ke jitne bhi de allowance hai, vo cab report karna hai. et. TDS deduct nahi kiya, kiya hnt govt. ke pass jama nahi kiya</i>	21(b)	Indicate the amounts inadmissible under section 40(a)(i)/(ia) with details of payment on which tax has not deducted or after deduction, tax has not been paid on or before the due specified under section 139(1) and the amount inadmissible under section 40(a)(iib), 40(a)(iii), 40(a)(iv), 40(a)(v)
40(b)/40(ba) <i>Partners ko payment kiya hai but, rent, Bonus iski details check karna hai.</i>	21(c)	State the amounts debited to profit and loss account being, interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof
40A(3)/ 40A(3A)	21(d)	State the amount of disallowance under section 40A(3)/ deemed income under section 40A(3A)
40A(7) <i>only actual gratuity paid allowed hoga.</i>	21(e)	Indicate the provision for payment of gratuity not allowable under section 40A(7)
40A(9)	21(f)	State the amount of payment made to an employer towards the setting up or formation of or as contribution to any fund, trust, company, association of person, body of individuals, society registered under society registration act or other institutions which is not allowable
ICDS X <i>Contingent liab jo P&L me debited hai.</i>	21(g)	Examine the particulars of any liability of a contingent nature debited to the profit and loss account.
14A <i>Exempt Income ke Expenditure</i>	21(h)	Verify and state the amount of expenditure relatable to the income which does not form part of total income which is not allowed as deduction in terms of section 14A
36(1)(iii) <i>loan Asset upto put to use</i>	21(i)	Indicate the amount inadmissible under the proviso to section 36(1)(iii)
Section 23 of MSMED Act, 2006	22	Indicate the amount of interest inadmissible under section 23 of the MSMED Act, 2006.
40A(2)(b) <i>Relatives ko payment</i>	23	Mention the particulars of payments made to persons specified under section 40A(2)(b)
33AB or 33ABA <i>Pea coffee Member wale section me deemed Income Bahar.</i>	24	Report the deemed income chargeable as profits and gains of business under the circumstances specified in section 33AB(4)/(5)/(7)/(8) or in section 33ABA(5)/(7)/(8) <i>In case of Violations</i>
41	25	Indicate the amount of profit chargeable to tax under section 41 and computation thereof

deemed Income

Bahar kitni hai

Sab Karlenare
 due date of
 P01 ke bad
 payments kiye → disallowed u/s 43B
 ↑

43B(a)/(b)/(c)/(d)/ (e)/ (f) or (g)	26	Indicate the amount of expenditure not allowable as per section 43B.
- koi GST credit tha kya? Agar tha to kitna use kiya usme se	27(a)	Indicate the amount of Central Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Central Value Added Tax credits in the accounts.
koi prior - period ke times Income ya expenditure me kiye hai kya?	27(b)	Mention the particulars of income or expenditure of prior period credited or debited to the profit and loss account.
56(2)(viib) Issue price > FMV of shares of Pvt Co. → DPOs ke Income	29	Mention whether during the previous year the assessee received any consideration for issue of shares which exceeds the fair market value of the shares as referred to in section 56(2)(viib), if yes, please furnish details of the same
56(2)(ix) Advance forfeited ↓ Cap Asset → DPOs Income	29A(a)/(b)	Indicate the sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if such sum is forfeited and the negotiations do not result in transfer of such capital asset.
56(2)(x) SDV - Consideration ↳ jiske property liya, uske hath ke Income	29B(a)/(b)	Mention the amount which is treated as income in the hands of a person who received in any previous year, from any person or persons money, immovable property, or other property and conditions stated in the clause are satisfied.
69D Hundi me loan liya. and repay cash/ bearer cheque ya crossed cheque se kiya	30	Details of the amount borrowed on hundi (including interest on such amount borrowed) and details of repayment otherwise than by an account payee cheque, are required to be indicated
92CE TP - primary adj. kitna hua hai and AE se kitna paisa lene ka hai	30A(a)/(b)	Mention the details of primary adjustment to transfer price and details of excess money available with the AE.
94B 30% of EBITDA → iske case provisions check kar lo.	30B(a)/(b)	Mention the details of expenditure incurred during the previous year by way of interest or of similar nature respect of debt issued by a non-resident Associated Enterprises under section 94B.
96 GAAR ke provisions dekh lo.	30C(a)/(b)	Mention the details of impermissible avoidance arrangements as referred to in section 96 entered into by the assessee during the previous year and to quantify the tax benefit arising in the aggregate in the previous year to all parties to such arrangement.

