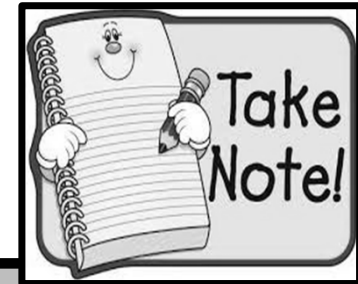




IMPORTANT DISCLOSURES IN REPORTING, RECENT AMENDMENTS IN FORM 3CD & E-FILING ISSUES IN REPORTING



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Difference between Tax Return and Tax Audit Report



- ✓ **A Tax Return** is a document filed with the income tax authority.
- ✓ It reports key financial details such as **income, expenses, and other relevant information**.
- ✓ The return must be submitted in the **specific format** released for each **Assessment Year**.
- ✓ Every eligible person is **required to file the return** within the **specified time limit**.

- ✓ A **Tax Audit Report** must be obtained from a qualified *accountant to be* filed with the **income tax authority** to certify financial details in the **prescribed format**.
- ✓ The requirement applies to an **assessee engaged in business or a specified profession**.
- ✓ It is mandatory **if the turnover or gross receipts exceed the specified threshold** set under tax laws.
- ✓ The report must be **submitted on or before the due date of the tax return filing**.
- ✓ **Details of the tax audit report** must be **disclosed in the tax return**.



Purpose of Tax Audit



- ✓ A proper audit 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 claims for deduction are correctly made by him;
 - ✓ To reflect true income;
 - ✓ To facilitate the tax administration;
 - ✓ Will save time of the Tax Officer;
 - ✓ The time of the assessing officer thus saved, could be utilized for attending to more important investigational aspects of a case.
-
- ✓ Vague statements the effect of which on accounts can't be ascertained to be avoided – para 3.15 of Statement on Qualifications in Auditors' Reports
 - ✓ Whether accountants are fulfilling their obligations in giving a report in proper spirit (Professional skepticism)
 - ✓ CAG Observations
 - ✓ Formation of Tax Audit Review Board by ICAI.

Provisions of Section 44AB

Audit of accounts of certain persons carrying on business or profession.

44AB. Every person,—

(a) **carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees** in any previous year :

Provided that in the case of a person whose—

(a) **aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount;** and

(b) **aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,**

this clause shall have effect as if for the words "one crore rupees", the words " ⁷³**[ten]** crore rupees" had been substituted:

[**Provided further** that for the purposes of this clause, the payment or receipt, as the case may be, by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the payment or receipt, as the case may be, in cash; or]

(b) carrying on **profession shall, if his gross receipts in profession exceed fifty lakh rupees in any previous year;** or

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Provisions of Section 44AB

(c) carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or

(d) carrying on the profession shall, if the profits and gains from the profession are deemed to be the profits and gains of such person under section 44ADA and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his profession and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year; or

(e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year, get his accounts of such previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed :

Provided that this section shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD and his total sales, turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year:

Definition of Business & Profession

- ✓ Business "includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture.
- ✓ Profession "to Include Vocation. Profession is a word of wide import and includes "Vocation" which is only a way of living.

Is Data permitted to be kept in Electronic Form

- Law provides that information or any other matter shall be in writing or in the typewritten or printed form, then, notwithstanding anything contained in such law, such requirement shall be deemed to have been satisfied if such information or matter is-
- (i) rendered or made available in an electronic form; and
 - (ii) accessible so as to be usable for a subsequent reference. (Section 4 of the Information Technology Act, 2000)

Can Tax Audit be Done Voluntarily

- ✓ No such provision in the Act to get the accounts audited under the Section

Other Option?

- Refer Guidance Note on Report for Special Purposes issued by ICAI;
- Conduct verification based on the said guidelines given in the said Guidance Note;
- Report to be signed as "Independent Practitioners Report" as per the draft given in the said Guidance Note;
- Purpose of Reporting is mandatory;
- Signed Financials can be part of this Report;
- Form 3CA-3D or Form 3CB-3CD with not form part of this Report.

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Certain Important Key Points

- **Multiple Businesses**
- **Multiple Profession**
- **Combination of Business & Profession**
- **Turnover limits & Gross Receipts Criteria**

