

TAX AUDIT – Common mistakes

u/s 44AB of Income tax Act, 1961



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Why is it required to discuss?

- **Client does not face undue consequences in terms of scrutiny or any other enquiry.**
- **To maintain audit quality safeguarding ourselves from undue consequences**
 - **Tax Audit Quality Review Board (TAQRB) – Reviewing the Audit quality of the Members in Profession.**
 - **Penalty for furnishing incorrect information in reports or certificates (Rs 10,000 u/s 271J of Income Tax Act)**

Short History

First introduced in Fin Act 1984 w.e.f. AY 85-86.

First GN issued in 1985.

Since then rectified several times. 8th one last published in August 2022.


Draft of the Revised Guidance Note on Tax Audit under Section 44AB of the Income Tax Act, 1961 (2023 Edition) on 10/07/23 for feedback until 06th August 2023.

Final Version not been published thereafter showing changes (if any) for AY 2023-24.

According to me, this GN should be like a Bhagwat Gita, Bible or Quran, though not mandatory.



SOME POINTS FOR CONSIDERATION



FAQ 1 – How many tax audit reports can A Practicing Chartered Accountant sign?

Ans – 60 (not to include voluntary audits)

Further, in case of a Partnership firm or LLP, the firm as accept audits based on this limit per partner. Then one single partner can sign **ALL the said Tax audits.**



FAQ 2 – Whether UDIN required to be generated separately than regular Audit?

Ans – Yes a separate UDIN is to be generated, different from stat audit UDIN.

But same need not be affixed on the Financials which are otherwise separately audited.

Remember to update the same on the IT portal within 60 days, else audit shall be treated as invalid.

Please ensure...

- Tax Audit appointment by BOD or authorized officer (By members not required)
- Time of appointment.
- Tax Audit is conducted after completion of statutory audit, in case there is any.
- In case of no stat audit, format for Financial statements guided by ICAI publication – Technical Guide on Financial Statements of Non-Corporate Entities.
- Also GN on Audit Reports and Cert for Special Provisions.

Please ensure...

- Tax auditor can depend on audited financials? **Yes, but with due care** (SA 600, 610)
- Tax audit fees can be more than the statutory audit fees? **Yes** (Clause 9.20 to 9.23 of GN)
- AS and SA both applicable to Tax audit also. (GN 11)
- Auditor & Auditee responsibilities (As required by SA 700) to be mentioned in form 3CB - **under clause (3) of Form No. 3CA or Clause (5) of Form No. 3CB as the case may be** (GN 13.11)
- Date of approval of the report to be the date of filing the report.

Prescribed Audit Forms

Form 3CA

- Assessee otherwise mandated for audit under any other Law

Form 3CB

- Assessee otherwise **not** mandated for audit under any other Law

Form 3CD

- Annexure to the Audit Report

Form 3CE

- Audit Report in case of Non resident or Foreign Companies receiving income from Royalty or FTS

Form 3CA

➤ Point 1

- Name and address of the taxpayer along with Permanent Account Number.
- Name of the Auditor (Individual/ Firm as the case may be).
- Law under which accounts have been audited (e.g.: Companies Act).
- Date of Audit Report.
- Period of Profit & Loss Account/ Income & Expenditure Account. (Beginning Date & End Date)
- Date of Balance Sheet.

➤ Point 2

- Declaration of attaching Form 3CD along with the audit report.

➤ Point 3

- **Audit Observations/ Qualifications found in the details related to Form 3CD.**

➤ Point 4

- **Place & Date of signing audit report.**
- Name, **Address**, and Membership Number of the Auditor.
- Stamp/ Seal of the Auditor.

Form 3CB

➤ Point 1

- Date of Balance Sheet.
- Period of Profit & Loss Account/ Income & Expenditure Account. (Beginning Date & End Date).
- Name and address of the taxpayer along with Permanent Account Number.

➤ Point 2

- Address, where the books of accounts are kept
- Address of branches (if books are kept at branches also).

(should verify whether Form AOC-5 has been filed for books maintained at place other than registered office)

➤ Point 3(a)

- Audit Observations/ Qualifications/ Comments/ Discrepancies.

Form 3CB

Point 3(b)

- **Declaration by the auditor regarding –**

Obtaining all the information and explanations necessary for the audit.

Assurance that the organization (including branches) maintains proper books of accounts.

