

QUICK REFERENCER FOR TAX AUDIT UNDER SECTION 44AB OF THE INCOME TAX ACT, 1961

(Assessment Year 2023-24 and onwards subject to change in laws after
the date of publication)



Taxation Audits Quality Review Board
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword to the First Edition

Tax Audit is one of the important pillars of our direct tax framework and plays a very important role in assisting tax assessing authorities and administration in performing their job seamlessly.

Tax audit report conveys overall compliance by taxpayer about important provisions of income tax law. Thus, it contributes to transparency and better tax compliance.

As a regulator of the accountancy profession, ICAI has taken a lead for enhancing the quality of Tax Audits conducted by its members. ICAI has constituted Taxation Audits Quality Review Board (TAQRB) in recent years to review the tax audit reports submitted by members to the Tax Authorities.

Based on the reservoir, TAQRB has brought out a publication titled “Quick Referencer for Tax Audit under Section 44AB of the Income Tax Act, 1961”. The Referencer will provide useful tips in the process of tax audits so that requirements prescribed under various clauses of tax audit are adequately addressed.

The publication aims in fostering compliance which benefits both the taxpayers and the tax authorities. I am confident that this publication on Tax Audit will serve as a valuable reference for tax professionals and contribute to a better understanding of this critical area.

I compliment the efforts for the initiatives taken by CA. (Dr.) Raj Chawla, Chairman, TAQRB, CA. Chandrashekhar Vasant Chitale, Vice-Chairman, TAQRB and all Members of TAQRB for bringing out this publication in a timely manner.

I hope that this publication will be a useful resource to the members.

30 June 2023
New Delhi

CA. Aniket Sunil Talati
President, ICAI

Preface to the First Edition

ICAI as a regulatory body has constituted Taxation Audits Quality Review Board (TAQRB) with a view to review the audit reports issued under provisions of tax laws, to determine to the extent possible, compliances with the tax laws, pronouncements and guidance notes issued by ICAI and appropriate actions are initiated on the same.

The Income tax Act, 1961 (the IT Act) contains provision for audit of books of account of taxpayers engaged in business or profession. The tax audit is from perspective of the Income Tax Act provisions which requires detailed prescription of particulars to be reported.

Transactions recorded in the books of account are numerous, coupled with substantial data constituting supporting evidence on one hand, and time at the disposal of tax authorities is limited, on the other hand. This necessitated engagement of a professional agency i.e., Chartered Accountants, who possess expertise in the taxation and auditing processes, to examine the data and come out with the findings on particulars listed out in the prescribed form. The Honorable Supreme Court of India has also underlined engagement of Chartered Accountants for conducting tax audit on these considerations.

The report assumes credibility, as it is certified as 'true and correct' by the auditor. Tax Audit report by a Chartered Accountant is useful for tax authorities to assess taxable income. It is relied by other external stakeholders also. Considering importance of tax audit over the years, ICAI has been guiding its members through publications like Guidance Notes, Technical Guides etc. and holding seminars, study courses, to update the members.

TAQRB of ICAI has responsibility of reviewing tax audit reports with a view to determine the compliances with the taxation laws and has focused to enhance and improve the quality of tax audit reports issued by the auditors. TAQRB has come out with this publication namely, 'Quick Referencer for Tax Audit under Section 44AB of the Income Tax Act, 1961'. We believe that time at the disposal of audited team and auditors is a key factor and this publication will facilitate all the stakeholders in appropriate compliances. The publication aims to provide valuable insights and quick reference to underlying requirements of particulars asked in the tax audit report.

We wish to thank CA. Aniket Sunil Talati, Hon'ble President, ICAI and CA. Ranjeet Kumar Agarwal, Hon'ble Vice President, ICAI for their continuous support and encouragement to the initiatives of the Board. We whole heartedly thank all members of the Board namely, CA. Durgesh Kabra, CA. Dheeraj Kumar Khandelwal, CA. Dayaniwas Sharma, CA. Rohit Ruwatia Agarwal, CA. Abhay Kumar Chhajed, CA. (Dr.) Anuj Goyal, CA. Prakash Sharma, CA. Kemisha Soni, CA. Pramod Jain, CA.(Dr.) Sanjeev Kumar Singhal and Shri Chandra Wadhwa for providing their valuable contribution and support in reviewing this publication.

We deeply appreciate the efforts taken by CA. Satish Gupta, CA. Kusai Goawala and CA. Pankaj Soni in comprehensively reviewing the publication and providing their valuable inputs.

Last but not the least, we appreciate the efforts of all the team members of TAQRB for their technical and administrative assistance under the leadership of CA. Anita Suneja, Secretary, TAQRB for timely release of this publication.