Na leue ka	269SS 20,000	31(a)/(b)	Furnish the particulars of each loan or deposit or specified sum in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year.
Na leue ka	269ST 2,00,000	31(ba)/(bb)/(bc)/(bd)	Furnish the particulars of each receipt in an amount exceeding the limit specified in section 269ST.
Na dene ka.	269T 20,000	31(c)/(d)/(e)	Furnish the particulars of each repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T made during the previous year.
	B/f loss and dep. allowance - check karto.	32(a)	Furnish the details of brought forward loss or depreciation allowance to the extent available.
	79 Co. → change in sh. holding Hua hai kya is saal iske karan hoi aisa loss hai	32(b)	Furnish the details of change in the shareholding of the company taken place during the previous year due to which the losses incurred prior to the previous year cannot be allowed to be carried forward in terms of section 79.
	73 speculation loss	32(c)	Furnish the details of speculation loss incurred by the assessee during the previous year.
	73A Specified Business loss	32(d)	Furnish the details of loss incurred in respect of specified business during the previous year.
	Explanation to section 73 kya company speculation Business carryon kar rahi hai?	32(e)	Mention whether the company is deemed to be carrying on a speculation business as referred in Explanation to section 73.
	Chapter VIA or section 10AA	33	Provide section-wise details of deductions, if any, admissible under Chapter VIA or Chapter III.
	Kya Assessee ko TDS/Tec deduct/collect karna hai kya?	34(a)/(b)	Mention whether the assessee is required to deduct or collect tax as per the provisions of Chapter XVII-B or Chapter XVII-BB.
	201(1A)/206C(7) TDS deduct value kya to int kitna lagega	34(c)	Mention the details of the amount of interest under section 201(1A) or section 206C(7).
	Agar Trading Business hai to principal items ki quantitative details bata do.	35(a)/(b)	Provide quantitative details of principal items of goods, in case of a trading or manufacturing concern.
	2(22)(e) Received dividend hai kya? U 22(2) use.!	36A	Mention whether the assessee has received any amount in the nature of dividend as referred to in section 2(22)(e)
	-	37	Mention the details of disqualification or disagreement on any matter/item/value/quantity as may be reported/identified by the cost auditor.

Cost auditor

ka hoi disallowance

ya disagreement
hain kya.

-	38	Mention the details of disqualification or disagreement on any matter/item/value/quantity as may be reported/identified under audit was conducted under the Central Excise Act, 1944.
Is P.Y. ka and pichle saal ka.	40	Provide the details regarding turnover, gross profit, etc. for the previous year and preceding previous year.
-	41	Provide the details of demand raised or refund issued during the previous year under any tax laws other than Income-tax Act, 1961.
-	42(a)/(b)	Mention whether the assessee is required to furnish statement in Form No. 61 or Form No. 61A or Form No. 61B.
286(2)	43	Mention whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in section 286(2).
-	44	Provide the break-up of total expenditure of entities registered or not registered under the GST.



20.6 PENALTY FOR FAILURE TO FURNISH TAX AUDIT REPORT [SECTION 271B]

If any person fails to get his accounts audited in respect of any previous year furnish a tax audit report as required under section 44AB, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum equal to

- $\frac{1}{2}$ % of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such previous year or years or
 - ₹ 1,50,000,
- whichever is less.

However, according to section 273B, no penalty shall be imposed if reasonable cause for such failure is proved.

Example : DB Ltd's turnover for the FY 2022-23 is ₹ 15 crore from textile business and ₹ 3 Crore from petrol pump business. All transactions are through banking channels. DB Ltd. prepared its financial statements for textile business and got its accounts audited and furnished the same to the Income Tax department within the prescribed time. The company was of the view that since the

turnover from the petrol pump business is ₹ 3 crore and all transactions were through banking channels, the accounts of petrol pump business were not required to be audited. Section 44AB is attracted where the total turnover from business exceeds the threshold of ₹ 10 crore i.e., total turnover indicates that the turnover from all businesses are to be aggregated.

Example: Taking the facts from Example 6, the Assessing Officer wants to invoke penalty on ₹ 18 crore i.e., ₹ 15 crore plus ₹ 3 crore, considering ½% of the total turnover. Since the assessee has already furnished the report for ₹ 15 crore, the penalty u/s 271B shall be invoked only on turnover of ₹ 3 crore and not on turnover of ₹ 18 crore.

CASE STUDIES

Case Studies have been included to underline the ethical aspects which have to be considered by a chartered accountant while issuing tax audit report under section 44AB as well as audit reports and certificates under the other provisions of the Income-tax Act, 1961. These case studies are based on the orders passed by the Disciplinary Committee of ICAI and/or the final orders passed by the Appellate Authority constituted by the Central Government under the Chartered Accountants Act, 1949.

Every Case Study begins with “A Word about the Case Study” which, as the phrase suggests, gives an overview as to what the case study is about. Thereafter, each case Study is presented in the following manner, highlighting the -

- I. Relevant provisions of income-tax law
- II. Relevant clauses of Part I of the Second Schedule to the Chartered Accountants Act, 1949
- III. Facts of the case
- IV. Contentions/Submissions of the chartered accountant
- V. Bases for Conclusion
- VI. Key Takeaways

Additional categories have also been included in a Case Study, if found necessary.