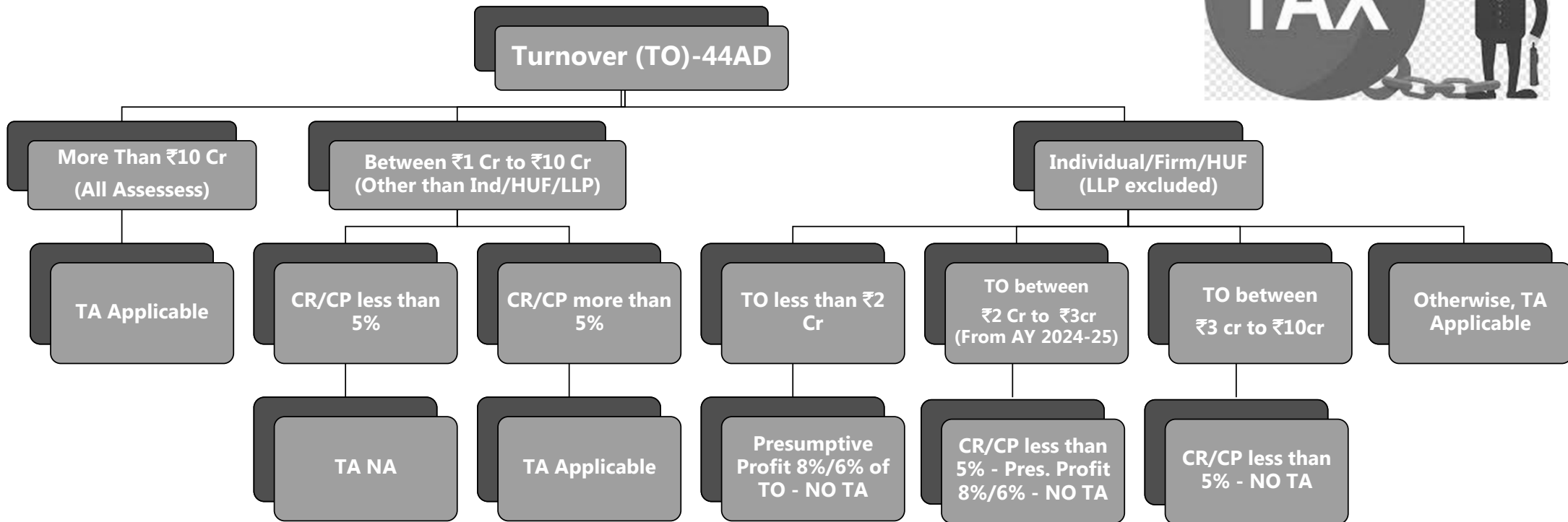
➤ **Exempt Income Assessess**

- A trust/association/institution carrying on business may enjoy exemptions as the case may be under sections 10(21) or 10(23A) or 10(23B) or section 10(23BB) or section 10(23C) or section;
- A co-operative society carrying on business may enjoy deduction under section 80P;
- Non-residents

Interest, remuneration, etc. received by assessee from partnership firm cannot be treated as gross receipt/turnover as partner is not doing any business/profession independently, but it is the firm which is carrying on the business/profession, in which assessee is only a partner. (*Perizad Zorabian Irani v PCIT, Mumbai* – WP No. 1333/2021- Bombay High Court – dated 09.03.2022)

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Prescribed Limits for Section 44AD



Note :-

- Aggregate Receipts includes Capital contribution, all income, sale of assets, loan taken or loan received back etc.
- Aggregate Payments includes drawings, all expenses payment, purchase of assets, loan repaid or loan given etc.

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Prescribed Limits for Section 44ADA



**Turnover (TO)-44AB
Specified professionals**

**Receipts More Than
75 Lakhs as per
S. 44AB
(All Assessess)**

**TA
Applicable**

**Prof. Receipts less than
₹50 Lakhs**

**Report Profit
50% of
Receipt**

**TA Not
Applicable**

**Not Reporting
Profit 50% of
Receipt**

**TA
Applicable**

**Prof. Receipts more Than
₹50 Lakhs up to ₹75 Lakhs**

**Cash Receipts less than 5%
of Gross Receipts**

**Reporting Profit
less than 50% of
Gross Receipt**

**TA Not
Applicable**

**Not
Reporting
Presumptive
Profit**

**TA
Applicable**

Note :-

Aggregate Receipts includes Capital contribution, all income, sale of assets, loan taken or loan received back etc.
Aggregate Payments includes drawings, all expenses payment, purchase of assets, loan repaid or loan given etc.

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Advantages & Disadvantages of Section 44AD

Whenever the business profits are computed in accordance with this section, the assessee is not required to mandatorily maintain books of accounts u/s. 44AA and also not to get them audited u/s. 44AB.

- 5 years' restriction has been put regarding applicability of this section.
- According to that if section 44AD is opted for any assessment year, then it is to be opted for the next 5 assessment years (**block period**) (total 6 assessment years i. e. initial year of opting + next 5 assessment years).
- If opted out in any of the year of the **block period** then the assessee will not be eligible to opt Section 44AD for the further period of next 5 years.

After exercising option to opt out- Assessee will have to maintain books of accounts u/s. 44AA and get the accounts audited u/s. 44AB (in case the income exceeds basis exemption limit).

WHOSE AUDIT TO BE CONDUCTED

Audit in case of non corporate entities

Entire audit to be conducted
True and Fair view of Financial Statement



Tax Audit in case of Companies

Only particulars in Form 3CD to be certified

Reliance to be placed on report of Statutory Auditor

SA 600 - Using the work of another auditor

Some additional verification maybe necessary

Co-relation of particulars given in Form 3CD with disclosures in Financial Statement (e.g. AS 18(Related Party Disclosure), CARO report, etc.)

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ICAI CODE OF ETHICS

- Communication With Previous Auditor
 - ✓ Communication With Previous Auditor By Registered A.D or in person
 - ✓ No Need To Communicate With Statutory Auditor.
- Indebted For More Than Rs 1,00,000
- Shall not accept more than specified number of tax audit assignment prescribed in the aggregate.
- This excludes assignments under 44AD, 44ADA and 44AE
(Notification No 1-Ca(7) 02/2008 Dt 8.08.2008)
- Professional Reasons For Not Accepting The Appointment
 - Non-Payment Of Undisputed Audit Fees
 - (In Case Of Sick Unit, The Above Prohibition Of Acceptance Shall Not Apply)

GROUNDS FOR NON-ACCEPTANCE OF TAX AUDIT

- Dispute as regards the fees;
 - **Fees pending due to non-availability of Previous Auditor**
- Non-compliance of the provisions of Sections 139 and 140 of the Companies Act, 2013 as mentioned in Clause (9) of the Part - I of First Schedule to The Chartered Accountants Act, 1949;
- Non-payment of undisputed Audit Fees by auditees other than in case of Sick Units for carrying out the Statutory Audit under the Companies Act, 2013 or various other statutes;
- Issuance of a qualified report.
 - **Recourse in case of Qualified Audit Report**

- In the first two cases, an auditor who accepts the audit would be guilty of professional misconduct.

TAX AUDIT REPORTS FORMS

Form 3CA

- In case of a person carrying business or profession whose accounts are required to be audited under any other law.

Form 3CB

Person other than those referred in Form 3CA.

