



Sections which require furnishing of CA report:

Section	Report of CA for?
12A(1)	Furnish audit report in Form 10B/10BB before specified date for exemption u/s 11 or 12.
80IA-IE	Furnishing of audit report in Form 10CCB before the specified date
80JJAA	Form 10DA to be furnished before specified date certifying amount of deduction.
115JB	Furnish Form 29B from CA certifying correctness of computation of book profit.
115JC	Furnish Form 29C certifying that adjusted TI and AMT is as per provision of this Act.
50B	In case of slump sale, furnish Form 3CEA certifying computation of NW of undertaking.



Certification

Certificate from CA in **Form 15CB** in case of remittances to **NR** where aggregate of such remittances **exceeds Rs. 5 lakhs** during FY and such remittances are taxable.



Guilty of professional misconduct:

CA in practice would be deemed to be guilty of professional misconduct as follows:

Clause 7 - Part I of second schedule	Furnish audit report in Form 10B/10BB before specified date for exemption u/s 11 or 12.
Clause 8 - Part I of second schedule	Fails to obtain sufficient info. which is necessary for expression of an opinion or its exception are sufficiently material to negate the expression of opinion.



Tax Audit u/s 44AB

Refer to basic provision of **tax audit** from PGBP chapter.

Understanding the words - Sales, Turnover and Gross receipts

- ⇒ These words should be construed as per the method of accounting employed u/s 145(1)
- ⇒ Few typical cases:

Transaction	Adjustment in turnover?
Discount allowed on sale price	Deduct from turnover
Cash discount	Finance charge. Not deducted from T/O
Turnover discount	Trade discount. Deduct from turnover
Special rebate in nature of trade discount	Deduct from turnover
Sales commission	Not deducted from turnover
Sales return	Deduct from turnover
Sales proceed of fixed asset/investment	Not part of turnover
Sales proceeds of securities held as SIT	Form part of turnover

Following items would be covered in gross receipt in business:

- ⇒ **Cash assistance** against export under Government scheme
- ⇒ Indirect tax re-paid as **drawback** against export
- ⇒ Interest received by a money lender
- ⇒ Commission, brokerage, other charges received in business of chit fund

- ⇒ **Reimbursement of expenses** incurred (e.g. freight, packaging, etc.) and if same is credited to separate BoA, only net surplus of this account shall be added to turnover.
- ⇒ **Net exchange rate difference on export sales**
- ⇒ Hire charges of cold storage
- ⇒ Liquidated damages
- ⇒ **Insurance claims** - except for fixed asset
- ⇒ Sale proceed of scrap, wastages, unless treated as part of turnover
- ⇒ Lease rental in business of operating lease
- ⇒ Hire charges received in course of hire purchase
- ⇒ **Advance received or forfeited** from customer
- ⇒ **Value of benefit** or perquisite arising from B/P

Aggregate of turnover

- ⇒ Where assessee has **more** than 1 business, take **aggregate** of all the businesses.
- ⇒ Where business is covered u/s **44B** or **44BBA** - **Exclude** turnover of such business
- ⇒ If covered u/s **44AD**, **44ADA**, **44AE** & assessee opts for **presumptive** tax - **exclude** from T/O.



Formats of Tax Auditor Report:

	Form 3CA	Form 3CB
Applicability	In case where accounts are audited under any other law i.e., Co. Act 2013 or LLP Act	In case where accounts are not audited under any other law. For companies where A/C year differs from FY, prepare accounts of FY and get it audited. Furnish report in Form 3CB.
Requirement	<ul style="list-style-type: none"> ⇒ Auditor is not required to give opinion on whether BoA gives T&F view ⇒ Auditor to annex: <ul style="list-style-type: none"> ◆ Audited accounts, ◆ Stat. auditor report, ◆ Form 3CA, and ◆ Form 3CD. ⇒ Tax auditor is required to give opinion on whether info. furnished in Form 3CD by assessee is true and correct. 	<ul style="list-style-type: none"> ⇒ Tax auditor is required to give opinion on whether BoA gives T&F view ⇒ Second part of report states that Form 3CD is annexed. ⇒ Tax auditor is required to give opinion on whether info. furnished in Form 3CD by assessee is true and correct. ⇒ Any difference of opinion with the assessee - mention in para 5 of Form 3CB.
Revision of Tax Audit Report	<ul style="list-style-type: none"> ⇒ After furnishing audit report, if assessee makes any payments which requires recalculation of disallowance u/s 40 or 43B - Audit report may be revised by the CA. ⇒ Furnish such revised report before end of RAY. ⇒ No limit on no. of times the report can be revised. 	

