



NEW TAX AUDIT REPORT SIGNIFICANCE OF CHANGES AND DOCUMENTATIONS

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WHAT IS NEW

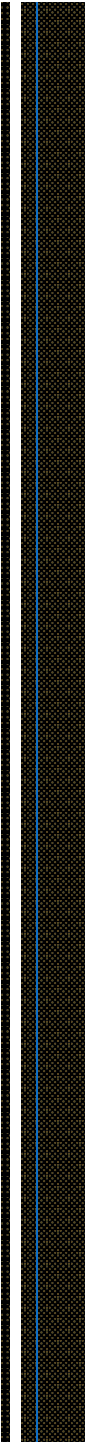
- CBDT wide Not. 33/2014 Dated 25/07/2014 has amended Form No.3CA/3CB/3CD
- Total no clauses in Form 3CD now 41 . Earlier 32
- The scope of Reporting is widen in Many clauses
- Form No.3CB/3CD uploaded by CA by 24.7.14 and approved by assessee valid?
- The Tax Audit



FORM 3CA/ 3CB

- Header
- for the period beginning from _____-to ending on _____ Ornamental

- Bottom
- (Signature and stamp/Seal of the signatory)
- Place : _____ Ornamental
- Name of the signatory
.....
- Date : _____
- Full address
.....
....



SCOPE FOR QUALIFICATIONS

- Drop down menu gives list of qualifications
 - Qualificiaton is listed
 - Comments can be input by Auditor
- Others clause to add your special observations
- Big relief to put all the notes without any limitation



QUALIFICATIONS IN LIST

- Books of account not maintained
- Information for Audit not provided
- Documents not made available
- Stock records not maintained
- Valuation of stock not possible
- Yield wastage not ascertainable
- Records to verify personal expenses not maintained
- TDS returns could not be verified from books
- Records for verification of payments through account payee cheques not sufficient



CONTD

- 14A working can not be ascertained.
- Creditors SME not ascertainable
- Prior period expenses not ascertainable
- FMV not ascertainable
- Reports of other Audits not available
- GP Ratio is not ascertainable
- Information regarding demand etc not ascertainable

○Others

- Refer to Judicial pronouncements if relied upon
- Responsibility statement



NOTES

- This report has to be signed by a person eligible to sign the report as per the provisions of section 44AB of the Income Tax Act, 1961.
- The person who signs this audit report shall indicate reference of his membership number / certificate of practice / authority under which he is entitled to sign this report.
- Scope for new entrants
- Ornamental



GUIDANCE NOTE ON REPORT

- “Assessee’s Responsibility for the Financial Statements and the Statement of Particulars in Form 3CD
- Tax Auditor’s Responsibility



CLAUSE 4 - WHETHER THE ASSESSEE IS LIABLE TO PAY INDIRECT TAX LIKE EXCISE DUTY, SERVICE TAX, SALES TAX, CUSTOMS DUTY, ETC. IF YES, PLEASE FURNISH THE REGISTRATION NUMBER OR ANY OTHER IDENTIFICATION NUMBER ALLOTTED FOR THE SAME

- The word etc. makes Auditors life difficult.
- Will not include the Property tax and such other payments
 1. Make a checklist of all indirect taxes
 2. Compare list with the taxes paid
 3. Get a declaration from the Assessee
 4. Keep the copy of registration certificate



CONTD

- Drop down menu gives the list of Acts.
 - Central Excise duty
 - Central Customs Duty
 - Service Tax
 - Sales Tax/VAT
 - State Excise duty
- One more column for other Indirect Tax/ Duty
 - Provision for you to mention the name of act.



- Clause 6-

Previous year
from.....to
.....

- Clause 8-

Indicate the relevant
clause of section
44AB under which the
audit has been
conducted

- Ornamental,
- relevant only for the new assessee
- The Utility does not allow any entry

- Clarificatory
- Utility have dropdown menu for all 6 Categories



CLAUSE 11(B)- ADDRESS AT WHICH THE BOOKS OF ACCOUNTS ARE KEPT.

- document" includes an electronic record (IT Act 2000)
- Address where books are kept, to be matched with the Companies Act 2013 provisions
- Situation when data is accessible in more places and the records are kept in one location.
- Situation when Only Entry made in multilocations
- What if the books are kept in one place and records in a third place?
- What if the books are maintained by the CA itself
- What about the multibranch entities.
- What if the entry is done in multylocataions and the processing is done in a third party location.