We are sure that this publication will be of immense use to the members of ICAI and the other stakeholders. The Quick Referencer will serve as a companion in the tax audit process to all the concerned parties.

CA. Chandrashekhar Vasant Chitale

Vice-Chairman

Taxation Audits Quality

Review Board of ICAI

CA. (Dr.) Raj Chawla

Chairman

Taxation Audits Quality

Review Board of ICAI

Date: 30/06/2023

Place: New Delhi

Contents

1.	Before You Commence	1
2.	Checklist to assess eligibility to accept Tax Audit	4
3.	Checklist of Compliance after Appointment	8
4.	Glossary of Sections of The Income Tax Act, 1961	9
	Form 3CA / 3CB	54
	Form 3CD-Clause 1	54
	Form 3CD-Clause 2	54
	Form 3CD-Clause 3	55
	Form 3CD-Clause 4	55
	Form 3CD-Clause 5	56
	Form 3CD-Clause 6	56
	Form 3CD-Clause 7	57
	Form 3CD-Clause 8	57
	Form 3CD-Clause 9	58
	Form 3CD-Clause 10	59
	Form 3CD-Clause 11	60
	Form 3CD-Clause 12	61
	Form 3CD-Clause 13	62
	Form 3CD-Clause 14	63
	Form 3CD-Clause 15	64
	Form 3CD-Clause 16	66
	Form 3CD-Clause 17	67
	Form 3CD-Clause 18	68
	Form 3CD-Clause 19	72
	Form 3CD-Clause 20	83
	Form 3CD-Clause 21	84
	Form 3CD-Clause 22	95
	Form 3CD-Clause 23	96
	Form 3CD-Clause 24	97

Form 3CD-Clause 25	100
Form 3CD-Clause 26	103
Form 3CD-Clause 27	105
Form 3CD-Clause 28	106
Form 3CD-Clause 29	106
Form 3CD-Clause 29A	107
Form 3CD-Clause 29B	108
Form 3CD-Clause 30	109
Form 3CD-Clause 30A	110
Form 3CD-Clause 30B	112
Form 3CD-Clause 30C	113
Form 3CD-Clause 31	114
Form 3CD-Clause 32	115
Form 3CD-Clause 33	117
Form 3CD-Clause 34	118
Form 3CD-Clause 35	119
Form 3CD-Clause 36	121
Form 3CD-Clause 36A	121
Form 3CD-Clause 37	122
Form 3CD-Clause 38	123
Form 3CD-Clause 39	123
Form 3CD-Clause 40	124
Form 3CD-Clause 41	125
Form 3CD-Clause 42	126
Form 3CD-Clause 43	127
Form 3CD-Clause 44	127
5. Unique Document Identification number (UDIN)	129
6. Physical Report	130
7. Management Representation Letter	131
8. Documentation	133
9. Audit Report – Form 3CA and 3CB	139

10. Letters on Tax Audit Engagement	140
11. Revision of Tax Audit Report	143
12. Frequently Asked Questions (FAQs) released by CBDT	146

Before You Commence

This document is prepared by the Taxation Audits Quality Review Board of ICAI. This Tax Audit Program is designed to assist the members in enhancing the quality of conduct and reporting of tax audit under section 44AB of the Income tax Act, 1961. This document is recommendatory in nature.

Your suggestions for improvement are welcome at taqrb@icai.in

1. While conducting Tax Audit, it is necessary to comply with tax laws to assess appropriateness of particulars furnished in Form No. 3CD. Besides, for assesses, where audit of financial statements is not conducted under any other tax law for the time being in force, any audit requires compliance with Standards of Auditing issued by the ICAI. The publication is intended to assist a member in inviting attention for requirements under these provisions. It will facilitate a member in preparing Audit Program or Checklist for individual client.
2. This document has been broadly based on the text of the Guidance Note on Tax Audit under section 44AB of the Income tax Act, 1961 - AY 2022-23, Technical Guide on Income Computation and Disclosure Standards and observations of the board while functioning. The detailed guidance given in these above publications of Direct Taxes Committee of ICAI should be duly referred while conducting the tax audit. This document is not to be considered as a replacement / gist of these publications but should be read along with them.
3. This publication is based on provisions applicable to conduct Tax Audit for assessment year 2023-24. While using this publication for subsequent years members should consider, the changes in the Act/ Tax Audit Report Format. Further, in case, there is any conflict between the text of the above-mentioned publications of ICAI and this document, the text mentioned in publications Guidance Note on Tax Audit under section 44AB of the Income tax Act, 1961 – AY 2022-23 and Technical Guide on Income Computation and Disclosure Standards shall prevail.
4. While giving the tax audit report the tax auditor will have to use his professional skills and expertise. For checking response to each clause, he should apply such audit tests as the circumstances of the case may require, considering the contents of the audit report. The Tax auditor will have to conduct the audit by applying the generally accepted auditing procedures which are applicable for any other audit. He is advised to refer to the Standards on Auditing (SAs) as may be relevant, issued by