Balance sheet and Profit & Loss Account gives a true and fair view.

Point 4

- **Declaration of attaching Form 3CD along with the audit report.**

Point 5

- **Audit observations/ discrepancies found in the details related to Form 3CD.**

Point 6

- **Place & Date of signing audit report.**

- **Name, Address, and Membership Number of the auditor.**

- **Stamp/ Seal of the auditor.**

Form 3CD



What is 3CD???

Detailed statement of particulars **annexed to the Audit Report**


Who is to make it???

Assessee / Owner of the Business


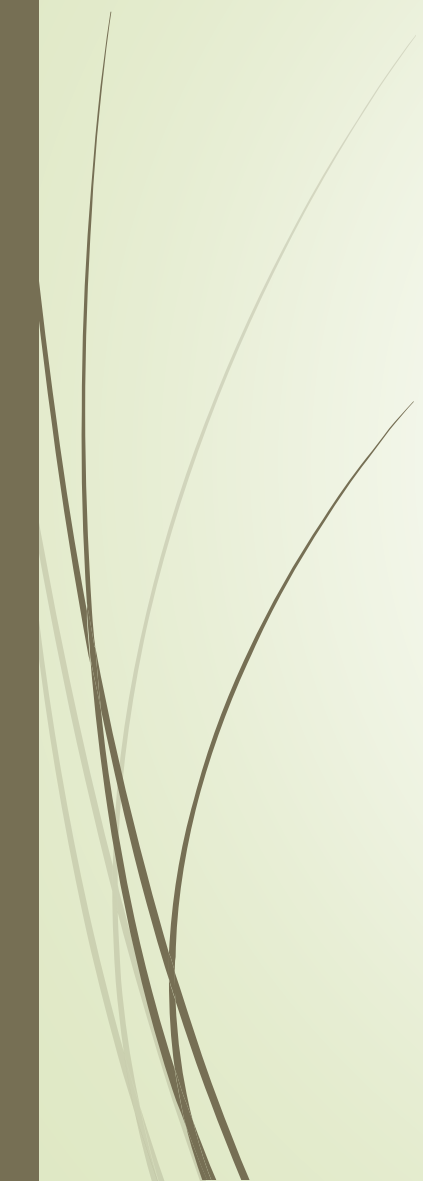
Auditor's Responsibility???

Checking of the annexure and preparing Audit Report

3CD to be authenticated by the client before the Auditor.



Common mistakes while reporting under the various Clauses

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- 
- **Most Important:**
 - **Do the Math correctly. i.e.**
 - firstly ensure that the numbers are correctly entered
 - If entered correctly then whether the same is properly allowed or disallowed in the ITR
 - Need to check which of those are only for disclosure and which for disallowance/allowance. A mistake in clarity can directly impact the taxability of the client.

Form 3CD – Part A

1. **Name of the Assessee**
2. **Address (Should match with IT profile details, Company law registered address etc)**
3. **Permanent Account Number or Aadhaar Number**
4. **Whether the Assessee is liable to pay indirect tax like excise duty, service tax, sales tax, goods and services tax, customs duty, etc. if yes, please furnish the registration number or GST number or any other identification number allotted for the same**

(Need to ensure that we try to enlist all possible legal obligations towards Indirect tax registrations, whether taken or not. Running through the checklist of laws helps in doing so.

And most importantly, the ones which are already reported at other places like say CARO, are definitely mentioned here in this clause.

Also a general observation like PAN based registration numbers, do appropriately match with the PAN, and if they don't same need to be enquired upon and also reported in Audit report).

Form 3CD – Part A

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

(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,

Form 3CD – Part B

8a. Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB/115BAC/115BAD?

A copy paste error can lead to different calculation and demand from department.

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

Section 79(c/f of losses) – exceptions also available especially for startups.

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.

Nature of different business might be available on MCA, or annual reports etc, but missed out for mentioning here

Form 3CD – Part B

11. (a) Whether books of account are prescribed under section 44AA, if yes, list of books so prescribed. (Specified professionals and for Businesses and Non specified professions limit as low as 1.2(income) and 10 lakhs (Turnover). So most of the entities are covered)

(b) List of books of account maintained and the address at which the books of account are kept (Main office compulsory Branches optional).

(In case books of account are maintained in a computer system, mention the books of account generated by such computer system. If the books of account are not kept at one location, please furnish the addresses of locations along with the details of books of account maintained at each location.)