CASE STUDY 1

A Word about the Case Study	
This Case Study highlights the ethical aspects which have to be considered by a chartered accountant while issuing tax audit report. The issue involved in this Case Study relates to the responsibility of the chartered accountant in relation to reporting in Clause 34(a) and clause 21(b) of Form 3CD for non-deduction of tax at source and consequent disallowance under section 40(a)(ia).	
I	<u>Relevant provisions of income-tax law</u>
(1)	<p><u>Section 194J</u> Section 194J requires tax deduction at source@10% on, <i>inter alia</i>, fees for professional services, at the time of credit of such sum to the account of the payee or at the time of payment, whichever is earlier.</p> <p>As per clause (a) of the <i>Explanation</i> to section 194J, “Professional services” means services rendered by a person in the course of carrying on, <i>inter alia</i>, medical profession.</p>

(2)	Section 40(a)(ia) Section 40(a)(ia) provides for disallowance of 30% of the sum payable to a resident, on which tax is deductible at source under Chapter XVII-B of the Income-tax Act, 1961 and such tax has not been deducted or after deduction, has not been paid on or before the due date for filing return of income u/s 139(1).									
(3)	Reporting requirement in Clause 21(b) of Form 3CD (Relevant Extract) Amounts inadmissible under section 40(a) (ii) as payment referred to in sub-clause (ia) (A) Details of payment on which tax is not deducted: (I) date of payment (II) amount of payment (III) nature of payment (IV) name and address of the payee									
(4)	Reporting requirement in Clause 34(a) of Form 3CD (Relevant Extract) Whether the assessee is required to deduct or collect tax as per the provisions of Chapter XVII-B or Chapter XVII-BB, if yes, please furnish –									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	TAN	Section	Nature of payment	Total amt of payment or receipt of the nature specified in column (3)	Total amt on which tax was required to be deducted or collected out of (4)	Total amt on which tax was deducted or collected at specified rate out of (5)	Amt of tax deducted or collected out of (6)	Total amt on which tax was deducted or collected at less than specified rate out of (7)	Amt of tax deducted or collected on (8)	Amt of TDS or TCS not deposited to the credit of the Central Govt. out of (6) & (8)
II	Relevant clause of Part I of the Second Schedule to the Chartered Accountants Act, 1949									
	As per clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.									

III	<u>Facts of the case</u>
	<p>A survey was conducted on the premises of a hospital consequent to which it was found that the hospital had made payments of consultancy charges to doctors, without deducting tax under section 194J, even though the payments to each doctor exceeded the threshold of ₹ 30,000.</p> <p>In the tax audit report, the amount inadmissible under section 40(a)(ia) was mentioned as NIL in clause 21(b) of Form 3CD. Also, there was no mention of or reporting of TDS section 194J in clause 34(a).</p>
IV	<u>Contentions of the Chartered Accountant</u>
	<p>The Chartered Accountant contended that since the doctors did not provide any professional service to the hospital, the provisions of section 194J would not be attracted. He explained his contention that sometimes, due to unavoidable reasons/circumstances, the hospital collected the consultation fees on behalf of the doctors and the same is then paid/remitted to the doctors. Such payments were not expenses of the hospital and hence, the question of TDS does not arise.</p> <p>He also contended that as per the decision passed by the Special Bench of the Tribunal (Vishakapatnam) in case of <i>Merilyn Shipping and Transports v. ACIT</i>, section 40(a)(ia) is applicable only in respect of the amounts of expenditure which are payable as on 31st March of every year and it cannot be invoked to disallow the amounts which have been actually paid during the previous year, without deduction of tax at source. In this case, all payments were made to the respective doctors before 31st March.</p> <p>Therefore, according to him, the payment made to doctors by way of reimbursement of the fees collected from patients does not fall under the ambit of TDS and even if it does, the same would not be disallowed under section 40(a)(ia) due to the above decision.</p> <p>Note – <i>It may be noted that the Supreme Court, in Palam Gas Service v. CIT (2017) 394 ITR 300, observed that when the entire scheme of obligation to deduct the tax at source and paying it over to the Central Government is read holistically, it cannot be held that the word “payable” occurring in section 40(a)(ia) refers only to those cases where the amount is yet to be paid and does not cover the cases where the amount is actually paid. Once the section mandates a person to deduct tax at source not only on the amounts payable but also when the sums are actually paid to the contractor, any person who does not adhere to this statutory obligation has to suffer the consequences which are stipulated in the Act itself.</i></p> <p><i>Also, the CBDT has, vide Circular No.10/2013 dated 16.12.2013 that the provisions of section 40(a)(ia) are amply clear that the term “payable” would include the “amounts which are paid during the year”.</i></p> <p><i>The case in question relates to a period prior issuance of the Circular and the pronouncement of the Supreme Court ruling.</i></p>
V	<u>Basis for Conclusion</u>
	<p>(1) As per the Guidance Note on Tax Audit issued by ICAI, the tax auditor is required to report as to whether tax is deductible under any section of Chapter XVII-B and any amount is inadmissible u/s 40(a)(ia) under clauses 34(a) and 21(b), respectively.</p>

	(2)	If tax has not been deducted on the basis of Court judgement in a particular case, then, the tax auditor is required to disclose the same in his report so as to enable the Income-tax department to know the reason as to why tax was not deducted by the assessee.
	(3)	On perusal of the profit and loss account of the hospital <i>vis-à-vis</i> the working papers of the CA, it has been noted that consultancy charges were shown as expenses in the Profit and Loss account of the hospital. Thus, the contention that the hospital collected fees on behalf of doctors and payment of such fees is not expenditure for attracting TDS u/s 194J is not correct, since such expenditure has been debited to the profit and loss account
		In this case, the CA had ignored the reporting requirements in Form 3CD and had not exercised due diligence in carrying out his professional duties. Hence, he was held guilty of professional misconduct falling within the meaning of clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
VI	<u>Key Takeaway</u>	
	The tax auditor should exercise due diligence while reporting under various clauses of Form 3CD. In case he has taken a view that tax is not deductible by virtue of a Court judgement, like in this case, he should disclose the same in his report.	