Form 3CD - Statement of particulars required to be furnished u/s 44AB

As per Guidance Note on Tax Audit, following is advised while furnishing Form 3CD:

- ⇒ If an item is covered in **more than one clause** - make **cross reference**
- ⇒ If there is **difference in opinion** of tax auditor and assessee - state both the view points and all relevant info. for ITA to decide
- ⇒ If any clause is **not applicable** - state the same.
- ⇒ In computing allowance or disallowance - consider **laws applicable** in relevant year.
- ⇒ Even if assessee does **not submit information** against all clause - auditor shall **not withhold report**. In such case, he may give **qualified opinion**.
- ⇒ If auditor relies on **judicial pronouncement**, **mention** the same in his report.

Clause by clause analysis - Form 3CD

Clause	Particulars
1	Name of the assessee
2	Address of the assessee (Registered office or principal place of business)
3	PAN (mandatory) or Aadhar (optional)
4	If liable to pay indirect taxes , state registration number
5	Status <ul style="list-style-type: none"> ⇒ Indv, HUF, Co., AOP or BOI, etc. [not to be confused with residential status] ⇒ For proprietorship concern - quote individual.
6	Previous Year
7	Assessment Year
8	Relevant clause u/s 44AB for tax audit
8a	Opted for taxation u/s 115BAA, BAB or 115BAD, 115BAE or opted out of Sec 115BAC.
9	(a) In case of firm or AOP , state the name of partners/members and their PSR . (b) If there are any changes in partners/members or their PSR since last date of preceding year , state such change.
10	(a) Nature of Business or profession (b) Change in nature of B/P, mention details of the same.
11	a) Whether books of account are prescribed u/s 44AA. If yes, list of books so prescribed. b) List of BoA maintained and the address at which such BoA are kept. (In case BoA are maintained in computer system - mention the same. In BoA are kept in >1 location - furnish address of each location) c) List of books of account and nature of relevant documents examined .
12	Whether the profit and loss include any profits are assessable on presumptive basis . If yes, under which sec? - 44AD, 44ADA, 44AE, 44B, 44BB, 44BBA, 44BBB, etc. Note: Auditor should advise assessee to maintain basic records to support turnover declared.

13	<p>(a) Method of accounting employed in PY</p> <p>(b) Whether there had been any change in method (as compared to preceding PY)</p> <p>(c) If yes, give details of such change and effect thereof on P/L</p> <p>(d) Whether any adjustment is to be made to P/L to comply with ICDS?</p> <p>(e) If yes, give details of such adjustment showing its effect in P/L</p> <p>(f) Disclosure of ICDS policies.</p> <p>Note:</p> <p>1. Changes in accounting policies is not considered as change in method of accounting</p> <p>2. Auditor shall obtain written confirmation from assessee w.r.t. method of accounting followed.</p>	
14	<p>(a) Method of closing stock valuation</p> <p>(b) In case of deviation from Sec 145A - effect on P/L</p>	<p>Auditor's verification:</p> <ul style="list-style-type: none"> ⇒ Auditor to obtain inventory of closing stock & basis of valuation. ⇒ Review method of valuation adopted and compare with sec 145A ⇒ Obtain valuation sheet giving details, rate & total value. ⇒ Ascertain that method is such that valuation includes tax, duty to bring goods to its location & condition on valuation date.
15	<p>Give the following particulars in PY, where capital asset is converted into stock in trade:</p> <p>(a) Description of capital asset;</p> <p>(b) Date of acquisition;</p> <p>(c) Cost of acquisition (as per BoA);</p> <p>(d) Amount at which the asset is converted into stock-in-trade.</p> <p>Note: It does not require details of capital gain or PGBP from such conversion.</p>	
16	<p>Amount not credited to P/L being:</p> <p>(a) Items falling within scope of section 28 (PGBP charging section)</p> <p>(b) Proforma credits, duty drawbacks, refund of custom, sales tax, etc. as admitted by concerned authority.</p> <p>(c) Escalation claims <u>accepted</u> during the PY (but not credited to P/L)</p> <p>Note - Claims to which other party has given unconditional acceptance constitute accepted claims. Mere making of claims or claims under negotiation or sub-judice need not be stated here. [CIT vs. Hindustan Housing and Land Development Trust Ltd (1986)]</p> <p>(d) Any other item of income</p> <p>Note - Similar info. is also furnished under clause 20(b). Cross referencing may be required.</p> <p>(e) Capital receipt, if any</p>	
17	<p>Where land or building is transferred for a consideration less than SDV, furnish the following:</p> <p>(a) Details of property (i.e., Land or building or both along with address)</p> <p>(b) Consideration received or accrued (as per boA)</p> <p>(c) Value adopted or assessed or assessable (SDV)</p> <p>(d) Whether 56(2)(x) will be attracted in hands of transferee.</p>	