(Provisions of Corporate Laws and GST declarations etc very important to note before making any mention here)

(c) List of books of account and nature of relevant documents examined.

Form 3CD – Part B

12. Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB, Chapter XII-G, First Schedule or any other relevant section.)

What happens in cases where if offered for presumptive and actual profit is different from presumptive profit declared?

13. (a) Method of accounting employed in the previous year (Sec 145)

(b) Whether there had been any change in the method of accounting employed vis-a-vis the method employed in the immediately preceding previous year.

(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss.

Serial number	Particulars	Increase in profit(Rs.)	Decrease in profit(Rs.)
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Form 3CD – Part B

(d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)

(e) if answer to (d) above is in the affirmative, give details of such adjustments

(f) Disclosures as per ICDS

(Details here may be high enough not to be able to report in available space. SO can add an annexure in PDF form after making this chart in excel.

But information is still required to be given each ICDS wise. Within the ICDS castefory, all the individual items can be clubbed, but all of them cannot be clubbed to give one final impact.

Details for both e & f have to be given.)

		<i>Increase in profit (Rs.)</i>	<i>Decrease in profit (Rs.)</i>	<i>Net Effect (Rs.)</i>
<i>ICDS I</i>	<i>Accounting Policies</i>			
<i>ICDS II</i>	<i>Valuation of Inventories</i>			
<i>ICDS III</i>	<i>Construction Contracts</i>			
<i>ICDS IV</i>	<i>Revenue Recognition</i>			
<i>ICDS V</i>	<i>Tangible Fixed Assets</i>			
<i>ICDS VI</i>	<i>Changes in Foreign Exchange Rates</i>			
<i>ICDS VII</i>	<i>Governments Grants</i>			
<i>ICDS VIII</i>	<i>Securities Borrowing Costs</i>			
<i>ICDS IX</i>				
<i>ICDS X</i>	<i>Provisions, Contingent Liabilities and Contingent Assets</i>			
	<i>Total</i>			

(f) Disclosure as per ICDS :

<i>(i) ICDS I</i>	<i>- Accounting Policies</i>
<i>(ii) ICDS II</i>	<i>- Valuation of Inventories</i>
<i>(Hi) ICDS III</i>	<i>- Construction Contracts</i>
<i>(iv) ICDS IV</i>	<i>- Revenue Recognition</i>
<i>(v) ICDS V</i>	<i>- Tangible Fixed Assets</i>
<i>(vi) ICDS VII</i>	<i>- Governments Grants</i>
<i>(vii) ICDS IX</i>	<i>- Borrowing Costs</i>
<i>(viii) ICDS X</i>	<i>- Provisions, Contingent Liabilities and Contingent Assets.</i>

Form 3CD – Part B

14. (a) Method of valuation of closing stock employed in the previous year.

(b) In case of deviation from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss, please furnish :

Serial number, Particulars, Increase in profit (Rs.), Decrease in profit (Rs.)

To avoid question, we generally mention 'No', which is incorrect. Clearly mention 'Yes' – in cases where exclusive method is followed.

For impact – May prefer to Write NIL (As a long elaboration of both these methods in the Guidance Note also BY and LARGE bring us to the conclusion that the impact on P & L remains un affected)

Form 3CD – Part B

15. Give the following particulars of the capital asset converted into stock-in-trade:—

- (a) Description of capital asset;
- (b) Date of acquisition;
- (c) Cost of acquisition;
- (d) Amount at which the asset is converted into stock-in-trade

Here Cap Asset converted to Stock in trade is captured. But vide Fin. Act 2018, the reverse (i.e. conversion of stock-in-trade to Cap Asset) has similar tax implications – i.e. FMV-Book value=Income from business.

This however is not where captured in tax audit report. However remember to include the same in computation if not already included as income in the books.

Form 3CD – Part B

16. Amounts **not credited to the profit** and loss account, being, -
- (a) the items falling within the scope of section 28 (**Compensation Receipts**);
 - (b) the Proforma credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax where such credits, drawbacks or refunds **are admitted as due** by the authorities concerned;
 - (c) escalation claims **accepted** during the previous year;
 - (d) any other item of income;
 - (e) capital receipt, if any.

(These income are chargeable to tax in the concerned FY but were not so included under the income in P & L A/c

If already included, please do not mention else it will result into double addition.)

