

# Tax Audit u/s 44AB of IT Act Amendment to form 3CD

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## Form 3CA, 3CB and 3CD - 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
- IT dept wants more information about other Tax Laws also.
- Tax audit already completed but e-filing is not done now have to be done in New Forms as per message displayed in IT website-genuine hardship to assessee
- What if Form No.3CB/3CD uploaded by CA by 24.7.14 and approved by assessee is pending till date?

## Form 3CA and 3CB - New.

### Form No.3CA

- Point 1(a) >> **for the period beginning from -----to ending on -----**  
**-----.**
- Point No.3 In \*my / our opinion and to the best of \*my / our information and according to **examination of books of account including other relevant documents** and explanations given to \*me / us, the particulars given in the said Form No.3 CD are true and correct

**subject to the following observations/qualifications, if any:**

### Form No.3CB

Point No.1 **for the period beginning from -----to ending on -----**  
**-----.**

Point No.5 ( Regarding particulars in Form 3CD, true and Correct...)

**subject to the following observations/qualifications, if any:**

# RECENT IMP. Changes in form 3CD



## Clause 4 : Indirect Tax Reg. Numbers.

Particulars	Comments /Issues
Old 3CD :-	Not required.
<b>Revised 3CD:-</b> 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	*An indirect tax is a tax collected by an intermediary from another person who bears the ultimate economic burden of the tax, say consumer. Excise, Customs Sales Tax /VAT, Service Tax..... *Tax on goods, services etc..  One may get some details from 704 MVAT Audit report.

# RECENT IMP. Changes in form 3CD



## Clause 8 : Relevant clause of section 44AB

<b>Particulars</b> <b>Old Clause ....</b>	<b>Comments /Issues</b> <b>No such requirement</b>
Indicate the relevant clause of section 44AB under which the audit has been conducted	44AB(a) - Total sales/Turnover >1 cr 44AB(b)- Professional receipts> 25 L. 44AB(c) - if business is u/s 44AE, 44BB ( Exploration of Mineral oil), 44BBB ( Foreign companies engaged in Turnkey Power Projects ) 44AB(d) - Under 44AD and Income is less then 8% of turnover of eligible business..

# RECENT IMP. Changes in form 3CD



## Clause 11 : Books of Accounts

Particulars	Comments /Issues
<p>11(a)... Prescribed books 44AA 11(b) List of books of account maintained <b>and the address at which the books of accounts are kept.</b></p> <p>(In case books of account are maintained in a computer system, mention the books of account generated by such computer system.</p>	<p>No changes ledgers, day-books , cash books, account books and other books -- in written form or --data stored in floppy, disk or any other electro magnetic data storage device. Where Kept? Write address &gt;&gt; Reg office, Main Place of business, Factory/depot/ branch etc.. Where accounts books are maintained,</p>

# RECENT IMP. Changes in form 3CD



## Clause 11 (c) Books and Documents Examined....

Particulars	Comments /Issues
If the books of accounts are not kept at one location, please furnish the addresses of locations along with the details of books of accounts maintained at each location.)	Excise, VAT etc.. Requires certain books to be maintained at each place
11(c)...List of books of account <b>and nature of relevant documents examined.</b>	Books: Cash Book, Bank Books, Ledgers, Sales Book, Purchase Book, Journal book, Stock records, Nature of relevant records :- Bills, Vouchers, Agreements, Contracts, etc...

# RECENT IMP. Changes in form 3CD



## Clause 12 : Profit on Presumptive basis

Particulars	Comments /Issues
Old 3CD :- If P&L a/c includes any profits and gains assessbale on presumptive basis, if yes, amount and the relevant section..	
Reference to certain new sections added now...	
Chapter XII G	Shipping Company
First Schedule	Life Insurance business, other Insurance business Business by Non Resident etc.....