- Person whose accounts are required to be audited under any other law but whose accounting year is different from the financial year.
- *[Circular : No. 561, dated 22-5-1990]*

FORM 3CD

Form 3CD

- Has 44 clauses with 73 sub-clauses totaling to 117 reporting clauses;
- Form to be filled by all assesses and submitted to Auditor for verification;
- Auditor to verify the contents submitted by the Assessee and certify the same whether it is true and correct
- After verification issue the Applicable Form 3CA/ Form CB with comments;
- Uploaded online on or before the prescribed due date;
- Modified time to time as per the requirements by the CBDT by Notification in the Gazette;
- Latest Notification and Amendment done on 28th March, 2025;
- To be filled only the relevant applicable clauses;
- It is important to submit the details with accuracy to avoid any proceedings under the Act.

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PENALTY FOR NO TAX AUDIT

**SEC 271B-
FAILURE TO
GET
ACCOUNTS
AUDITED**

- **W.E.F A.Y 2011-12 THE PENALTY SHALL BE THE LOWER OF THE FOLLOWING AMOUNTS**
- **0.5% (HALF PERCENT),**
- **OR RS 150,000/-**

ITO can order for Special Audit U/s 142(2A)

INSTANCES WHERE PENALTIES HAVE NOT BEEN LEVIED

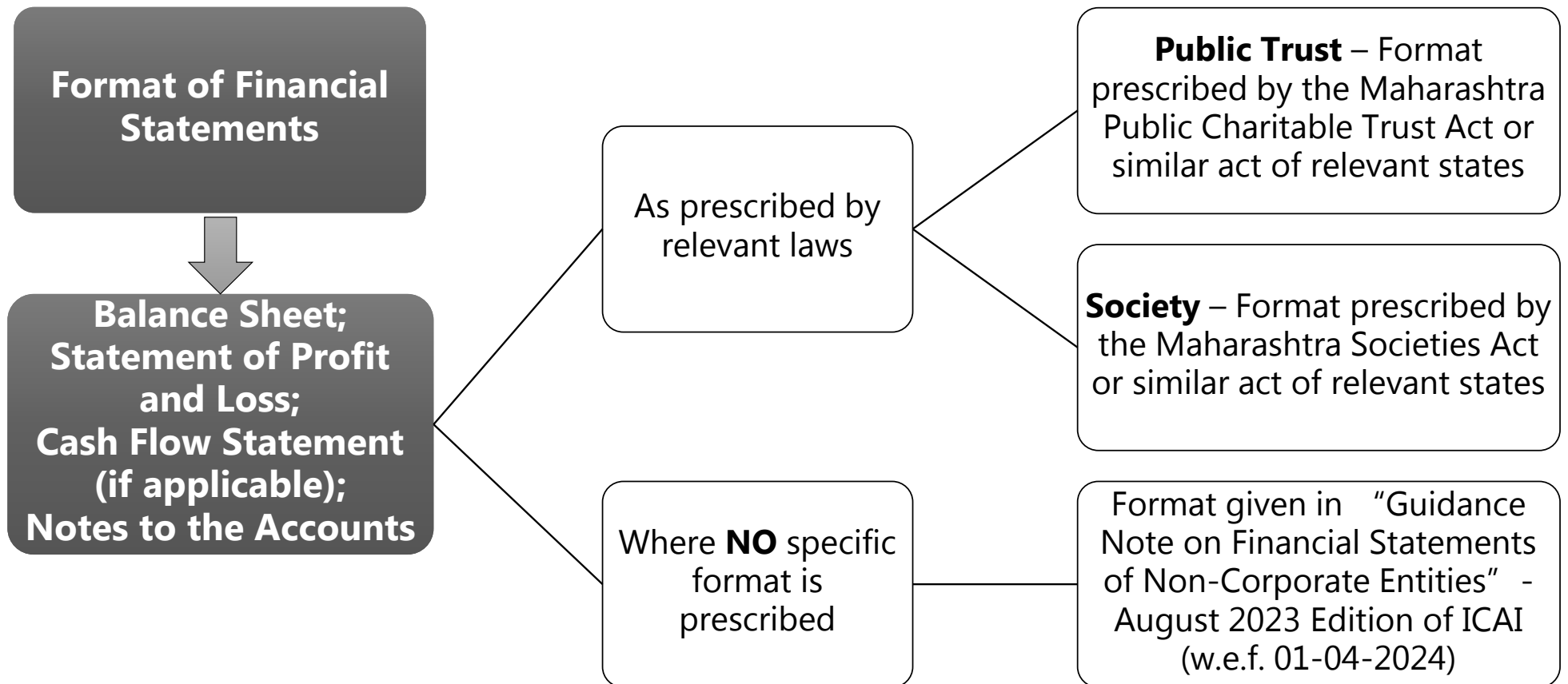
Tribunals
have
accepted
Reasonable
causes

- ☐ Resignation of the tax auditor and consequent delay;
- ☐ *Bona fide* interpretation of the term 'turnover' based on expert advice;
- ☐ Death or physical inability of the partner in charge of the accounts;
- ☐ Labour problems such as strike, lock out for a long period, etc.;
- ☐ Loss of accounts because of fire, theft, etc. beyond the control of the assessee;
- ☐ Non-availability of accounts on account of seizure;
- ☐ Natural calamities, commotion, etc.
- ☐ Resignation of the accountant and his consequent non-cooperation.
- ☐ Official E filing portal (of the Income-tax department) failure

Shrishaila Mallikarjun Traders v. Income-tax Officer, IT Appeal No. 1357 (Bang) of 2024, [Assessment Year 2017-18], ITAT Bangalore C Bench, The assessee, a partnership firm, failed to get its accounts audited and file the audit report electronically, Penalty proceedings were initiated under the Section and the Tribunal accepted the explanation as reasonable cause for the delay and the unexpected illness of the managing partner and the sudden departure of the accountant which created unforeseen challenges for the firm was considered as a reasonable cause and penalty was dropped.