Form 3CD – Part B

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 (L & B other than capital asset) or 50C (L & B being capital asset), please furnish

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

(Deemed income being the difference between stamp duty value and actual consideration.)

Here entries where actual consideration is less than stamp duty value, only that is to be mentioned, not all.)

Form 3CD – Part B

18. Particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the specific form :—

Details are required to be filled here. Important though is to note that impact of depreciation is also mentioned in ICDS 5, which is otherwise reported under clause 13. So if the details are provided at both the places, then there might be double adjustment thereof in the income computation.

Thus, the depreciation details may be mentioned just in this clause 18 (as this is specific one) and in clause 13, attempt may be made to just mention that it's included in clause 18 or else just leave it blank. This is just to avoid practical difficulty of double adjustment.

Form 3CD – Part B

18. Particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the specific form :—

Also the Opening balances should appropriately be taken from last ITR table and not from Company law table of the financials

All addition deletion (as mentioned in financials and annual report should invariably be taken here)

Date of addition should be actual and not clubbed as 30/09 and 31/03

Date of addition should be actual purchase date or date of put to use, and it should not be generalized that date of put to use is always the date of purchase

In case of assets classified as 'Assets Held for Sale', ensure to correctly insert under the deletion column.

Form 3CD – Part B

19. Amounts admissible under sections :

32AC, 32AD, 33AB, 33ABA, 35(1)(i), 35(1) (ii), 35(1)(iia), 35(1)(iii), 35(1)(iv), 35(2AA), 35(2AB), 35ABB, 35AC, 35AD, 35CCA, 35CCB, 35CCC, 35CCD, 35D, 35DD, 35DDA, 35E

- ☐ Section
- ☐ Amount debited
- ☐ Amounts admissible as per the provisions of the Income-tax Act, 1961 to profit and loss account and also fulfills 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.

Weighted average deductions subject to satisfaction of conditions.

Conditions checking is very important.

Conditions in terms of certain departmental approvals etc also very important.

Form 3CD – Part B

20. (a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend. [Section 36(1)(ii)]

(b) Details of contributions received from employees for various funds as referred to in section 36(1)(va): **(For eg PF, ESIC etc)**

- ☐ Serial number
- ☐ Nature of fund
- ☐ Sum received from employees
- ☐ **Due date for payment (Date of respective Act)**
- ☐ The actual amount paid
- ☐ The actual date of payment to the concerned authorities

Form 3CD – Part B

20. (b) Details of contributions received from employees for various funds as referred to in section 36(1)(va): **(For e.g. PF, ESIC etc.)**

- ☐ You all know that if the payment is not made within the respective Act's due date, then the same is not allowable as expense u/s 36(1)(va) of the Act.
- ☐ Circular 22/2015 has clarified that **Employee's portion** of the funds is to be paid within the respective Act's due date and not to be covered under 43B provisions.
- ☐ Supreme court in the decision of Pr. CIT Vs Rajasthan State Beverages Corporation Ltd. (84 Taxman 185) has stated that the Employee's portion of these fund payments, **if made before the due date** of filing the IT returns, can **be allowed on payment basis** as per provisions of section 43B.
- ☐ CIT Vs. Bharat Hotels Ltd (2019) 410 ITR 417 is a later judgement of the Delhi HC but **has not considered the above SC judgement**.

Form 3CD – Part B

20. (b) Details of contributions received from employees for various funds as referred to in section 36(1)(va): (For e.g. PF, ESIC etc.)

- ☐ In light of all of the above, a judgmental **call needs to be taken** by the CA whether to disallow these Employee Contributions or not.
- ☐ **If decision is taken to disallow, then all the details as per this clause are to be filled.**
- ☐ **If decision is taken not to disallow the said payments, then this clause is to be left blank, disclosure under clause 26 of the report to be made, and appropriate disclosure there of to be made in clause 5 of the report clearly stating our stand based on the SC judgement to be taken shelter under. State clearly that it is not paid as per respective Act's due date but before due date of filing the IT return and thus allowed u/s 43B.**

Form 3CD – Part B

21. (a) Please furnish the details of amounts debited to the profit and loss account, being in the nature of capital, personal, advertisement expenditure etc. **(Complete scrutiny of vouchers and P & L A/c)**

- ☐ Capital expenditure
- ☐ Personal expenditure
- ☐ Advertisement expenditure in any souvenir, brochure, tract, pamphlet or the like published by a political party
- ☐ Expenditure incurred at clubs being **entrance fees and subscriptions**
- ☐ 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 **(Even penalty like RTO fines)**
- ☐ 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

Such payments are are considered as not disallowable (likeint, late fee etc) then not to be disclosed here.