QUICK REFERENCER

ICAI. In case, there is any conflict between the texts of the Standards on Auditing (SAs) issued by ICAI and this document, the text mentioned in SAs issued by ICAI shall prevail.

5. Where the auditor issues Form No. 3CB, as the audit of financial statements is being done under section 44AB of the Income tax Act, 1961, the auditor should in relation to audit of the financial statements ensure compliance of:

- Accounting Standards issued by ICAI
- Standards on Auditing
- Framework for presentation of Financial Statements issued by ICAI for examination and reporting on true and fair view of the financial statements.

6. Tax Auditor

Section 44AB provides that the assessee to whom the said section applies should get accounts of the relevant previous year audited by an accountant. For the purpose of this section, “accountant” has been defined under section 288(2) of the Income Tax Act, 1961. The ICAI has prescribed certain criteria for eligibility and ineligibility of a member to act as a Tax Auditor.

Before you commence tax audit, please confirm your eligibility for being a tax auditor.

7. Study on Compliance in reporting in Tax Audit Report

The Taxation Audits Quality Review Board of ICAI has come across certain commonly found irregularities/ non-compliances while conducting review of Tax Audit Reports. The same has been compiled in our publication titled “*Study on Compliances in reporting in Tax Audit Report.*” For details kindly refer: <https://resource.cdn.icai.org/70872taqrb-scrtar.pdf>

8. Tax Audit and UDIN

While issuing the tax audit report under section 44AB of the Income tax Act, 1961, the Auditor should generate appropriate UDIN and refer the same in its Report. For detailed Frequently Asked Questions (FAQs) on UDIN kindly refer: <https://udin.icai.org/faqss>

9. Code of Ethics

A member of the Institute in practice shall not accept, in a financial year, more than the “specified number of tax audit assignments” under Section

QUICK REFERENCER

44AB of the Income Tax Act, 1961. For details the Tax Auditor may refer to Chapter VI Tax Audit Assignments under Section 44 AB of the Income Tax Act, 1961 in Volume-II of Code of Ethics 2020 at: <https://resource.cdn.icai.org/60018code-of-ethics-2020vol2.pdf>

10. Appointment Letter

Tax audit assignment involves issuing audit report prescribed under section 44AB. This assignment is different from audit under any other law. In case of non-corporate entities like proprietorship or partnership, law does not prescribe any audit of financial statements. In such cases tax auditor has an obligation of certifying the financial statements.

It is necessary that appointment letter is obtained for each assignment for conducting tax audit.

Checklist to Assess Eligibility to Accept Tax Audit

Sl. No.	Particulars	Yes / No
I.	As per provisions of Section 288(2) of The Income Tax Act, 1961	
i.	Whether the tax auditor is covered within the meaning of “accountant” as in the Explanation below sub-section 2 of section 288?	
ii.	In case of an assessee, being a Company, whether the tax auditor is a person, eligible for appointment as an auditor of the said company as per sub-section (3) of section 141 of the Companies Act, 2013?	
iii.	In case of an assessee, being a Firm, Association of persons or Hindu undivided family, whether the tax auditor is a person, who is partner of the firm, or member of the association or the family?	
iv.	In case of an assessee, being a Trust or Institution, whether the tax auditor is a person referred to in clauses (a), (b), (c), and (cc) of sub-section (3) of section 13?	
v.	In case of any other assesses, whether the tax auditor is a person;	
	who is relative of any of the persons referred to in above 3 points (ie. i, ii, and iii)?	
	who is officer or employee of the assessee?	
	who is a partner, or who is in the employment, of an officer or employee of the assessee?	
	Who or his relative or partner, Is holding any security of, or interest in, the assessee; Is indebted to the assessee; Has given a guarantee or provided any security in connection with the indebtedness of any third person to the assessee? *	