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Applicable Format Financial Statements



Audit Overview AS/ IND-AS purview

Companies (S. 133)

Ind AS (Rules)

Applicable to
all Listed Co.,
NBFCs

Unlisted Co.
& NBFCs
having Net
worth \geq 250
Cr

AS (Rules)

SMC
AS 3 (Cash
flow) & AS
17 (Segment
reporting)
not
applicable

Non-SMC –
All AS
applicable

Non-company Entities (ICAI pronouncements)

Others (e.g. LLP,
Partnership Firm, Trusts,
Society, Proprietor, AOP
etc.)

Large Entities
All AS
applicable

MSMEs
Certain
disclosure
exemption or
relaxation

Assesseees following Cash System to follow Technical Guide on Preparation of FS under Cash Basis of Accounting

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Criteria for classification of Non-Company Entities (w.e.f. 01-04-2024)*

MSME

whose equity or debt securities are **not listed** or are **not in the process of listing** on any stock exchange, whether in India or outside India

which is not a bank, FI or an insurance company

whose **T/O (excluding other income) \leq ₹250 Cr**

which have **borrowings \leq ₹50 Cr**

which is **not** a holding/ subsidiary of an entity which is **not** a MSME entity.

T/O &
Borrowings to
be of the
**immediately
preceding
accounting
year**

Large Entity

Not covered by any of the above

***This Announcement supersedes the earlier Announcement of the ICAI on Criteria for classification of Non-company entities for applicability of Accounting Standards issued in March 2021.**

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Clause-17(g)-Interest, salary, bonus commission or remuneration Inadmissible u/s 40(b)/40(ba)

Salary, bonus, commission or remuneration or int are not admissible, unless the following conditions are satisfied:

- (a) Remuneration is paid to working partner(s).
- (b) Remuneration or int is authorised by the deed and is in accordance with the deed.
- (c) Remuneration or interest does not pertain to a period prior to the date of deed.
- (d) Interest not more than 12% p.a.

Prior to FY 2024-25		From FY 2024-25 & onwards	
On first ₹3,00,000 of Book Profit or in case of Loss	₹1,50,000/- or 90% of the Book Profit, whichever is higher	On first ₹6,00,000 of Book Profits or in case of Loss	₹3,00,000/- or 90% of the Book Profit, whichever is higher
On the balance BP	60% of the BP	On the balance BP	60% of the BP

**Amendment to Partnership deed required accordingly
to authorize above changes to remuneration**



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Clause-21(a)-Amounts debited to the profit and loss account, being in the nature of capital, personal, advertisement ,expenditure etc.

Prior to amendment		Post amendment	
(vi)	Expenditure by way of penalty or fine for violation of any law for the time being in force	(vi)	Expenditure for any purpose which is an offence or is prohibited by law or expenditure by way of penalty or fine for violation of any law (enacted in India or outside India)
(vii)	Expenditure by way of any other penalty or fine not covered above.	(vii)	Expenditure incurred to compound an offence under any law for the time being in force, in India or outside India
(viii)	Expenditure incurred for any purpose which is an offence or which is prohibited by law	(viii)	Expenditure incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person

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Clause-22-Amount of interest inadmissible under section 23 of the MSMED Act, 2006 or any other amount not allowable under clause 43B(h) of the Income Tax Act, 1961



Section 43B(h) introduced from Finance Act, 2023
Effective from 1st April, 2023



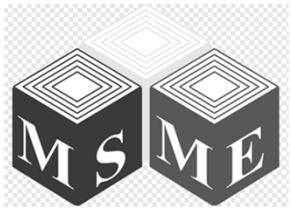
Section 43B(h)- provides for certain deductions to be allowed only on actual payment. The section allows deduction on accrual basis, if the amount is paid by due date of furnishing of the return of income.

Any sum payable by the assessee to a micro/small and medium enterprise beyond the time limit specified in section 15 of the MSMED Act, 2006 (27 of 2006), shall be allowed (irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him) only in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him.

Provided that nothing contained in this section [except the provisions of clause(h)] shall apply in relation to any sum which is actually paid by the assessee on or before the due date applicable in his case for furnishing the return of income under sub-section (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return.

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Clause-22-Amount of interest inadmissible under section 23 of the MSMED Act, 2006 or any other amount not allowable under clause 43B(h) of the Income Tax Act, 1961



Trigger Point

Purchases from
Micro & Small
Enterprises

Purchases should be
of goods
manufactured such
supplier

On the date of
supply, the supplier
should be
registered as MSME



Due date should be 45 days from the date of acceptance if date of credit is agreed & notified, either in the invoice/agreement. Otherwise, it will be 15 days as per MSMED Act, 2006

If purchases are made during the year and payment is cleared during the year, then no disallowance

If the payment is outstanding as at the year-end then verify the due-date of invoice & date of payment for allowance of expenses

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Clause-22-Amount of interest inadmissible under section 23 of the MSMED Act, 2006 or any other amount not allowable under clause 43B(h) of the Income Tax Act, 1961

➤ Checklist & Action Point

- ✓ Identification of MSME- Verification or Registration & Nature of Parties;
- ✓ Classification of the MSME's as per MSME Act;
- ✓ If Corporate Assessee, MSME-1, Filing done?
- ✓ Payments made to such MSME's for outstanding bills as on March 31?
- ✓ Payments issued by cheque, whether cheques cleared or not?
- ✓ Interest on delayed payments to MSME during the year?
- ✓ Payments for Capital Goods?
- ✓ Reporting the same in Tax Audit?