18	<p>Particulars of depreciation as per Act in respect of each asset or block, in the following form:</p> <ol style="list-style-type: none"> Depreciation of asset or block of asset Rate of depreciation Actual cost or WDV, as the case may be Additions/deductions during the year including adjustment on account of: <ul style="list-style-type: none"> ⇒ CENVAT ⇒ Change in rate of currency ⇒ Subsidy, grant or reimbursement Depreciation allowable WDV at the end of year <p>Auditor to ensure that such asset has been put to use by asking for relevant records such as production details, etc.</p>
19	<p>Amount admissible under following section: 33AB, 33ABA, 35, 35ABB, 35AD, 35CCA, 35CCC, 35CCD, 35D, 35DD, 35DDA, 35E.</p> <p>Auditor shall indicate:</p> <ul style="list-style-type: none"> ⇒ Amount debited to P/L vs. amount actually admissible ⇒ Amount not debited to P/L but admissible (e.g., Sec 33AB or 33ABA)
20	<ol style="list-style-type: none"> Any sum paid to employee as bonus in lieu of dividend [Sec 36(1)(ii)] Details of employee contribution to funds u/s 36(1)(va) Note: Specify the nature of fund, details of amount deducted, due date, amount paid, actual date of payment.
21	<ol style="list-style-type: none"> Please furnish the details of following amounts debited to the profit and loss account but not allowed u/s 37: <ul style="list-style-type: none"> ⇒ Capital expenditure that is not allowable ⇒ Personal expenditure disallowed u/s 37 ⇒ Advertisement expense disallowed u/s 37(2B) ⇒ Payments made to clubs for club services or facilities (Ascertain whether they are business or personal expense) ⇒ Penalty or fine for violation of law or contract. Amount inadmissible u/s 40(a)(i), (ia), etc. Amount debited to P/L being interest, salary, bonus, remuneration, etc. inadmissible u/s 40(b) or 40(ba) Disallowance u/s 40A(3) or deemed income u/s 40A(3A): On the basis of the examination of BoA and other relevant doc, whether expenditure u/s 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 of date of payment, nature and amount of payment and name and PAN of payee if available. provision for payment of gratuity not allowable u/s 40A(7); any sum paid by the assessee as an employer not allowable u/s 40A(9); particulars of any liability of a contingent nature; amount of deduction inadmissible in terms of section 14A w.r.t. expenditure incurred in relation to income which does not form part of the total income; amount inadmissible under the proviso to section 36(1)(iii)

22	Amount of interest inadmissible u/s 23 of MSMED Act, 2006 or any other amount disallowed u/s 43B(h) of this Act. Note: Interest paid under MSME Act is disallowed in Income Tax Act (Sec 23 of MSME Act)
23	Particulars of payments made to specified person u/s 40A(2)(b)
24	Amount deemed to be profit or gain u/s 33AB or 33ABA (i.e., deemed income due to non compliance)
25	Amount of profit taxable u/s 41 and computation thereof.
26	In respect of sum referred u/s 43B [except 43B(h)], state the following: (A) Pre-existing liability (of prior years) that was: ➤ Paid during PY ➤ Not paid during PY (B) Liability incurred during PY that was: ➤ Paid on or before due date of ROI u/s 139(1) ➤ Not paid before aforesaid date.
27	(a) Amount of GST input credits availed or utilised during PY and its treatment in P/L (b) Particulars of income or expenditure of prior period credited or debited to P/L
28	Omitted.
29	Whether assessee received any consideration for issue of shares which > FMV [Sec 56(2)(viib)]. If yes, furnish detail thereof. Note: Sec 56(2)(viib) is not applicable w.e.f. PY 24-25.
29A	Whether any amount is taxable under head IFOS as referred u/s 56(2)(ix) [i.e., advance forfeited]. If yes, details thereof.
29B	Whether any amount is taxable under head IFOS as referred u/s 56(2)(x) [i.e., Gift received]. If yes, details thereof.
30	Details of amount borrowed on hundi or amount due thereon (including interest) repaid, otherwise than through eligible mode account payee cheque . [Sec 69D]
30A	(a) Whether primary adjustment to transfer price u/s 92CE has been made during PY? (b) If yes, furnish the following details: (i) Under which clause primary adjustment is made (suo motu, AO, APA, etc.) (ii) Amount of such adjustment (iii) Whether excess money is required to be repatriated to India (iv) If yes, whether such excess money has been repatriated within prescribed time ? (v) If no, amount of imputed interest on such sum.
30B	(a) Whether assessee has incurred interest expenditure > Rs. 1 crore as referred u/s 94B ? (b) If yes, furnish the following: (i) Interest expenditure amount (ii) EBITDA (iii) Excess amount i.e., amount exceeding 30% of EBITDA (iv) Brought forward interest expenditure u/s 94B(4) (v) Details of interest expenditure c/f