Form 3CD – Part B

21. (b) Amounts inadmissible under section 40(a):-

- (i) Certain amounts paid/payable to Non-resident without deduction/deposit of TDS (100%)
- (ii) 30% Amounts paid/payable to Residents without deduction/deposit of TDS. (But if recipient of income has filed return, shown this income and paid tax on it, then the assessee shall not be assessee in default and thus no inadmissibility)

If paid in next year but before filing the return, then allowable

If paid later shall be allowed in the year of Tax deduction/deposit

Accuracy the mention is right head is important. Else calculation of tax liability will directly be impacted.

Form 3CD – Part B

21. (c) Amounts debited to profit and loss account being, interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;

- ☐ **40(b) – For Partnership Firms**
- ☐ **40(ba) – For AOP or BOI**

Working Partner

In accordance with Partnership deed

Subject to the said calculation

Form 3CD – Part B

21. (d) Disallowance/deemed income under section 40A(3);

- ☐ 40A(3) – Expenses paid other than a/c payee cheque, a/c payee bank draft, other electronic media in excess of Rs. 10,000/- per day — **expense disallowed.**
- ☐ 40A(3A) – Payment same as 40A(3), but provision made and thus expense booked in any of the previous years – **deemed income.**

But practically we are not in a position to verify the same. SO proper disclosure thereof in clause 3 or clause 5 of the Tax Audit report (i.e. Form 3CA or 3CB)

Form 3CD – Part B

21.

(e) **provision** for payment of gratuity not allowable under section 40A(7);

(f) any sum paid by the assessee as an employer not allowable under section 40A(9) – payment towards setting up of or contribution to any fund other than PF/ESIC/ Other Government approved Superannuation fund.

(g) **particulars of any liability of a contingent nature**

(This does not start with the words 'debited to P & L Account' but department is implying it to be such and questioning for mismatch in ITR calculations vis a vis TAR.

(h) amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income – **expense for exempt income. If not disclosed properly then leaves an open hand to the department to calculate and then they have unreasonable disallowances.**

(i) amount inadmissible under the proviso to section 36(1)(iii) – Interest on capital borrowed for Capex, **till the asset is put to use.**

Form 3CD – Part B

22. Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. – **this is being missed out many times.**

23. Particulars of payments made to persons specified under section 40A(2)(b) – Payment to Related Parties – **Disclosure required party wise and not consolidated.** AO may disallow if considered unreasonable.

24. Amounts deemed to be profits and gains under section 32AC or 32AD or 33AB or 33ABA or 33AC – **reversal of expenditure on failure to fulfill conditions. This is also missed many times.**

25. Any amount of profit chargeable to tax under section 41 and computation thereof – **Any liability, loss recovery, etc in respect of which a deduction as expenditure was allowed at any time in the previous years. IF no allowance in past then no need to disclose.**

Form 3CD – Part B

26. In respect of any sum referred to in clauses (a),(b), (c), (d), (e), (f) or (g) of section 43B, the liability for which:—

(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was

(a) paid during the previous year;

(b) not paid during the previous year;

(B) was incurred in the previous year and was

(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);

(b) not paid on or before the aforesaid date.

(State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, impost, etc., is passed through the profit and loss account.)

Form 3CD – Part B

26. Section 43B – Sum **Payable** by way of

(d) – interest on any loan or borrowing from any public financial institution or a State financial corporation or a State industrial investment corporation

(da) any sum payable by the assessee as interest on any loan or borrowing from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company, in accordance with the terms and conditions of the agreement governing such loan or borrowing, or – Newly introduced w.e.f. FY 19-20. So ensure to check this and include this is report, though the same is not clearly mentioned in the report format.

Form 3CD – Part B

26. (State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, impost, etc., is passed through the profit and loss account.)

Ensure to write Yes or No depending on whether inclusive or exclusive method of accounting is followed.