QUICK REFERENCER

Sl. No.	Particulars	Yes / No
	* (Relative may, hold security or interest of the face value upto Rs. 1,00,000/- or be indebted to the assessee for an amount upto Rs. 1,00,000/- or give such guarantee or provide such security for an amount upto Rs. 1,00,000/-).	
	who has business relationship with the assessee? (Please refer Rule 51A) *	
	who has been convicted by a court of an offence involving fraud and a period of 10 years has not elapsed from the date of such conviction?	
II.	Number of Tax Audit Assignments	
vi.	Whether the number of tax audit assignments are within the prescribed ceiling limit of 60 audit? (Please refer Note 1) #	
vii.	Whether an audit as required by various statutes prevailing in India like DVAT, 2004, in a form duly signed and verified by such particulars as may be prescribed under section 44AB of the Income tax Act, 1961 ie. Form No. 3CB/3CD, has not been considered for the purpose of reckoning the specified number of tax audit assignments if the turnover of the auditee is below the turnover limit specified in the said section?	
viii.	In case a member is a partner of a firm of chartered accountants in practice, whether the ceiling of 60 tax audit assignments has been computed with reference to each of the partner in the said firm?	
ix.	In case any partner of the firm of chartered accountants in practice is also a partner of any other firm or firms of chartered accountants in practice, whether the ceiling limit of 60 has been applied with reference to all the firms together in relation to such partner?	
x.	In case two members or firms of chartered accountants are appointed as joint tax auditors, whether the assignment have been included in the	

QUICK REFERENCER

Sl. No.	Particulars	Yes / No
	case of both the members or firms separately?	
xi.	Whether the audit of the head office and branch offices concerned shall be regarded as one tax audit assignment?	
xii.	However, whether tax audit of any branch has been considered as one separate tax audit for considering limit?	
xiii.	Whether the audit of one or more branches of the same concern by one chartered accountant in practice shall be construed as only one tax audit assignment?	
xiv.	In computing the specified number of tax audit assignments, whether each year's audits have been taken as a separate assignment?	
III.	Code of Ethics	
xv.	Whether member accepting the tax audit assignment has been communicated with the member who had done tax audit in the earlier year as provided under Clause (9) of Part I of First Schedule to The Chartered Accountants Act, 1949?	
xvi.	When accepting the assignment, whether the member accepting the assignment has made the enquiry from the retiring auditor to find out any professional or other reasons (if any), why he has not accepted the appointment?	
xvii.	Whether the tax auditor is charging or accepting any professional fees as permitted under any regulation?	
IV.	CA in Practice	
xviii.	Whether the tax auditor is chartered accountant, who holds a valid certificate of practice?	

*** Rule 51A of Income Tax Rules:** The term "business relationship" shall be construed as any transaction entered into for a commercial purpose, other than,

- (i) commercial transactions which are in the nature of professional services permitted to be rendered by an auditor or audit firm under

QUICK REFERENCER

the Act and the Chartered Accountants Act, 1949 and the rules or the regulations made under those Acts;

- (ii) commercial transactions which are in the ordinary course of business of the company at arm's length price - like sale of products or services to the auditor, as customer, in the ordinary course of business, by companies engaged in the business of telecommunications, airlines, hospitals, hotels and such other similar businesses.

Note 1: This number excludes appointment for tax audit of assessee under provisions of section 44AD, 44ADA and 44AE (Presumptive Taxation) of The Income Tax Act, 1961.

In case head office and branch office audited by same auditor, it is counted as one, however if any auditor is appointed for any branch, that will be calculated as a separate audit.

Checklist of Compliance after Appointment

Sl. No.	Particulars	Yes / No
1.	In case of change in auditor, whether provisions relating to 'Communication with outgoing auditor' has been complied with?	
2.	Whether acceptance letter for tax audit has been issued to the assessee?	
3.	Whether engagement letter for tax audit has been issued to the assessee, seeking information useful for tax audit? For example: Books of account maintained, Method of accounting, Parties covered under section 40A(2)(b) and Form No. 26AS etc.	
4.	Whether tax audit register has been updated?	

Glossary of Sections of The Income Tax Act, 1961

Tax audit is about finding out compliance or otherwise with provisions of the income tax law. Clauses in Form No. 3CD seeking Particulars are drafted accordingly. Response to the clauses is certified by a chartered accountant, being tax auditor of the entity, as 'true and correct'.

It becomes necessary for the auditor as well as auditee to understand the underlying section with reference to which the clause has been included.

It is, of course, necessary to read the entire section and relate it to the facts and circumstances of the case. For further elucidation, Guidance Note on Tax Audit as well as commentary and case law on the provision should be considered for better understanding, before taking a decision.

This Chapter provides glossary of sections underlying clauses.