Classification Criteria for MSME

Effective from 1.4.20025

Classification (Not exceeding)	Micro	Small	Medium
Investment in Plant, Machinery & Equipment	2.50 Crores	25 Crores	125 Crores
Turnover	10 Crores	100 Crores	500 Crores

Prior to 1.4.20025

Classification (Not exceeding)	Micro	Small	Medium
Investment in Plant, Machinery & Equipment	1 Crore	10 Crores	50 Crores
Turnover	5 Crore	50 Crores	250 Crores

Manufacturing Enterprises and Enterprises rendering Services

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Amendments to Form 3CD

(Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
12	Modification	Compliance with Presumptive Taxation u/s 44BBC, to report income computed under Section 44BBC, if any in Profit & Loss Account.
19	Modification	in clause (19), the rows labelled as "32AC" , "32AD" , "35AC" and "35CCB" shall be omitted; since they are not applicable from the current Assessment Year.
21	Modification in sub-clause (a)	Insertion of a row for "Expenditure incurred to settle proceedings initiated in relation to contravention under such law as notified by the Central Government in the Official Gazette in this behalf. This expenses allowable when actually paid.

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Amendments to Form 3CD
(Notification No. 23/2025 dated 28th March, 2025)
Reporting for MSME modified

Clause No.	Nature of Change	Reporting Requirements
22	Revision	<p>(i) Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act); or</p> <p>(ii) Total amount required to be paid to to a micro or small enterprise, as referred to in section 15 of the MSMED Act, during the previous year;</p> <p>(iii) Of amount referred to in (ii) above, amount –</p> <p>(a) paid up to time given under section 15 of the MSMED Act;</p> <p>(b) not paid up to time given under section 15 of the MSMED Act and inadmissible for the previous year."</p>

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Amendments to Form 3CD

(Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
23	New	Buy-back of Shares under Section 115QA. Reporting requirement introduced for buy-back of shares, covering amount received and cost of acquisition. Targets compliance with taxability of income arising from buy-backs by companies.
26	Expansion	Disallowance under Section 40(a), reporting now required to include specific details of payments made to non-residents without TDS
28 & 29	Deleted	Reporting under Section 56(2)(vii-a) & 56(2)(vii-b) omitted. Since these provisions are no longer applicable.

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Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.

(a) Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year :

(i) name, address and permanent account number or Aadhaar Number (if available with the assessee) of the lender or depositor;

(ii) Amount of each loan or deposit taken or accepted and code of the nature of such amount, as given in Note 1; [Dropdown to be provided]; amount of loan or deposit taken or accepted;

(iii) whether the loan or deposit was squared up during the previous year;

(iv) maximum amount outstanding in the account at any time during the previous year;

(v) whether the loan or deposit was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;

(vi) in case the loan or deposit was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

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Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.

(b) Particulars of each specified sum in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:—

- i. name, address and Permanent Account Number or Aadhaar Number (if available with the assessee) of the person from whom specified sum is received;
- ii. Amount of each loan or deposit taken or accepted and code of the nature of such amount, as given in Note 1; [Dropdown to be provided]; amount of specified sum taken or accepted;
- iii. whether the specified sum was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;
- iv. in case the specified sum was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

(Particulars at (a) and (b) need not be given in the case of a Government company, a banking company or a corporation established by the Central, State or Provincial Act.)

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Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

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31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.

(b) Particulars of each specified sum in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:—

- i. name, address and Permanent Account Number or Aadhaar Number (if available with the assessee) of the person from whom specified sum is received;
- ii. Amount of each loan or deposit taken or accepted and code of the nature of such amount, as given in Note 1; [Dropdown to be provided]; amount of specified sum taken or accepted;
- iii. whether the specified sum was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;
- iv. in case the specified sum was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

(Particulars at (a) and (b) need not be given in the case of a Government company, a banking company or a corporation established by the Central, State or Provincial Act.)

Rawani & Co. Avinash Rawani
Chartered Accountants

Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.

(c) 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:—

(i) name, address and Permanent Account Number or Aadhaar Number (if available with the assessee) of the payee;

(ii) Amount of each repayment of loan or deposit or any specified advance and code of the nature of such amount, as given in Note 1; [Dropdown to be provided]; amount of the repayment;

(iii) maximum amount outstanding in the account at any time during the previous year;

(iv) whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;

(v) in case the repayment was made by cheque or bank draft, whether the same was repaid by an account payee cheque or an account payee bank draft.

Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.

S. No	Nature of amount or receipt or repayment	Code
(1)	(2)	(3)
1.	Cash payment	A
2.	Cash receipt	B
3.	Payment through non account payee cheque	C
4.	Receipt through non account payee cheque	D
5.	Transfer of asset	E
6.	Transfer of liability	F
7.	Conversion of assets	G
8.	Conversion of liabilities	H
9.	Journal entry [Debit]	I
10.	Journal entry [Credit]	J
11.	Any other mode [Debit]	K
12.	Any other mode [Credit]	L”;

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Chartered Accountants

Amendments to Form 3CD

(Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
36B	New	Buy-back of Shares Newly inserted clause to report buy-back transactions under Section 115QA.

“36B. a)	Whether the assessee has received any amount for buyback of shares as referred to in sub-clause (f) of clause (22) of section 2? (Yes/No)	
b)	If yes, please furnish the following details:	
(i)	Amount received (in Rs.)	
(ii)	Cost of acquisition of shares bought back”.	

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Chartered Accountants

Changes in Form 3CD due to amendment in Act

Clause No.	Nature of Change	Reporting Requirements
26	Additional Verification	Section-wise details of deductions, if any, admissible under Chapter VIA.