# RECENT IMP. Changes in form 3CD



## Clause 13 : IT Accounting Standards

Particulars	Comments /Issues
<p>No change in Form 3CD.....                      Details of deviations if any in the method of accounting employed viz..                      Accounting standards prescribed u/s 145.</p>	<p>As per Finance Bill 2014. In place of Accounting Standard...                      Income computation and disclosure standards ... from A Y 2015-16..</p>
<p>Clause 13('c) and Clause 14(b)                       Effect of change in Method of A/c as compared to preceding previous year                      Effect of deviation from Method of stock valuation than 145A</p>	<p>To report in Tabular format.                      Sr no. Particulars. Increase Decrease                      * in profit in profit</p>

# RECENT IMP. Changes in form 3CD



## New Clause 17 Transfer of Land and/ or Building

Particulars	Comments /Issues
<p>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</p> <ul style="list-style-type: none"><li>a) Detail of Property</li><li>b) Consideration received or accrued</li><li>c) Value adopted or assessed</li></ul>	<p>It seems details of all agreements registered by Builders where Stamp value is higher than Agreement value information has to be furnished property wise</p> <p>This clause extends to section 50C, Transfer of such capital asset by other persons..</p>

# RECENT IMP. Changes in form 3CD



## New Clause 17 Transfer of Land and/ or Building

Particulars	Comments /Issues
...Transfer	Year of allotment, agreement not registered, part payment received....  Year of Registration of Sale agreement  Substantial completion of building and receipt of payment  Difference is known only when agreement is registered

# RECENT IMP. Changes in form 3CD



## New Clause 18 Schedule of Depreciation

Particulars	Comments /Issues
Clause 18 (d)(i) CENVAT credit in place of MODVAT credit.....	No major change. Only correct word placed.

# RECENT IMP. Changes in form 3CD



## New Clause 19 Specified expenses....

<b>Particulars</b> <b>Old Clause 15</b>	<b>Comments /Issues</b> <b>Details of expenses allowable in respect of given sections.</b>
<p>New Provisions :- In a list of sections such as 33AB to 35E etc...</p> <p>New sections added 32AC, 35AD, 35CCC and 35CCD.</p> <p>Sec. 35 split in to various clauses.</p>	<p>Details to be furnished.....</p> <p>Section.-- Amount debited to Profit and loss account --- Amount admissible. as per the provisions of the IT Act, and also fulfills the conditions, if any specified under the relevant provision of the IT Act, IT Rules, or any other guidelines, circular etc...</p> <p>-- Report in columnar format.</p>

# RECENT IMP. Changes in form 3CD



## Clause 21

Particulars	Comments /Issues
21(a)...Please furnish the details of amounts debited to the profit and loss account, being in the nature of capital, personal, <b>advertisement expenditure</b> etc.	Old Clause 17(c) Advt in any pamphlet , brochure like published by a Political Party Info. to be provided These words are removed, hence all Advertisement expenses details to be given in the format.

# RECENT IMP. Changes in form 3CD



## Clause 21

Particulars	Comments /Issues
Expenditure incurred at clubs being cost for club services and facilities used.	Old 17(d)(i) entrance fees and subscriptions removed, whether still reporting needs to be done ? May not be required. As even otherwise also, expenses debited to P&L account is to be reported.

# RECENT IMP. Changes in form 3CD



## Clause 21(b) : Disallowance of Expenses 40(a)

Particulars Old Clause 17 (f)	Comments /Issues Amount in admissible u/s 40(a)
<p>Amounts inadmissible under section 40(a):-</p> <p><b>(i) as payment to non-resident</b> referred to in sub-clause (i)</p> <p>(A) Details of payment on which tax is not deducted</p> <p>(B) Details of payment on which tax as been deducted but has not been paid during the previous year or in the subsequent year before the expiry of time prescribed under section 200(1)</p>	<p><u>If TDS not made.</u></p> <p>a)Date of payment b) Amount of payment c) Nature of payment d) Name and address of payee</p> <p><u>If TDS not deposited.</u></p> <p>a)Date of payment b) Amount of payment c) Nature of payment d) Name and address of payee e) If Tax deducted amount of tax</p>



# RECENT IMP. Changes in form 3CD



- Clause 21(b)
- Non Compliance of TDS in case of payments to Resident payees

Particulars	Comments /Issues
(ii) as payment referred to in sub-clause (ia) (A) Details of payment on which tax is not deducted (B) Details of payment on which tax has been deducted but has not been paid on or before the due date specified in sub- section (1) of section 139.	