Sl. No.	Clause	Section	Brief particulars
1.	8a	115BA	The income-tax payable by a domestic company, for any previous year relevant to the assessment year beginning on or after 01.04.2017, shall, at the option of such person, be computed at the rate of 25%, if the conditions contained in sub-section (2) are satisfied. This section shall apply only if the option is exercised by the person on or before the due date specified under sub-section (1) of section 139.
2.		115BAA	The income-tax payable by a domestic company, for any previous year relevant to the assessment year beginning on or after 01.04.2020, shall, at the option of such person, be computed at the rate of 22%, if the conditions contained in sub-section (2) are satisfied:

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars																								
			Where the person fails to satisfy the conditions contained in sub-section (2), the option shall become invalid.																								
3.		115BAB	The income-tax payable by a domestic company, for any previous year relevant to the assessment year beginning on or after 01.04.2020, shall, at the option of such person, be computed at the rate of 15%, if the conditions contained in sub-section (2) are satisfied: Provided also that where the person fails to satisfy the conditions contained in sub-section (2), the option shall become invalid.																								
4.		115BAC	The income-tax payable by an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after 01.04.2021 <i>but before 01.04.2024</i>, shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely: - <table><tr><th colspan="3">TABLE</th></tr><tr><th>Sl. No.</th><th>Total income</th><th>Rate of tax</th></tr><tr><td>(1)</td><td>(2)</td><td>(3)</td></tr><tr><td>1.</td><td>Upto Rs. 2,50,000</td><td>Nil</td></tr><tr><td>2.</td><td>From Rs. 2,50,001 to Rs. 5,00,000</td><td>5%</td></tr><tr><td>3.</td><td>From Rs. 5,00,001 to Rs. 7,50,000</td><td>10%</td></tr><tr><td>4.</td><td>From Rs. 7,50,001 to Rs. 10,00,000</td><td>15%</td></tr><tr><td>5.</td><td>From Rs. 10,00,001</td><td>20%</td></tr></table>	TABLE			Sl. No.	Total income	Rate of tax	(1)	(2)	(3)	1.	Upto Rs. 2,50,000	Nil	2.	From Rs. 2,50,001 to Rs. 5,00,000	5%	3.	From Rs. 5,00,001 to Rs. 7,50,000	10%	4.	From Rs. 7,50,001 to Rs. 10,00,000	15%	5.	From Rs. 10,00,001	20%
TABLE																											
Sl. No.	Total income	Rate of tax																									
(1)	(2)	(3)																									
1.	Upto Rs. 2,50,000	Nil																									
2.	From Rs. 2,50,001 to Rs. 5,00,000	5%																									
3.	From Rs. 5,00,001 to Rs. 7,50,000	10%																									
4.	From Rs. 7,50,001 to Rs. 10,00,000	15%																									
5.	From Rs. 10,00,001	20%																									

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars		
				to Rs. 12,50,000	
			6.	From Rs. 12,50,001 to Rs. 15,00,000	25%
			7.	Above Rs. 15,00,000	30%
			Where the person fails to satisfy the conditions contained in sub-section (2), the option shall become invalid.		
5.		115BAD	The income-tax payable by a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after 01.04.2021, shall, at the option of such person, be computed at the rate of 22%, if the conditions contained in sub-section (2) are satisfied: Where the person fails to satisfy the conditions contained in sub-section (2), the option shall become invalid.		
6.	11a	44AA	Every person carrying on certain professions shall keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act.		
7.	12	44AD	In the case of an eligible assessee engaged in an eligible business, a sum equal to 8% of the total turnover or gross receipts of the assessee on account of such business or a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession (PGBP)":		

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			this sub-section shall have effect as if for the words "8%", the words "6%" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year.
8.		44AE	In the case of an assessee, who owns not more than 10 goods carriages at any time during the previous year and who is engaged in the business of plying, hiring or leasing such goods carriages, the income of such business chargeable to tax under the head " PGBP " shall be deemed to be the aggregate of the profits and gains, from all the goods carriages owned by him in the previous year, computed in accordance with the provisions of sub-section (2). (2) For the purposes of sub-section (1), the profits and gains from each goods carriage, - (i) being a heavy goods vehicle, shall be an amount equal to 1,000/- rupees per ton of gross vehicle weight or unladen weight, as the case may be, for every month or part of a month during which the heavy goods vehicle is owned by the assessee in the previous year or an amount claimed to have been