- Clause 12- Chapter XII-G, First Schedule

- Clause 13- Change in the method of accounting employed

- Clarificatory

- Shipping industry only

- Details to be entered in the report as per Dropdown menu itemwise

- Each type of change should be separately reported

Serial Number	Particulars	Increase in profit (Rs.)	Decrease in profit (Rs.)



CLAUSE 14- CHANGE METHOD OF VALUATION OF INVENTORIES (CLOSING STOCK)

Serial Number	Particulars	Increase in profit (Rs.)	Decrease in profit (Rs.)

- Details to be entered in the report
- Each class should be separately reports.
- Each item?
- Where to draw a line on classification



CLAUSE 17- CONSIDERATION RECEIVED LESS THAN STAMP DUTY VALUE

Auditor has to report 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.

Details of property	Consideration received or accrued	Value adopted or assessed or assessable

- Additional point covering the provisions



CLAUSE 18(D)(I)- CENTRAL VALUE ADDED TAX CREDITS CLAIMED AND ALLOWED UNDER THE CENTRAL EXCISE RULES, 1944, IN RESPECT OF ASSETS ACQUIRED ON OR AFTER 1ST MARCH, 1994

- Additional data required for all Assets.
- What about the WDV where credit is already taken?
- Utility gives the import of csv Templates



CLAUSE 19 AMOUNTS ADMISSIBLE UNDER SECTIONS:

Section	Amount debited to profit and loss account	Amounts admissible as per the provisions of the Income Tax Act, 1961 and also fulfils the conditions, if any specified under the conditions, if any specified under the relevant provisions of Income Tax Act, 1961 or Income Tax Rules, 1962 or any other guidelines, circular, etc., issued in this behalf.
32AC		
35(1)(i)		
35(1)(ii)		
35(1)(ia)		
35(1)(iii)		
35(1)(iv)		
35(2AA)		
35(2AB)		
35ABB		

- Additional points covering the provisions
- Drop down menu helps selecting only covered things.



CLAUSE 20(B)- DETAILS OF CONTRIBUTIONS RECEIVED FROM EMPLOYEES FOR VARIOUS FUNDS AS REFERRED TO INSECTION 36(1)(VA):

Serial number	Nature of fund	Sum received from employees	Due date for payment	The actual amount paid	The actual date of payment to the concerned authorities

- Cosmetic Change.
- Dropdown menu will take care of it.
- Each data to be entered seperately.



CLAUSE 21(A)- DETAILS OF CAPITAL, PERSONAL, ADVERTISEMENT EXPENDITURE ETC

- Each item to be separately mentioned.
- How to classify- Voucher wise? Item wise? Expenditure headwise?
- Utility has the menu for each item without any limit

Nature	Serial number	Particulars	Amount in Rs.
Expenditure incurred at clubs being cost for club services and facilities used.			
Expenditure by way of penalty or fine for violation of any law for the time being force			
Expenditure by way of any other penalty or fine not covered above			
Expenditure incurred for any purpose which is an offence or which is prohibited by law			

CLAUSE 21(B) AMOUNTS INADMISSIBLE UNDER SECTION 40(A);

- Detailed entry for
 - (i) 40(a)(i) and
 - (ii) 40(a)(ia)
- For items where tax is not deducted
- For items where tax is deducted and not paid
- The Utility has detailed entry facility
- Import of CSV file facility is provided.
- (iii) Fringe Benefit tax
- (iv) Wealth Tax.
- (v) Royalty Licence fees, Service fee etc.
- (vi) Salary payable outside India without TDS
- (vii) Payment of PF other fund
- (viii) Tax paid by employer for perquisite.



CLAUSE 21D(B)- ON THE BASIS OF THE EXAMINATION OF BOOKS OF ACCOUNT AND OTHER RELEVANT DOCUMENTS/EVIDENCE, WHETHER THE PAYMENT REFERRED TO IN SECTION 40A(3A) 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 AMOUNT DEEMED TO BE THE PROFITS AND GAINS OF BUSINESS OR PROFESSION, UNDER SECTION 40A(3A);

Serial number	Date of payment	Nature of payment	Amount	Name and Permanent Account Number of the payee, if available



CLAUSE 24-AMOUNTS DEEMED TO BE PROFITS AND GAINS UNDER SECTION 32AC OR 33AB OR 33ABA OR 33AC.