30C	(a) Whether assessee has entered into IAA (impermissible avoidance arrangement) u/s 96 (b) If yes, specify nature thereof and amount of tax benefit arising to all parties.
31	<ul style="list-style-type: none"> ➤ Particulars of loan, deposit or specific sum accepted exceeding amt prescribed u/s 269SS ➤ Particulars of loan or deposit or specific advance paid exceeding amt prescribed u/s 269T ➤ Particulars of amount accepted in contravention of Sec 269ST.
32	(a) Details of brought forward losses in prescribed manner (b) Whether there is change in shareholding of the co. due to which loss cannot be c/f [Sec 79] (c) Whether assessee has incurred speculation loss u/s 73. If yes, furnish detail (d) Whether assessee has incurred loss from specified business u/s 73A. If yes, furnish details (e) In case of company, please state whether the co. is deemed to be carrying on speculation business as referred u/s 73.
33	Section-wise details of deduction under Chapter VIA or Sec 10AA .
34	(a) Whether assessee is required to deduct TDS/TCS . If yes, furnish details of: TAN, Relevant section, Nature of payment, amount to be deduction and actual amount of TDS/TCS (b) Whether assessee is required to furnish TDS/TCS statement . If yes, furnish: TAN, type of form, due date and actual date. (c) Whether assessee is liable to pay interest u/s 201 or 206C. If yes, furnish TAN and amount of interest.
35	In case of trading concern, give quantitative details of principal item of goods traded . In case of manufacturing concern, give quantitative details of principal item of raw mat, finished goods and by-products . Quantitative details of - Opening, purchases, sales and closing.
36	Omitted
36A	Whether assessee has received any amount in nature of dividend referred u/s 2(22)(e) . If yes, furnish details.
37	Whether any cost audit was carried out? If yes, give details of disqualification by cost auditor, if any.
38	Whether any audit was conducted under Excise Act ? If yes, give details of disqualification by the auditor, if any.
39	Not included in ICAI module
40	Following details for the PY and preceding PY: <ul style="list-style-type: none"> ➤ Total turnover ➤ Gross profit / Turnover ➤ Net Profit / Turnover ➤ Stock in trade / Turnover ➤ Material consumer / Finished Goods produced.
41	Furnish details of demand raised or refund issued under any tax laws other than Income Tax Act.

42	<p>Whether assessee is required to furnish statement in:</p> <ul style="list-style-type: none"> ➤ Form 61 - Declaration by person having only agricultural income. ➤ Form 61A - Statement of SFT u/s 285BA ➤ Form 61B - Statement of Reportable Account u/s 285BA <p>If yes, furnish the following:</p> <ul style="list-style-type: none"> ➤ Reporting entity Identification Number ➤ Type of Form ➤ Due date of furnishing and actual date of furnishing.
43	<p>(a) Whether assessee or its parent entity or ARE is liable to furnish CBC report u/s 286</p> <p>(b) If yes, furnish the following:</p> <ul style="list-style-type: none"> (i) Whether report has been furnished by assessee or parent entity or ARE? (ii) Name of parent entity and ARE (if any) (iii) Date of furnishing report.
44	<p>Break-up of total expenditure of entities registered or not registered under the GST:</p> <ul style="list-style-type: none"> ➤ Expenditure w.r.t. registered entity, further split into expenditure: <ul style="list-style-type: none"> ◆ Relating to exempt goods and services ◆ Relating to entities falling under composition scheme ◆ Relating to other registered entities ◆ Total payment to registered entities. ➤ Expenditure w.r.t. unregistered entity.

The End

“
Learning is never done without
errors and defeat.
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