Claims Section 80C, Additional Information

- Policy Number or Document Identification Number

Claims Section 80D, Additional Information

- Insurance Company's Name
- Policy Number
- Premium Paid for Self & Family,

Loans Section 80E, 80EE, 80EEA, 80EEB

Details of the Bank from which Loan Taken

Additional Information

- Loan Account Number
- Date of Sanction of Loan
- Total Amount of Loan
- Loan Outstanding on 31st March
- Interest Paid during the year

Details and Links of Reference materials/Publications for Tax Audit by ICAI

Particulars	Webpage Link
Income-tax Act, 1961	https://www.incometaxindia.gov.in/pages/acts/income-tax-act.aspx
Income-tax Rules	https://www.incometaxindia.gov.in/pages/rules/income-tax-rules-1962.aspx
FAQs on Tax audit	https://www.incometaxindia.gov.in/Pages/faqs.aspx?k=FAQs+on+Tax+Audit
Approach to Tax Audit under section 44AB of the Income tax Act, 1961 (Checklist)	https://resource.cdn.icai.org/61602dtc-taqrb50133a.pdf
Study on Compliance in reporting Tax Audit Report	https://resource.cdn.icai.org/70872taqrb-scrtar.pdf
Accounting Standards	https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/accounting-standards.html
Code of Ethics	https://www.icai.org/post/applicability-revised-edition-code-of-ethics
IND -AS	https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/accounting-standards.html
ICDS	https://www.incometaxindia.gov.in/communications/notification/notification872016.pdf

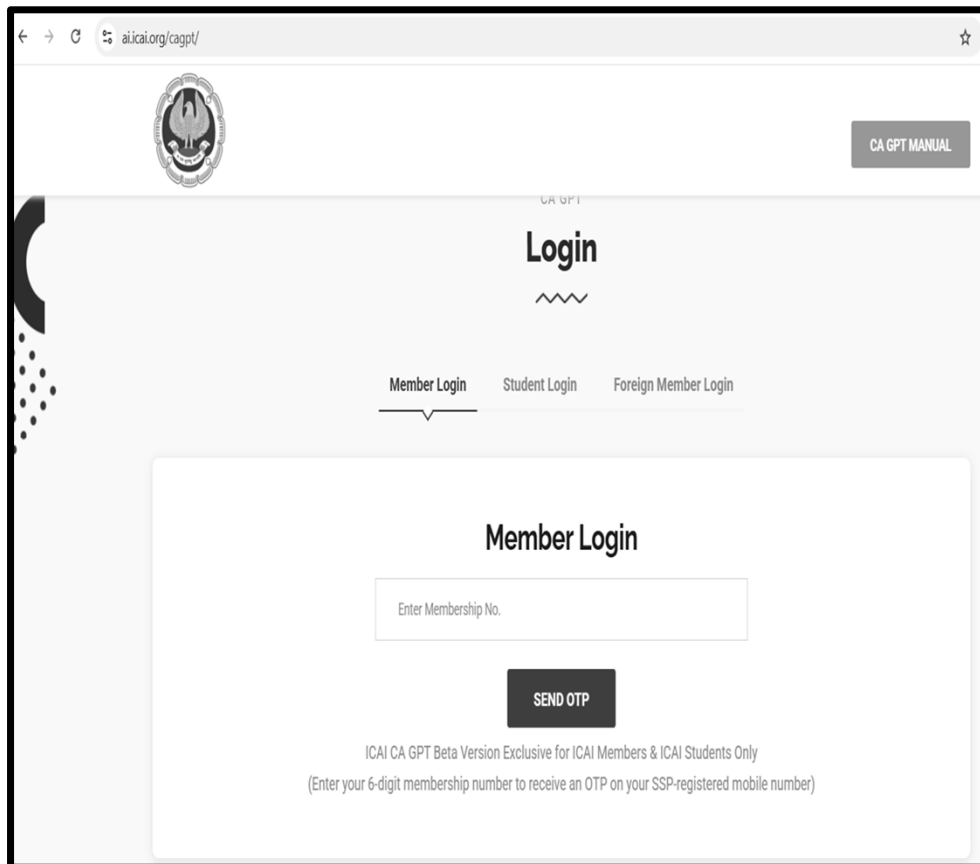
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Useful Websites

Particulars	Webpage Link
Direct Taxes Committee of ICAI	https://www.icai.org/post/direct-taxes-committee
Central Board of Direct Taxes	https://incometaxindia.gov.in/Pages/default.aspx
Institute of Chartered Accountant of India	https://www.icai.org/
Accounting Standards Board	https://www.icai.org/post/accounting-standards-board
Auditing & Assurance Standards Board	https://www.icai.org/post/auditing-assurance-standards-board
Ethical Standards Board	https://www.icai.org/post/ethical-standards-board
Ministry of Corporate Affairs	https://www.mca.gov.in/content/mca/global/en/home.html









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AI Tools of ICAI



The screenshot shows the ICAI CA GPT login interface. At the top, there is a navigation bar with the ICAI logo on the left and a 'CA GPT MANUAL' button on the right. Below the navigation bar, the word 'Login' is displayed in a large, bold font, followed by a decorative wavy line. Underneath, there are three tabs: 'Member Login', 'Student Login', and 'Foreign Member Login'. The 'Member Login' tab is currently selected. Below the tabs, there is a 'Member Login' section with a text input field labeled 'Enter Membership No.' and a 'SEND OTP' button. At the bottom of the page, there is a note: 'ICAI CA GPT Beta Version Exclusive for ICAI Members & ICAI Students Only (Enter your 6-digit membership number to receive an OTP on your SSP-registered mobile number)'.



Corporate Laws & Corporate Governance Committee Official ICAI Corporate Laws & Corporate Governance Committee GPT			Digital Accounting and Assurance Board Official ICAI Digital Accounting and Assurance GPT
Direct Taxes Committee Official ICAI Direct Taxes GPT			Ethical Standards Board Official ICAI Ethical Standards GPT
Expert Advisory Committee Official ICAI Expert Advisory GPT			Financial Reporting Review Board Official ICAI Financial Reporting Review GPT
GST & Indirect Taxes Committee Official ICAI GST & Indirect Taxes GPT			Insolvency & Valuation Standards Board Official ICAI Insolvency & Valuation Standards GPT

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SA-700- Clause (3) of Form 3CA or Clause (5) of Form 3CB

- As per Para 11.9 of the Guidance Note-
 - The ICAI had pursuant to the issuance of the Revised SA 700, forming an opinion and reporting on Financial Statements, prescribed a revised format of the auditor's report on financial statement. Since Form No. 3CA and Form No. 3CB are required to be filed online in a preset form and the same are not in line with the requirements of SA 700, there is no specifically allocated field for providing information relating to the respective responsibilities of the assessee and the tax auditor as required in terms of the principles laid out in SA 700.
 - However, having regard to the importance of these respective responsibility paragraphs from the perspective of the readers of the tax audit report, it is suggested that these respective responsibility paragraphs relating can be provided in the space provided for giving observations, etc., under clause (3) of Form No.3CA or Clause (5) of Form No.3CB as the case may be.