- Additional points covering the provisions
- Drop down menu has provisions for all three



CLAUSE 27(A)-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.

- Cosmetic change



CLAUSE 28 -ACQUISITION OF A SHARES WITHOUT OR ADEQUATE CONSIDERATION
WHETHER DURING THE PREVIOUS YEAR THE ASSESSEE HAS RECEIVED ANY PROPERTY, BEING SHARE OF A COMPANY NOT BEING A COMPANY IN WHICH THE PUBLIC ARE SUBSTANTIALLY INTERESTED, WITHOUT CONSIDERATION OR FOR INADEQUATE CONSIDERATION AS REFERRED TO IN SECTION 56(2)(VIIA), IF YES, PLEASE FURNISH THE DETAILS OF THE SAME.

- Additional points covering the provisions
- The format detailed in utility
- Name, PAN of the Person
- Co. Name CIN, FMV & Consideration paid



CLAUSE 29- 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 THE DETAILS OF THE SAME.

- Additional points covering the provisions
- The format as in the utility
- Name, PAN if available, No of share, Consideration, FMV



CLAUSE 31(C)- WHETHER THE TAKING OR ACCEPTING LOAN OR DEPOSIT, OR REPAYMENT OF THE SAME WERE MADE BY ACCOUNT PAYEE CHEQUE DRAWN ON A BANK OR ACCOUNT PAYEE BANK DRAFT BASED ON THE EXAMINATION OF BOOKS OF ACCOUNT AND OTHER RELEVANT DOCUMENTS

- The online payments, NEFT, RTGS are not covered.
- Disclaimer will be needed for that.
- The Utility has only Yes, No and NA



CLAUSE 32(C)- WHETHER THE ASSESSEE HAS INCURRED ANY SPECULATION LOSS REFERRED TO IN SECTION 73 DURING THE PREVIOUS YEAR, IF YES, PLEASE FURNISH THE DETAILS OF THE SAME.

- Additional requirement
- clarificatory in nature



CLAUSE 32(D)- WHETHER THE ASSESSEE HAS INCURRED ANY LOSS REFERRED TO IN SECTION 73A IN RESPECT OF ANY SPECIFIED BUSINESS DURING THE PREVIOUS YEAR, IF YES, PLEASE FURNISH DETAILS OF THE SAME.

- Additional requirement
- clarificatory in nature



CLAUSE 33-SECTION-WISE DETAILS OF DEDUCTIONS, IF ANY, ADMISSIBLE UNDER CHAPTER VIA OR CHAPTER III (SECTION 10A, SECTION 10AA).

Section under which deduction is claimed	Amounts admissible as per the provision of the Income Tax Act, 1961 and fulfils the conditions, if any, specified under the relevant provisions of Income Tax Act, 1961 or Income Tax Rules,1962 or any other guidelines, circular, etc, issued in this behalf.

- Formats changed,
- Sectionwise details required.
- Aleady in the utility now incorporated in form
- no change in the substance



CLAUSE 34(A) 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:

Tax deduction and collection Account Number (TAN)	Section	Nature of payment	Total amount of payment or receipt of the nature specified in column (3)	Total amount on which tax was required to be deducted or collected out of (4)	Total amount on which tax was deducted or collected at specified rate out of (5)	Amount of tax deducted or collected out of (6)	Total amount on which tax was deducted or collected at less than specified rate out of (7)	Amount of tax deducted or collected on (8)	Amount of tax deducted or collected not deposited to the credit of the Central Government out of (6) and (8)

- Complete details of TDS to be given.
- Reconciliation of Expenses covered.
- The TDS Return data can be used
- Entering the details in Utility will be a task,
- all sections to be individually entered.



CLAUSE 34(B)- WHETHER THE ASSESSEE HAS FURNISHED THE STATEMENT OF TAX DEDUCTED OR TAX COLLECTED WITHIN THE PRESCRIBED TIME. IF NOT, PLEASE FURNISH THE DETAILS:

Tax deduction and collection Account Number (TAN)	Type of Form	Due date for furnishing	Date of furnishing, if furnished	Whether the statement of tax deducted or collected contains information about all transactions which are required to be reported

- TDS Return data to be filled
- Duty cast on Auditor to certify the Return filed
- The Utility does not allow any entry if you say yes
- That means give details only if there is default



CLAUSE 34(C) WHETHER THE ASSESSEE IS LIABLE TO PAY INTEREST UNDER SECTION 201(1A) OR SECTION 206C(7). IF YES, PLEASE FURNISH:

Tax deduction and collection Account Number (TAN)	Amount of interest under section 201(1A)/206C(7) is payable	Amount paid out of column (2) along with date of payment.