CASE STUDY 2

A Word about the Case Study		
This Case Study highlights the ethical aspects which have to be considered by a chartered accountant while issuing tax audit report. The issue involved in this Case Study relates to the responsibility of the chartered accountant in relation to reporting in clause 21(d) of Form 3CD of expenditure exceeding ₹ 10,000, for which payment is made otherwise than by way of account payee cheque/bank draft, ECS or other prescribed electronic modes. Such expenditure would attract disallowance under section 40A(3) of the Income-tax Act, 1961.		
I	<u>Relevant provisions of income-tax law</u>	
	(1)	<u>Section 40A(3)</u>
		Where the assessee incurs any expenditure, in respect of which payment or aggregate of payments made to a person in a day otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft or use of electronic system through bank account or through such other prescribed electronic modes exceeds ₹ 10,000, such expenditure shall not be allowed as a deduction. The prescribed electronic modes are credit card, debit card, net banking, IMPS (Immediate payment Service), UPI (Unified Payment Interface), RTGS (Real Time Gross Settlement), NEFT (National Electronic Funds Transfer), and BHIM (Bharat Interface for Money) Aadhar Pay.

		The provision applies to all categories of expenditure involving payments for goods or services which are deductible in computing the taxable income.				
	(2)	<u>Reporting requirement in Clause 21(d) of Form 3CD</u>				
		(A) On the basis of the examination of books of account and other relevant documents/evidence, whether the expenditure covered under section 40A(3) read with rule 6DD were made by account payee cheque drawn on a bank or account payee bank draft. If not, please furnish the details -				
		Serial No.	Date of payment	Nature of payment	Amount	Name and PAN/Aadhar No. of the payee, if available
II	<u>Relevant clauses of Part I of the Second Schedule to the Chartered Accountants Act, 1949</u>					
	As per clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.					
	As per clause (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion.					
III	<u>Facts of the case</u>					
	A search was conducted u/s 132 of the Income-tax Act, 1961 in the case of PQR Jewellers, a leading gold jewellery retail chain, on 30.1.2023. As part of the post search enquiries, data from the billing software was analysed. On analysis of this data, it was found that the concern was involved in violation of section 40A(3) in a major way to the tune of ₹ 30 crores in the purchase of old gold.					
	The tax audit report of the concern for the P.Y. 2021-22 was issued by a chartered accountant u/s 44AB of the Income-tax Act, 1961. The audit report has a specific clause, namely, clause 21(d), concerning compliance of section 40A(3). However, the chartered accountant had not properly filled up this clause and had failed to highlight the extensive violation of section 40A(3).					
IV	<u>Contentions of the Chartered Accountant</u>					
	The chartered accountant submitted that he had done test checks and he did not come across any payment which warrants disclosure in Form 3CD. He also submitted that standing instructions were given by the management of the entity to the employees to make payments above ₹ 10,000 only through account payee cheques and/or bank drafts or other permissible electronic modes. Copy of these instructions were verified by him. He had also taken a representation from the Management that net payment in cash to any person in a day did not exceed ₹ 10,000.					

	Therefore, the tax auditor submitted that he had taken reasonable professional care and on the basis of test checks, nothing came to his attention to warrant a reporting of violation of section 40A(3).
V	<u>Contentions of the Director of Income-tax (Investigation)</u>
	The DIT (Investigation) made the following contentions -
(1)	As part of the post search enquiries, data from the billing software was analysed and violations u/s 40A(3) to the tune of ₹ 30 crores were noticed. In order to verify the findings culled from digital data, some of the customers whose whereabouts were available from computer records were contacted and their statements were recorded under oath. These customers admitted under oath that they had sold old gold and received the amounts (all exceeding ₹ 10,000) in cash. The fact which emerges from the enquiries is that PQR Jewellers purchase old gold and make payments for these purchases in cash, even if they exceed ₹ 10,000.
(2)	<p>Though the audit report has a specific clause, namely, clause 21(d) concerning compliance of section 40A(3), it was not properly filled up and the auditor failed to highlight the extensive violation of section 40A(3).</p> <p>He drew reference to the Guidance Note on Tax Audit issued by ICAI which states that there may be practical difficulties in verifying whether each payment is made through account payee cheque or bank draft or ECS or other prescribed electronic modes. Where the reporting has been done on the basis of the certificate of the assessee, the fact has to be reported as an observation in para 3 of Form 3CA and para 5 of Form 3CB, as the case may be. The tax auditor, in his report, may comment on such violation as under:-</p> <p>“It is not possible for me/us to verify whether the payments in excess of ₹ 10,000 have been made otherwise than by account payee cheque or bank draft or prescribed electronic modes, as the necessary evidence is not in the possession of the assessee”.</p> <p>However, in this case, the tax auditor had mentioned “Yes” in response to the statement in sub-clause (A) of Clause 21(d) on whether the expenditure covered under section 40A(3) read with Rule 6DD were made by account payee cheque drawn on a bank or account payee bank draft.</p>
(3)	As per the Guidance Note, for the purpose of furnishing the required particulars, the tax auditor should have obtained a list of all cash payments in respect of expenditure exceeding ₹ 10,000/- made by the assessee during the relevant year which should include the list of payments exempted in terms of Rule 6DD with reasons. This list should have been verified by the tax auditor with the books of accounts in order to ascertain whether the conditions for specific exemption granted under Rule 6DD are satisfied. Details of payments, which do not satisfy the above conditions, should have been stated under this clause. He should have made use of the audit tools which are available to find out such payments expeditiously and accurately where the data is voluminous.