SA-700- Clause (3) of Form 3CA or Clause (5) of Form 3CB

- The illustrative Assessee's responsibility paragraph and Tax Auditor's responsibility paragraphs in respect of Form No.3CB has been given in the Guidance Note. The same are to suitably re-worded to meet the situation envisaged in Form No.3CA.
- In most of the cases, these respective responsibilities of the assessee and the tax auditor are not reported under clause (3) of Form No.3CA or Clause (5) of Form No.3CB as the case may be.
- In few Tax Audit Reports, it has been reported to read along with manually signed TAR or notes attached with it. These notes also contained paragraphs complying with the requirement of SA 700. However, as per the Guidance note on Tax Audit under section 44AB of the Income tax Act, the same were specifically required to be mentioned / reported under clause (3) of Form No.3CA or Clause (5) of Form No.3CB as the case may be.

SA-700- Clause (3) of Form 3CA or Clause (5) of Form 3CB

- The illustrative Assessee's responsibility paragraph and Tax Auditor's responsibility paragraphs in respect of Form No.3CB has been given in the Guidance Note. The same are to suitably re-worded to meet the situation envisaged in Form No.3CA.
 - *The assessee is responsible for the preparation of the statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G(1)(b) of Income Tax Rules, 1962 that give true and correct particulars as per the provisions of the Income-tax Act, 1961 read with Rules, Notifications , circulars etc. that are to be included in the Statement.*
 - *We are also responsible for verifying the statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G (1) (b) of Income-tax Rules, 1962. We have conducted my/our verification of the statement in accordance with Guidance Note on Tax Audit under section 44AB of the Income-tax Act, 1961, issued by the Institute of Chartered Accountants of India.*

Completion of Tax Audit

- **Issue of Physical Report Mandatory or Uploaded Report?**

- **Signatures**

- **Form 3CA / 3CB to be signed by Chartered Accountant**
- **Mention of Firm Registration Number (FRN)**
- **Mention of Membership number**
- **Form 3CD also to be signed by assessee?**
- **Preferable for CA to put initials / stamp on each page /annexure of 3CD**

- **Audit Report & UDIN Requirement**

- Acknowledgment number of the Tax Audit report and Tax Audit UDIN.

	(8)	Acknowledgement Number of the Audit Report
	(9)	UDIN

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UDIN Details Reporting on Portal

With effect from 1st April, 2019, it is mandatory to obtain UDIN for all Reports issued under Income Tax Act, 1961 and Central Goods & Services Act, 2017

* Particulars of Section / Form under which Report issued

* Assessment Year

* Date of Signing of Report (DD/MM/YYYY)

Figures/Values:

S.no.	Particulars	Figures
* 1.	Particulars	
* 2.	Particulars	
3.	Particulars	

Add More

* Document Description ⓘ

-- Select --

- Form 3CA - 3rd proviso to Section 44AB
- Form 3CB - Section 44AB(a)
- Form 3CB - Section 44AB(b)
- Form 3CB - Section 44AB(c)
- Form 3CB - Section 44AB(d)
- Form 3CB - Section 44AB(e)
- Form 3CEB - Section 92E
- Form 3CEJ - Section 9A

Figures in INR Select

Document Description: details of the document for which the UDIN is being generated are to be filled in 15 to 250 characters only

S.no.	Particulars	Figures	Denomination	Converted Value (for Standardisation)
* 1.	Particulars	Figures in INR	Select	
* 2.	Particulars	Figures in INR	Select	
3.	Particulars		Actual Hundreds Thousands Lakhs Millions Crores	