Form 3CD – Part B

Example : Special case in case of the Gratuity/Leave Salary

Particulars	Option 1 Amount (Rs)	Option 2 Amount (Rs)
Provision at the beginning of the year	2,50,000	2,50,000
Debit to the Provision A/c	2,85,000	35,000
Credit to the Provision A/c	3,10,000	60,000
Provision at the end of the year	2,75,000	2,75,000
Disallowance for current year	3,10,000	60,000
Allowance for the current year	2,85,000 (2,50,000 + 35,000)	35,000
Net impact – disallowance of	25,000 (3,10,000 – 2,85,000)	25,000 (60,000 – 35,000)

Form 3CD – Part B

27. (a) Amount of Central Value Added Tax credits availed of or utilized 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.

Inclusion of the words GST still not made in this clause, which no doubt is a clerical miss out. Utility is changed to this effect, but 3CD change is missed out.

You may prefer to not write here and just mention NA.

Or you may deem that this clause includes GST ITC, and may provide details of GST ITC here.

If you provide, ensure than opening during the year and closing are arithmetically correct.

Also that appropriate entries thereof are passed through books of accounts.

(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account.

(Here your decision can be different than that of the statutory auditor and according to your opinion, if there exists a prior period expense, then that should be mentioned here even if there is no such amount in P & L A/c)

28. 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.

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.

29A & 29B – similar sections related to gift received

**30C. (a) Whether the assessee has entered into an impermissible avoidance arrangement, as referred to in section 96, during the previous year?
(Yes/No.)**

(b) If yes, please specify:—

(i) Nature of impermissible avoidance arrangement:

(ii) Amount (in Rs.) of tax benefit in the previous year arising, in aggregate, to all the parties to the arrangement:]

31. (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 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. **(Disclaimer required besides MRL. Disclaimer draft wording available in GN but use it in customised manner)**

Individual lender wise details to be provided. Don't club up.

Provide correct details on PAN, address etc. If client not providing those details, then disclaim it in audit report



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

(ba) Particulars of each receipt in an amount exceeding the limit specified in section 269ST, in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person, during the previous year, where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account:—

Similar Disclosures for provisions of section 269ST & 269T.

32. (a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:

(Changes thereunder due to completed assessments, scrutiny, lapse of loss allowability due to time, due to adoption of new tax regime etc to be appropriately taken care of while reporting)

(b) Whether a change in shareholding of the company has taken place in 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.

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Similar Disclosures for Section 73 & 73A

33. Section-wise details of deductions, if any, admissible under Chapter VIA or Chapter III (Section 10A, Section 10AA).

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:

(b) whether the assessee is required to furnish the statement of tax deducted or tax collected. If yes, please furnish the details :

(c) whether the assessee is liable to pay interest under section 201(1A) or section 206C(7). If yes, please furnish:



35. (a) In the case of a trading concern, give quantitative details of principal items of goods traded :

(b) In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products :

(For complexity and non availability, we refrain from giving this and leave it blank.

But better we make a mention of this in the Audit report disclaiming or qualifying our opinion rather than just staying silent)

36A. (a) *Whether the assessee has received any amount in the nature of dividend as referred to in sub-clause (e) of clause (22) of section 2? (Yes/No.)*

(b) *If yes, please furnish the following details:—*

(i) Amount received (in Rs.):

(ii) Date of receipt:



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

(We generally write 'No' out of ignorance or copy paste. But may lead to hassles for the client as well as for us


If we write ye, we just mention that according to the info and explanation by the management, there is no disqualification. Pls avoid)

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.

.....

(Here also ensure whether there was an audit before overlooking this question)

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.



40. Details regarding turnover, gross profit, etc., for the previous year and preceding previous year:

Don't leave it blank


Details are required for Principal items

Calculation of turnover, net profit, gross profit, stock in trade etc is properly explained in GN.

For example turnover to include turnover of scrap sale also

Materials consumed needs to include materials like stores, spares etc also

Any mismatch of these numbers with relation to previous years should not be ideally adjusted in current year figures but reported in the Audit report.



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, 1957 along with details of relevant proceedings.

42. (a) Whether the assessee is required to furnish statement in Form No.61 or Form No.61A or Form 61B?SFT (Yes/No)

(b) If yes, please furnish :

43. (a) Whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in sub-section (2) of section 286? (Yes/No)

(b) If yes, please furnish the following details :

44. Break-up of total expenditure of entities registered or not registered under the GST:



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