	(4)	Reference was drawn to the CBDT Circular No. 387, dated 06.07.1984, which clarifies the purpose of tax audit. The relevant extract of the circular is given below:- <i>“A proper audit is for tax purposes would ensure that the books of accounts and other records are properly maintained, that they faithfully reflect the income of the tax payer and he correctly makes claims for deduction. Such audit would also help in preventing fraudulent practices. It can also facilitate the administration of tax laws by a proper presentation of the accounts before the tax authorities and considerably saving the time of the Assessing Officers in carrying out routine verifications like checking correctness of totals and verifying whether purchases and sales are properly vouched or not. The time of the Assessing Officers thus saved could be utilised for attending to more investigational aspects of the case”.</i>
	(5)	In this case, given the massive scale of violation of section 40A(3), the chartered accountant has not exercised reasonable diligence before offering the remarks; and the audit in this case was not carried out as per the Guidance Note of the ICAI and the CBDT Circular.
VI	<u>Basis for Conclusion</u>	
	(1)	In Form 3CD, particulars in respect of cash payments made in violation of Section 40A(3) are required to be reported, as such payments are inadmissible as deduction.
	(2)	The contention of the chartered accountant that the test checks conducted by him did not reveal the aforesaid violation was not tenable. Considering the nature of business of the assessee, namely, jewellery business, the onus was on the chartered accountant to verify the same before reporting in Form 3CD. Stating the fact that no such transaction was identified during test check is not acceptable because such payments can be identified independent of bank transaction provided the chartered accountant had extended the verification to cover the same. Mere reliance on certificate issued by the management is not acceptable.
	(3)	The chartered accountant was, thus, required to point out in tax audit report, the violation of the provisions of section 40A(3) thereof involving expenditure to a person in a day exceeding ₹ 10,000 otherwise than by way of account payee cheque/bank draft, ECS and other prescribed electronic modes. However, the chartered accountant has certified that there were no such instance, though such instances aggregate to a large quantum of ₹ 30 crores.
	Thus, in this case, the chartered accountant was held guilty of professional misconduct falling within the meaning of clauses (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.	
VII	<u>Key Takeaway</u>	
	The chartered accountant should consider the nature of business of the assessee and accordingly undertake necessary checks to verify whether there are violations in the provisions of the Act, like cash payments in violation of section 40A(3) made, as in this case, by the assessee engaged in jewellery business. He should make use of the audit tools which are available to find out such payments expeditiously and accurately where the data is voluminous.	

CASE STUDY 3

A Word about the Case Study

This Case Study highlights the ethical aspects which have to be considered by a chartered accountant while issuing Form 10CCB. While issuing Form 10CCB, the chartered accountant has to ensure compliance with the conditions stipulated under the relevant section (in this case, section 80-IA) for claim of deduction. Since the profit-linked deductions are available for a specified period, ten years in case of deduction u/s 80-IA, the chartered accountant has to ensure that the ten year period has not already elapsed. In case he notices the error after issuing Form 10CCB, he should withdraw the report timely and inform the same to the assessee immediately.

I	<u>Relevant provisions of income-tax law</u>
(1)	<p><u>Section 80-IA</u></p> <p>Section 80-IA provides for deduction of 100% of the profits and gains derived from the business of, <i>inter alia</i>, developing or operating and maintaining or developing, operating and maintaining any infrastructure facility for 10 consecutive assessment years.</p> <p>Section 80-IA(7) requires audit of accounts and furnishing of audit report in the prescribed form on or before the specified date i.e., 30th September of the assessment year for claim of such deduction.</p>
(2)	<p><u>Rule 18BBB and Form 10CCB</u></p> <p>Rule 18BBB requires the audit report under section 80-IA(7) to be furnished in Form 10CCB along with the copy of the agreement of the enterprise with the Central Government or State Government or the local authority for carrying on the business of developing or operating and maintaining or developing, operating and maintaining the infrastructure facility.</p> <p>In Form 10CCB, the chartered accountant gives a declaration that in his opinion the enterprise satisfies the conditions stipulated in section 80-IA and the amount of deduction claimed thereunder is as per the provisions of the Income-tax Act, 1961 and meets the required conditions.</p>
II	<u>Relevant clause of Part I of the Second Schedule to the Chartered Accountants Act, 1949</u>
	<p>As per clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties</p>
III	<u>Facts of the case</u>
	<p>M/s. XYZ & Co. is a firm engaged in developing, operating and maintaining a highway project filed its return of income for A.Y.2016-17 on 30th September, 2016 claiming deduction under section 80-IA, on the basis of Form 10CCB issued by the chartered accountant. However, in August, 2017, it came to the notice of the chartered accountant that the ten year period for which the company had been eligible to claim deduction and had, in fact, claimed deduction had expired in A.Y.2015-16. The chartered accountant</p>