Add More

* Document Description ⓘ

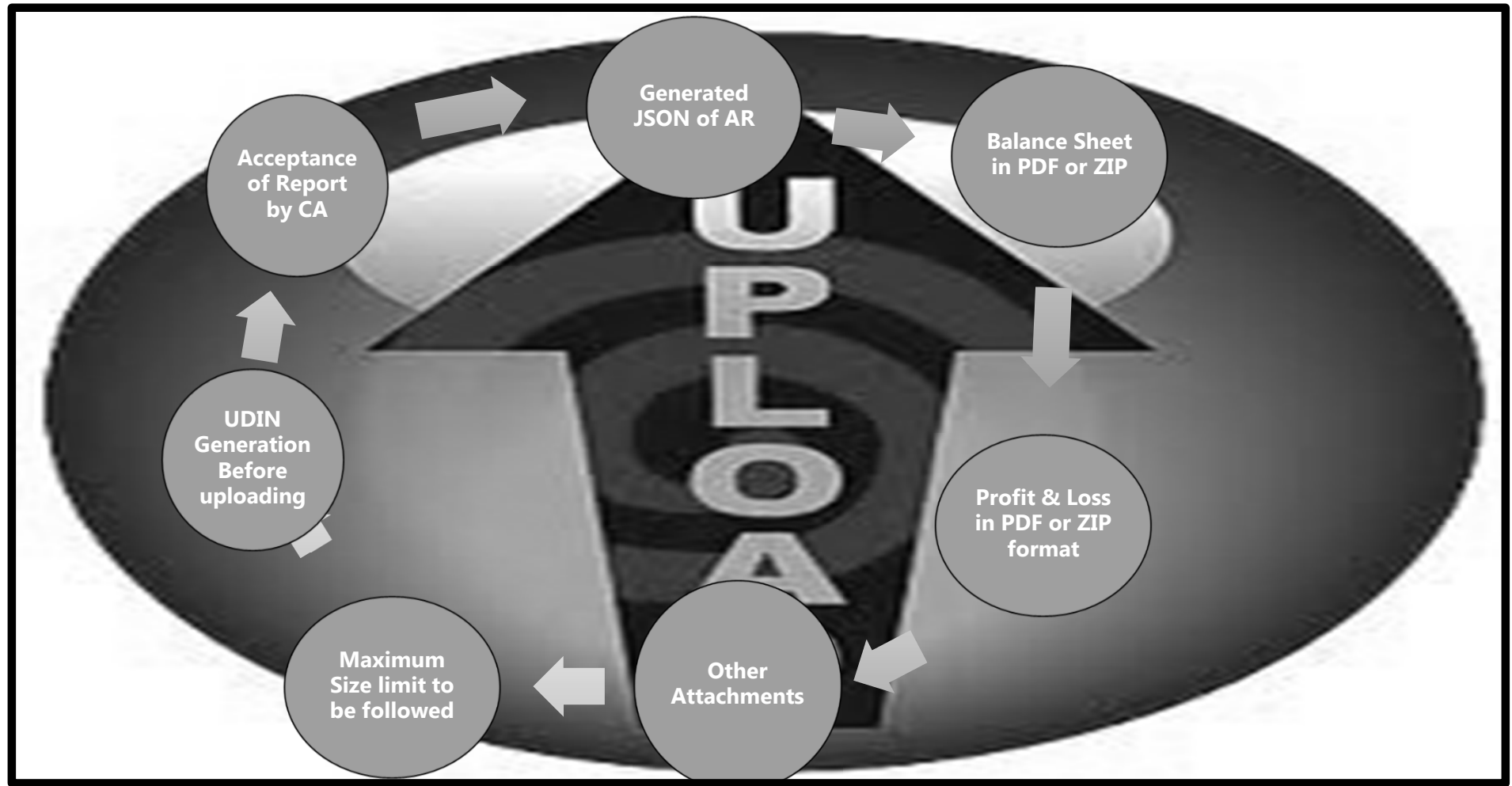
Document Description: details of the document for which the UDIN is being generated are to be filled in 15 to 250 characters only

Remarks:

Internal Reference Notes/Remarks. These will not be shown to Authority

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Uploading of Tax Audit Report



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Revision of Tax Audit Report



Tax Audit
Report can be
revised.
Conditions
Apply

Record for Maintenance of Tax Audit to be Furnished by Members/Firm

• 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.

S. No	Name of the Auditee	A.Y of the Auditee	Date Of Appointment	Date of Acceptance	Name of the Firm on whose behalf the Member has accepted the assignment	Date of Communication with the Previous Auditor (if applicable)

Audit Documents to be obtained

Appointment Letter

Audit Engagement Letter

Signed Trial Balance

Signed Financials

Signed Tax Audit Reports

Update Tax Audit Register each year

Documents to be kept on Records

NOC & Communication from
Previous Auditor, in case of change

Audit Program & Working Papers
File

Draft Audit Report Discussions

Audit Working File

Signed Final Trial Balance &
Financials

Signed Financials on all pages

Approved Tax Audit Reports with
UDIN

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Contact Details of Help Desk of Income Tax Department

Web Manager

**e-Filing Unit, Centralized Processing Centre, Income Tax Department,
Bengaluru 560500.**

Queries related to	Email id
Tax Audit report (Form 3CA-3CD, 3CB-3CD)	TAR.helpdesk@incometax.gov.in
Income Tax return (For ITR 1 to ITR 7)	ITR.helpdesk@incometax.gov.in
e-Pay Tax service	epay.helpdesk@incometax.gov.in
Any other issue	efilingwebmanager@incometax.gov.in

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Can Assessing Officer Summon Tax Auditor

AO or any other authority who is authorised to issue summons and to call for evidence or documents can issue notice under section 131 of the Act to the tax auditor and can call upon the tax auditor who has audited the accounts to give any evidence or produce documents. (Para 9.12 of the 2022 of GN of ICAI)

Accountant who furnishes incorrect information in Form 3CA/Form 3CB/Form 3CD can be penalised by AO, CIT(A), or JCIT(A) under Section 271J of the Act ((Para 9.12 of the 2022 of GN of ICAI)

Penalty for furnishing incorrect information in reports or certificates.

Without prejudice to the provisions of this Act, where the Assessing Officer or Joint Commissioner (Appeals) or the Commissioner (Appeals) in the course of any proceedings under this Act, finds that an accountant or a merchant banker or a registered valuer has furnished incorrect information in any report or certificate furnished under any provision of this Act or the rules made thereunder, the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may direct that such accountant or merchant banker or registered valuer, as the case may be, shall pay, by way of penalty, a sum of ten thousand rupees for each such report or certificate.

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Summary of Entire Tax Audit Process

Managements Responsibility

Maintenance of Books & Preparation of FS

Compile Details and Fill Form 3CD

Submit Form 3CD with Details to Auditor for verification

Auditors Responsibility

Obtain Appointment & Engagement Letter

Verify Details given in Form 3CD with books & documents

Prepare Form 3CA/3B & Discuss Draft Report

Any Disagreement between Auditor & Assessee to be part of TAR

Accounting Policies, Notes to be verified, Certified & Annexed to TAR

Financial Statements to be signed, stamped & certified for Filing

Generate UDIN & Upload Report with documents

Before commencing Tax Audit for any year-
Need to Analyse Applicable provisions of statutes required for reporting,
Study the amendments,
Any doubts refer to the Guidance Note & other Study Material and can take opinion of Seniors

All scanned documents uploaded to be either physically signed or digitally signed by Assessee & Tax Auditor. S/d Signed Documents should not be uploaded.

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