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			actually earned from such vehicle, whichever is higher; (ii) other than heavy goods vehicle, shall be an amount equal to 7,500/- rupees for every month or part of a month during which the goods carriage is owned by the assessee in the previous year or an amount claimed to have been actually earned from such goods carriage, whichever is higher.
9.		44B	In the case of a non-resident, engaged in the business of operation of ships, a sum equal to 7.5% of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head " PGBP ". (2) The amounts referred to in sub-section (1) shall be the following, namely: - (i) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods shipped at any port in India; and (ii) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods shipped at any port outside India.
10.		44BB	In the case of a non-resident, engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			used, or to be used, in the prospecting for, or extraction or production of, mineral oils, a sum equal to 10% of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head " PGBP ": The amounts referred to in sub-section (1) shall be the following, namely: — (a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils in India; and (b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils outside India.
11.		44BBA	In the case of a non-resident, engaged in the business of operation of aircraft, a sum equal to 5% of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head " PGBP ". (2) The amounts referred to in sub-section (1) shall be the following,

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			namely: — (a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods from any place in India; and (b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods from any place outside India.
12.		44BBB	In the case of a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf, a sum equal to 10% of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head "PGBP".
13.	13a	145	Income chargeable under the head "PGBP" or "Income from other sources" shall, subject to the provisions of sub-section (2), be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. The Central Government may notify in the Official Gazette from time to time

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			income computation and disclosure standards to be followed by any class of assessee or in respect of any class of income.
14.	14b	145A	For the purpose of determining the income chargeable under the head "PGBP", — (i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed in accordance with the ICDSs notified under section 145(2); (ii) the valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation; (iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised in accordance with the ICDSs notified under section 145(2); (iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value in accordance with the ICDSs notified under section 145(2).
15.	15	2(47)	"transfer", in relation to a capital asset,

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			includes, — (i) the sale, exchange or relinquishment of the asset; or (ii) the extinguishment of any rights therein; or (iii) the compulsory acquisition thereof under any law; or (iv) in a case where the asset is converted by the owner thereof into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment; or (iva) the maturity or redemption of a zero coupon bond; or (v) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); or (vi) any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement or in any other manner whatsoever) which has the effect of transferring, or enabling the enjoyment of, any immovable property.
16.		45(2)	Notwithstanding anything contained in sub-section (1), the profits or gains arising from the transfer by way of conversion by the owner of a capital asset into, or its treatment by him as stock-in-trade of a business carried on

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			by him shall be chargeable to income-tax as his income of the previous year in which such stock-in-trade is sold or otherwise transferred by him and, for the purposes of section 48, the fair market value of the asset on the date of such conversion or treatment shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset.
17.		47(iv) & 47(v)	Nothing contained in section 45 shall apply to the following transfers: — (iv) any transfer of a capital asset by a company to its subsidiary company, if— (a) the parent company or its nominees hold the whole of the share capital of the subsidiary company, and (b) the subsidiary company is an Indian company; (v) any transfer of a capital asset by a subsidiary company to the holding company, if— (a) the whole of the share capital of the subsidiary company is held by the holding company, and (b) the holding company is an Indian company.
18.		47A	Where at any time before the expiry of a period of 8 years from the date of the transfer of a capital asset referred to in clause (iv) or clause (v) of section 47,— (i) such capital asset is converted by the transferee company into, or is treated by it as, stock-in-trade of its

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			business; or (ii) the parent company or its nominees or, as the case may be, the holding company ceases or cease to hold the whole of the share capital of the subsidiary company, the amount of profits or gains arising from the transfer of such capital asset not charged under section 45 by virtue of the provisions contained in clause (iv) or clause (v) of section 47 shall, be deemed to be income chargeable under the head "Capital gains" of the previous year in which such transfer took place.
19.	16a	28	The following income shall be chargeable to income-tax under the head "PGBP", — (i) the profits and gains of any business or profession which was carried on by the assessee at any time during the previous year; (ii) any compensation or other payment due to or received by, (a) any person, by whatever name called, managing the whole or substantially the whole of the affairs of an Indian company, at or in connection with the termination of his management or the modification of the terms and conditions relating thereto; (b) any person, by whatever name called, managing the whole or substantially the whole of the affairs in India of any other company, at or in connection with the termination of his

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			office or the modification of the terms and conditions relating thereto; (c) any person, by whatever name called, holding an agency in India for any part of the activities relating to the business of any other person, at or in connection with the termination of the agency or the modification of the terms and conditions relating thereto; (d) any person, for or in connection with the vesting in the Government, or in any corporation owned or controlled by the Government, under any law for the time being in force, of the management of any property or business; (e) any person, by whatever name called, at or in connection with the termination or the modification of the terms and conditions, of any contract relating to his business; (iii) income derived by a trade, professional or similar association from specific services performed for its members ; (iiia) profits on sale of a licence granted under the Imports (Control) Order, 1955, made under the Imports and Exports (Control) Act, 1947 (18 of 1947) ; (iiib) cash assistance (by whatever name called) received or receivable