	withdrew the audit report in Form 10CCB and advised the firm to file a revised return u/s 139(5). At that point of time, the time limit for filing a revised return was one year from the end of the relevant assessment year i.e., upto 31.3.2018. Accordingly, the firm filed a revised return u/s 139(5) for A.Y.2016-17 on September, 2017. The Assessing Officer completed the assessment on the basis of the revised return and issued the assessment order on 1.3.2019.
IV	<u>Contentions of the Chartered Accountant</u>
	The Chartered Accountant contended that as soon as he came to know about the error, he withdrew his report in Form 10CCB and informed the assessee accordingly. The assessee, accordingly, filed a revised return withdrawing the claim under section 80-IA. He informed the Commissioner of Income-tax about the same in March 2019 at the first available opportunity since he was neither the tax auditor of the company nor was he representing the assessee before the tax authorities. He added that the Assessing Officer had completed the assessment on the basis of the revised return. Further, according to him, his report in Form 10CCB was neither the subject matter at the time of assessment nor at the time of penalty proceedings.
V	<u>Basis for Conclusion</u>
(1)	The claim for deduction under section 80-IA was made by the assessee in the original return, supported by Form 10CCB issued by the chartered accountant. However, as soon as the chartered accountant came to know of the error, he withdrew his report and informed the assessee, who also filed a revised return withdrawing the claim under section 80-IA.
(2)	Therefore, the chartered accountant had withdrawn his audit report in Form 10CCB and informed the assessee, who also had filed a revised return immediately withdrawing the claim for deduction under section 80-IA.
	Accordingly, the chartered accountant was held “not guilty” of professional misconduct under clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
VI	<u>Key Takeaway</u>
	The chartered accountant should exercise due care while issuing audit reports and ensure that all the conditions stipulated under the relevant provisions of the Income-tax Act, 1961, including the time period for claim of deduction, are satisfied. In case he notices an error subsequently, he should immediately withdraw his report, and communicate the same to the assessee immediately.

CASE STUDY 4

A Word about the Case Study

This Case Study highlights the ethical aspects which have to be considered by a chartered accountant while issuing audit report in Form 10CCB and conducting tax audit. The issue involved in this Case Study relates to the responsibility of the chartered accountant to ensure compliance with the stipulated conditions for claim of profit-linked deduction under Chapter VI-A while issuing

audit report. He has to ascertain whether a certain activity carried out by the assessee would constitute “manufacture” for claim of deduction under section 80-IE and whether the conditions for claim of deduction have been satisfied in a case where the assessee is a company which had taken over a sole proprietary concern.

The actual case on the basis of which this Case Study is developed was in relation to section 80-IB for the A.Y.2002-03 to A.Y.2008-09, prior to the insertion of definition of “manufacture” in the Income-tax Act, 1961 w.e.f. 1.4.2009. The Case was decided in the year 2014 and reference was invited to the definition of “manufacture” under the Income-tax Act, 1961 by the Assistant Commissioner of Income-tax (ACIT). However, in the final decision, the meaning assigned to “manufacture” under different laws were resorted to considering that there was no definition in the Act during the relevant period (i.e., A.Y.2002-03 to A.Y.2008-09).

In this Case Study, the dates have, therefore, been modified to a period post insertion of the definition and reference has been given to section 80-IE, since section 80-IB is no longer relevant for manufacture or production of article or thing.

I	<u>Relevant provisions of income-tax law</u>
(1)	<u>Section 80-IE</u>
	<p>Section 80-IE applies to an undertaking which has begun to manufacture or produce any eligible article or thing on or before 1.4.2017. Deduction of 100% of profits and gains from such business would be available for ten consecutive assessment years from the year in which it begins to manufacture or produce eligible article or thing.</p> <p>The conditions to be satisfied for claim of deduction are that the undertaking should not be formed by -</p> <ul style="list-style-type: none"> (i) splitting up or the reconstruction of a business already in existence and (ii) the transfer to a new business, of machinery or plant previously used for any purpose.
(2)	<u>Section 2(29BA)</u>
	<p>“Manufacture” with its grammatical variations, means a change in a non-living physical object or article or thing –</p> <ul style="list-style-type: none"> (a) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or (b) bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure.
(3)	<u>Form 10CCB</u>
	<p>This is the form for audit report, <i>inter alia</i>, u/s 80-IE. It requires a chartered accountant to give a declaration that the undertaking satisfies the conditions stipulated under section 80-IE and the amount of deduction claimed is as per the provisions of the Income-tax Act and meets the required conditions.</p>