- The Utility does not allow any entry if you say NO
- That means give details only if there is default
- The burden of calculation of interest is on the Auditor.
- The TDS return if filed, the data collection is not difficult.
- If it is not filed the onus of calculation will be on the Auditor
- If the Auditor differ with the Assessee on any TDS issues the reporting will be very difficult.



CLAUSE 36(B)- AMOUNT OF REDUCTION AS REFERRED TO IN SECTION 115-O(1A)(I);

- Additional requirement
- Clarificatory in nature
- Utility has only one clause for Clause 36



CLAUSE 36(c)- AMOUNT OF REDUCTION AS REFERRED TO IN SECTION 115-O(1A)(II);

- Additional requirement
- clarificatory in nature
- Utility has only one clause for Clause 36



CLAUSE 37- WHETHER ANY COST AUDIT WAS CARRIED OUT, IF YES, GIVE THE DETAILS, IF ANY, OF DISQUALIFICATION OR DISAGREEMENT ON ANY MATTER/ITEM/VALUE/QUANTITY AS MAY BE REPORTED/IDENTIFIED BY THE COST AUDITOR.

- Additional requirement
- Clarificatory in nature
- Utility allows comment only if you say Yes



CLAUSE 38-WHETHER ANY AUDIT WAS CONDUCTED UNDER THE CENTRAL EXCISE ACT, 1944, IF YES, GIVE THE DETAILS, IF ANY, OF DISQUALIFICATION OR DISAGREEMENT ON ANY MATTER/ITEM/VALUE/QUANTITY AS MAY BE REPORTED/IDENTIFIED BY THE AUDITOR

- Additional requirement
- To report all qualifications.
- Clarificatory in nature
- Utility allows comment only if you say Yes



CLAUSE 39-WHETHER ANY AUDIT WAS CONDUCTED UNDER SECTION 72A OF THE FINANCE ACT,1994 IN RELATION TO VALUATION OF TAXABLE SERVICES, IF YES, GIVE THE DETAILS, IF ANY, OF DISQUALIFICATION OR DISAGREEMENT ON ANY MATTER/ITEM/VALUE/QUANTITY AS MAY BE REPORTED/IDENTIFIED BY THE AUDITOR.

- Additional requirement
- To report all qualifications.
- clarificatory in nature
- Utility allows comment only if you say Yes



CLAUSE 40 -DETAILS REGARDING TURNOVER, GROSS PROFIT, ETC., FOR THE PREVIOUS YEAR AND PRECEDING PREVIOUS YEAR:

Serial number	Particulars	Previous year	Preceding previous year
1.	Total turnover of the assessee		
2.	Gross profit/turnover		
3.	Net profit/turnover		
4.	Stock-in-trade/turnover		
5.	Material consumed/finished goods produced		

- Two years data is required.
- Mention about all types in the form
- Utility provides only one entry
- Guidance note says this is not applicable to Traders and Service Providers



GUIDANCE NOTE ON TERMS

- Gross Profit: The excess of the proceeds of goods sold and services rendered during a period over their cost, before taking into account administration, selling, distribution and financing expenses. When the result of this computation is negative it is referred to as gross loss.
- Turnover: The aggregate amount for which sales are effected or services rendered by an enterprise. The terms gross turnover and net turnover (or gross sales and net sales) are sometimes used to distinguish the sales aggregate before and after deduction of returns and trade discounts.
- Net Profit: The excess of revenue over expenses during a particular accounting period. When the result of this computation is negative, it is referred to as net loss.

It may be noted that the net profit to be shown here in this clause is net profit before tax.



CLAUSE 41-PLEASE FURNISH THE DETAILS OF DEMAND RAISED OR REFUND ISSUED DURING THE PREVIOUS YEAR UNDER ANY TAX LAWS OTHER THAN INCOME TAX ACT, 1961 AND WEALTH TAX ACT, 1957ALONGWITH DETAILS OF RELEVANT PROCEEDINGS.

- Additional requirement
- clarificatory in nature
- Utility provides entry from F. Y. 1980-81





Thank You

Information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of particular situation.

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