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			by any person against exports under any scheme of the Government of India ; (iiic) any duty of customs or excise re-paid or re-payable as drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971 ; (iiid) any profit on the transfer of the Duty Entitlement Pass Book Scheme, being the Duty Remission Scheme under the export and import policy formulated and announced under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992); (iiie) any profit on the transfer of the Duty Free Replenishment Certificate, being the Duty Remission Scheme under the export and import policy formulated and announced under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992); (iv) <i>the value of any benefit or perquisite arising from business or the exercise of a profession, whether—</i> (a) <i>convertible into money or not; or</i> (b) <i>in cash or in kind or partly in cash and partly in kind;</i> (v) any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from such firm:

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(va) any sum, whether received or receivable, in cash or kind, under an agreement for— (a) not carrying out any activity in relation to any business or profession; or (b) not sharing any know-how, patent, copyright, trade-mark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision for services: (vi) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy. (via) the fair market value of inventory as on the date on which it is converted into, or treated as, a capital asset determined in the prescribed manner; (vii) any sum, whether received or receivable, in cash or kind, on account of any capital asset (other than land or goodwill or financial instrument) being demolished, destroyed, discarded or transferred, if the whole of the expenditure on such capital asset has been allowed as a deduction under section 35AD.
20.	17	50C	Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value adopted or assessed or

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			assessable by any authority of a State Government (hereafter in this section referred to as the "stamp valuation authority") for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall, for the purposes of section 48, be deemed to be the full value of the consideration received or accruing as a result of such transfer: Where the value adopted or assessed or assessable by the stamp valuation authority does not exceed 110% of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.
21.		43CA	Where the consideration received or accruing as a result of the transfer by an assessee of an asset (other than a capital asset), being land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer; Where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed 110% of the consideration

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration.
22.		32AD	Where an assessee, sets up an undertaking or enterprise for manufacture or production of any article or thing, on or after 01.04.2015 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or Bihar or Telangana or West Bengal, and acquires and installs any new asset for the purposes of the said undertaking or enterprise during the period beginning on 01.04.2015 and ending before 01.04.2020 in the said backward area, then, there shall be allowed a deduction of a sum equal to 15% of the actual cost of such new asset for the assessment year relevant to the previous year in which such new asset is installed.
23.		33AB	Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of 6 months from the end of the previous year or before the due date of furnishing the return of his income, whichever is earlier, - (a) deposited with the National Bank any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board; or (b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board, as the case may be (hereafter in this section referred to as the deposit scheme), with the previous approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (a) a sum equal to the amount or the aggregate of the amounts so deposited; or (b) a sum equal to 40% of the profits of such business (computed under the head " PGBP " before making any deduction under this section), whichever is less.
24.		33ABA	Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of 6 months from the end of the previous year or before the

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			due date of furnishing the return of his income, whichever is earlier, — (a) deposited with the National Bank any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board ; or (b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board, as the case may be (hereafter in this section referred to as the deposit scheme), with the previous approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (a) a sum equal to the amount or the aggregate of the amounts so deposited; or (b) a sum equal to forty per cent of the profits of such business (computed under the head " PGBP " before

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			making any deduction under this section), whichever is less.
25.		35(1)(i), 35(1)(ii), 35(1)(ia), 35(1)(iii) & 35(1)(iv)	In respect of expenditure on scientific research, the following deductions shall be allowed - (i) any expenditure (not being in the nature of capital expenditure) laid out or expended on scientific research related to the business. (ii) an amount equal to one and one half times of any sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research. (ia) any sum paid to a company to be used by it for scientific research; (iii) any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university, college or other institution to be used for research in social science or statistical research; (iv) in respect of any expenditure of a capital nature on scientific research related to the business carried on by the assessee, such deduction as may be admissible under the provisions of sub-section (2).
26.		35(2AA)	Where the assessee pays any sum to a National Laboratory or a University or an Indian Institute of Technology or a specified person with a specific