II	<u>Relevant clause of Part I of the Second Schedule to the Chartered Accountants Act, 1949</u>	
	As per clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.	
III	<u>Facts of the case</u>	
	Alpha Packaging Services Ltd. located in Guwahati has been claiming deduction under section 80-IE of the Income-tax Act, 1961 since P.Y.2016-17 on the ground that it was engaged in manufacture or production of an eligible article or thing. A survey conducted on the company followed by a scrutiny of the case showed that the company was merely involved in packaging washing powder of a leading brand, Turf, obtained from Unilever Ltd. and giving the same back to them. The tax audit report as well as the report in Form 10CCB for claiming deduction under section 80-IE was issued by the same chartered accountant.	
	A show cause notice was issued by the ACIT to the chartered accountant stating the company got undue relief under section 80-IE for the last seven years on the basis of his report in Form 10CCB to the effect that the concern was involved in manufacturing/production of an eligible article or thing.	
IV	<u>Contentions of the ACIT</u>	
	The ACIT contended that the report in Form 10CCB issued by the chartered accountant is not correct since –	
	<ul style="list-style-type: none"> - The company is not in any way involved in manufacturing or production of any article or thing. The company is merely involved in packaging of washing powder that was given by LMN Ltd. It was not involved in manufacturing of any pouch or cover or sachet which was independently saleable as a product in the market. - The company is not a new undertaking because it had taken over a proprietary concern and hired the plant and machinery of the said proprietary concern. Hence, it did not satisfy the condition for claim of deduction u/s 80-IE. 	
V	<u>Submissions of the Chartered Accountant and the ACIT's counter contentions</u>	
	CA's Submission	ACIT's Contention
1.	The report in Form 10CCB was only a declaration not a certificate	This contention is not acceptable as Form 10CCB is a declaration by the chartered accountant that the undertaking satisfies the stipulated conditions for claim of deduction and the amount claimed is as per the provisions of the Income-tax Act, 1961 and meets the required conditions.
2.	Reliance on the Certificate of Directorate of Industry, Assam	The activity(s) which amount to manufacture or production is different under each Act. The

		chartered accountant issuing Form 10CCB has to ensure that the same amounts to “manufacture” as per the definition given in section 2(29BA) of the Income-tax Act, 1961.
3.	Reference to Supreme Court ruling in <i>ITO v. Arihant tiles and Marbles Pvt. Ltd.</i> wherein it was held that only when the marble blocks are cut into slabs and there is an activity of polishing and ultimate conversion of block into polished tiles, such slabs and tiles ultimately produced are held to be manufacturing activity because a new product has emerged.	Even according to the Supreme Court ruling, the condition to be fulfilled is that there should be emergence of a new and distinct commodity. In the case of the assessee, the washing powder remains a washing powder. The original product and the end product remained the same. No new and distinct commodity emerges as a result of packaging. Further, the end product is patented by Unilever and it cannot undergo change in any manner.
4.	The proprietary business was taken over by the company with all assets and liabilities except plant and machinery pertaining to the old units. The plant and machinery was not transferred to the company but given on hire to it and for using the machines, payment of hire charges was made and shown in the statement of profit and loss. Hence, the company has not violated any condition.	The assessee did not own plant and machinery, and such assets hired by the assessee amounted to transfer and thus, the company was not entitled to deduction u/s 80-IE.
VI	<u>Basis for Conclusion in the original case</u>	
(1)	The definition of manufacture was inserted with effect from 1.4.2009. Since the case in question actually related to a period prior to insertion of definition of “manufacture” in the Income-tax Act, 1961, it was decided that though packaging or repackaging of a product is not manufacturing activity, the further activity of removing dust, grinding can be treated as manufacturing activity because the said activity changes the quality of the product and makes the product commercially marketable in different form. This conclusion emerged on the basis of Court ruling in relation to Excise law and other case laws holding that provisions of a taxing statute granting incentive for promoting growth should be construed liberally.	
(2)	Certain Tribunal and High Court rulings have held that in order to constitute an industrial undertaking (which was a requirement under section 80-IB), the industrial unit need not necessarily own its plant and machinery and hiring of plant and machinery would not inhibit the ability of industrial unit or company to claim deduction.	

	(3)	Considering the rationale emerging from the Court decisions as regards whether the activity of packaging constituted manufacture/production and whether hiring of plant and machinery from the sole proprietary concern which was taken over by the company would be in violation of the stipulated condition, the benefit of doubt was extended to the chartered accountant and he was held “not guilty of professional misconduct”.
VII	<u>Key Takeaways in the context of the current provisions of Income-tax law</u>	
	(1)	In the current context, however, the definition of “manufacture” as per section 2(29BA) of the Income-tax Act, 1961 would be relevant. Therefore, the chartered accountant giving a declaration in Form 10CCB has to ensure that the activity carried on by the assessee amounts to “manufacture” as per the said definition. He may rely on judicial rulings based on the definition of manufacture u/s 2(29BA) or a similar definition under any other law for this purpose. It may be noted that “making the product commercially marketable”, which was one of the bases for conclusion in the actual case is not included in the definition of manufacture under section 2(29BA).
	(2)	With the introduction of several anti-avoidance provisions in the Income-tax Act, 1961, in the last decade, the action of taking over all assets and liabilities of the sole proprietary concern except plant and machinery and subsequently hiring the plant and machinery from the said concern itself in order to claim deduction under section 80-IE may be viewed as a tax avoidance measure. This may be viewed as an arrangement entered into solely or primarily for the purpose of obtaining a tax advantage and even GAAR provisions may be attracted if the tax benefit is more than ₹ 3 crores. Therefore, the chartered accountant must ensure satisfaction of conditions for claiming deduction under section 80-IE before issuing the audit report under Form 10CCB.