## RECENT IMP. Changes in form 3CD



- Clause 21(b) : Other disallowances :

Particulars	Comments /Issues Amount debited to P&L a/c
(iii) Under sub-clause (ic)	(ic) Fringe Benefit Tax
(iv) under sub-clause (ia)	(ia) Wealth Tax
(v) under sub-clause (iib)	(iib) royalty etc.. By state gov undertaking to state govt
(vi) under sub-clause (iii)	(iii) <b>Salary Outside India or to NR</b> and tax not paid or deducted
(vii) under sub-clause (iv)	(iv) Contr to PF other funds, where arrangements not made with such fund for TDS on disbursements liable as taxable salary
(viii) under sub-clause (v)	(v) Tax paid by employer referred on Clause 10 (10CC)

# RECENT IMP. Changes in form 3CD



- Clause 21(d)

Particulars	Comments /Issues Old clause 17(h)(A and B)
<p>21 (d)...</p> <p>Disallowance/deemed income under section 40A(3):</p> <p>(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.</p>	<p>Reporting of obtaining Certificate from assessee is done away, However CA as part of MRL should always take the same.</p> <p>Information required</p> <p>a) Date of payment</p> <p>b) Nature of payment</p> <p>c) Amount</p> <p>d) Name and PAN of Payee if available</p> <p>RTGS/NEFT payments ?</p>

# RECENT IMP. Changes in form 3CD



Particulars	Comments /Issues
<p>(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);</p>	<p>Payment made in current year is to be reported, whether for current years expenses, or expenses provided in earlier years and payment made against credit balance.</p> <p>Why e payment mode not yet specified..</p>

# RECENT IMP. Changes in form 3CD



## Clause 24

Particulars	Comments /Issues
Amounts deemed to be profits and gains under section <b>32AC</b> or 33AB or 33ABA or 33AC.	Sec 32AC : was inserted w.e.f A Y 2014-15. Investment allowance of 15% of new specified assets in specified circumstances. However if such assets are sold etc.. Within 5 years, the amount allowed earlier, is deemed to be Income..... So as to cover reporting of such additions, this clause is amended.

## Format of tax audit to be maintained by members

- Record of Tax Audit Assignments

1. Name of the Member accepting the assignment
2. Membership No.
3. Financial year of audit acceptance
4. Name and Registration No. of the firm/ firms of which the member is a proprietor or partner.

Sr No	Name of Auditee	A.Y. of the Auditee	Date of Appointment	Date of Acceptance	Name of Firm	Dt. Of Comm with Prev Auditor

# CONSEQUENCES ON FAILURE TO SUBMIT TAX AUDIT REPORT:



- Penalty under Sec. 271 B.
- Defective Return, Return treated “Invalid Return” if defect not cured.
- Penalty u/s 271 F.
- Best judgment assessment u/s 144.
- Special Audit u/s 142(2A), Prosecution under 206CC.

No penalty for failure in case of ‘Reasonable Cause’

- Resignation of Tax Auditor, Death/Physical disability of ‘Auditor’
- Genuine difficulties like Labour problem, Strike, Lock outs, Nature Calamity, Loss of accounts-Fire, Theft Seizure of books of account etc.

Appeal: Penalty order of A.O. is appealable u/s 246(1)(m) before CIT(A)



**COREPRO**

Thank you