CASE STUDY 5

A Word about the Case Study	
This Case Study highlights the ethical aspects which have to be considered by a chartered accountant while issuing certificate in Form 15CB. The issue involved in this Case Study relates to the responsibility of the chartered accountant to examine the agreement between the remitter and the beneficiary as well as the relevant documents and books of account to ascertain the nature of remittance and determine the rate of deduction of tax at source.	
I	<u>Relevant provision of income-tax law</u>
	<u>Section 195(6) and Rule 37BB</u>
	The person responsible for paying to a non-corporate non-resident or a foreign company, any sum, whether or not chargeable under the provisions of the Income-tax Act, 1961, has

	to furnish information relating to payment of such sum in the prescribed form and manner. Rule 37BB(1) provides that the person responsible for paying to a non-corporate non-resident or a foreign company, any sum chargeable under the provisions of the Income-tax Act, 1961, has to furnish the information in Part C of Form No.15CA, if the amount of payment or the aggregate of such payments, as the case may be, during the financial year exceeds ₹ 5 lakh, after obtaining a certificate in Form No.15CB from a chartered accountant.
II	<u>Relevant clauses of Part I of the Second Schedule to the Chartered Accountants Act, 1949</u>
	As per clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties. As per clause (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a chartered accountant in practice shall be deemed to be guilty of professional misconduct, fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion.
III	<u>Facts of the case</u>
	The Income-tax department collected documents from X Bank which revealed that M/s. Y Travels and Consultancy Services (Y Travels) had remitted substantial amounts abroad. The documents collected include Form 15CB issued by the chartered accountant, list of passengers, copy of their passports, date of travel and invoice raised by the foreign party. On enquiring from the passengers and verifying their passports, it is found that they did not travel abroad during the dates mentioned in the documents. Further, the passengers denied any sort of transactions with Y Travels. The department, therefore, concluded that the amounts were remitted abroad on the basis of false invoices and for wrong reasons, leading to FEMA violations and that the Form 15CB issued by the chartered accountant facilitated such violations. During the six-month period in question, the chartered accountant had issued 80 certificates in Form 15CB approximately involving remittances of ₹ 25 crores in favour of Y Travels.
IV	<u>Submissions of the Chartered Accountant</u>
	The chartered accountant submitted that he had issued Form 15CB based on invoices produced by the company and verifying the KYC documents of the signatory to the invoices. He submitted that since he was not the statutory auditor of the company, he did not examine the books of account before issue of Form 15CB or conduct due diligence of its business activities. He had charged ₹ 2,000 per certificate. Mostly, the fees was collected in cash. Some part of the fee was credited to his bank account.
V	<u>Basis for Conclusion</u>
(1)	Form 3CB is a certificate of an accountant wherein he certifies that he has examined

		the agreement between the remitter and the beneficiary requiring such remittance as well as the relevant documents and books of account required for ascertaining the nature of remittance and for determining the rate of deduction of tax at source.
	(2)	The CA certifying the form undertakes to have verified the agreement between the remitter and the beneficiary as well as the relevant documents and books of account to ascertain the nature of remittance and determine the rate of TDS.
	(3)	In this case, however, the CA mentioned that he had only verified KYC of signatory to invoice and the invoices thereof. He had not only failed to justify as to how verification of invoices was considered as sufficient compliance for certifying the forms but also failed to bring on record the said invoices. Thus, he failed to provide any basis on which he relied for issuing Form 15CB certificates to the company.
	(4)	The CA issuing certificate in Form 15CB is, therefore, required to examine the agreement between the remitter and the beneficiary along with the relevant documents as well as books of account of the company – <ul style="list-style-type: none"> (i) for arriving at a conclusion as to the nature of remittance and rate of TDS; and (ii) for ensuring that the particulars mentioned in the certificate were true and correct.
		In this case, since he has failed to do so, he is held guilty of professional misconduct as per clauses (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 for failure to obtain sufficient information and failure to exercise due diligence in discharging his professional responsibilities.
VI	<u>Key takeaway</u>	
		As elucidated in the Guidance Note, while issuing certificates, absolute level of assurance is expected to be provided by the practitioner on the subject matter. Therefore, a CA has to exercise due diligence and discharge the duties expected of him as a professional while issuance of such certificates. Accordingly, in this case, before issuing certificate in Form 15CB, the CA should verify the agreement between the remitter and the beneficiary, along with the relevant documents and books of account of the company for arriving at a conclusion as to the nature of remittance and rate of TDS. Only after ensuring that the particulars mentioned in the certificate were true and correct, should he issue such certificate. In case after issuing the certificate in Form 15CB, he comes to know that the remittance was not genuine, he has to withdraw the same within 7 days.