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			direction that the said sum shall be used for scientific research undertaken under a programme approved in this behalf by the prescribed authority, then— (a) there shall be allowed a deduction of a sum equal to one and one-half times the sum so paid; and (b) no deduction in respect of such sum shall be allowed under any other provision of this Act.
27.		35(2AB)	Where a company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing, not being an article or thing specified in the list of the Eleventh Schedule incurs any expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then, there shall be allowed a deduction of a sum equal to one and one-half times of the expenditure so incurred.
28.		35ABA	In respect of any expenditure, being in the nature of capital expenditure, incurred for acquiring any right to use spectrum for telecommunication services either before the commencement of the business or thereafter at any time during any previous year and for which payment has actually been made to obtain a right to use spectrum, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			fraction of the amount of such expenditure.
29.		35ABB	In respect of any expenditure, being in the nature of capital expenditure, incurred for acquiring any right to operate telecommunication services either before the commencement of the business to operate telecommunication services or thereafter at any time during any previous year and for which payment has actually been made to obtain a licence, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure.
30.		35AC	Where an assessee incurs any expenditure by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme, the assessee shall, subject to the provisions of this section, be allowed a deduction of the amount of such expenditure incurred during the previous year.
31.		35AD	An assessee shall, if he opts, be allowed a deduction in respect of the whole of any expenditure of capital nature incurred, wholly and exclusively, for the purposes of any specified business carried on by him during the previous year in which such expenditure is incurred by him: Provided that the expenditure incurred,

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			wholly and exclusively, for the purposes of any specified business, shall be allowed as deduction during the previous year in which he commences operations of his specified business, if— (a) the expenditure is incurred prior to the commencement of its operations; and (b) the amount is capitalised in the books of account of the assessee on the date of commencement of its operations.
32.		35CCA	Where an assessee incurs any expenditure by way of payment of any sum— (a) to an association or institution, which has as its object the undertaking of any programme of rural development, to be used for carrying out any programme of rural development approved by the prescribed authority; or (b) to an association or institution, which has as its object the training of persons for implementing programmes of rural development; or (c) to a rural development fund set up and notified by the Central Government in this behalf; or (d) to the National Urban Poverty Eradication Fund set up and notified by the Central Government in this behalf, the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			such expenditure incurred during the previous year.
33.		35CCB	Where an assessee incurs any expenditure on or before 31.03.2002 by way of payment of any sum— (a) to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources or of afforestation, to be used for carrying out any programme of conservation of natural resources or afforestation approved by the prescribed authority; or (b) to such fund for afforestation as may be notified by the Central Government, the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of such expenditure incurred during the previous year.
34.		35CCC	Where an assessee incurs any expenditure on agricultural extension project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure: For the assessment year beginning on or after 01.04.2021, the provisions of this sub-section shall have effect as if for the words "a sum equal to one and one-half times of", the words "a sum equal to" had been substituted.
35.		35CCD	Where a company incurs any expenditure (not being expenditure in

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			the nature of cost of any land or building) on any skill development project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure: For the assessment year beginning on or after 01.04.2021, the provisions of this sub-section shall have effect as if for the words "an amount equal to one and one-half times of", the words "a sum equal to" had been substituted.
36.		35D	Where an Indian company or a person (other than a company) who is resident in India, incurs, any expenditure specified in sub-section (2), — (i) before the commencement of his business, or (ii) after the commencement of his business, in connection with the extension of his undertaking or in connection with his setting up a new unit, the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the ten successive previous years beginning with the previous year in which the business commences or, as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.
37.		35DD	Where an Indian company, incurs any

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			expenditure, wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.
38.		35DDA	Where an assessee incurs any expenditure in any previous year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, one-fifth of the amount so paid shall be deducted in computing the profits and gains of the business for that previous year, and the balance shall be deducted in equal instalments for each of the four immediately succeeding previous years.
39.		35E	Where an Indian company or a person (other than a company) who is resident in India, is engaged in any operations relating to prospecting for, or extraction or production of, any mineral and incurs, any expenditure specified in sub-section (2), the assessee shall, in accordance with and subject to the provisions of this section, be allowed for each one of the relevant previous years a deduction of an amount equal to one-tenth of the amount of such expenditure.
40.	20(a) &	36(1)(ii) &	The deductions provided for in the following clauses shall be allowed in

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
	20(b)	36(1)(va)	respect of the matters dealt with therein, in computing the income referred to in section 28— (ii) any sum paid to an employee as bonus or commission for services rendered, where such sum would not have been payable to him as profits or dividend if it had not been paid as bonus or commission; (va) any sum received by the assessee from any of his employees to which the provisions of sub-clause (x) of clause (24) of section 2 apply, if such sum is credited by the assessee to the employee's account in the relevant fund or funds on or before the due date.
41.	21a	37	Any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head "Profits and gains of business or profession".
42.		37(2B)	Notwithstanding anything contained in sub-section (1), no allowance shall be made in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party.
43.	21b & 21c	40(a), 40(b) & 40(ba)	The following amounts shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession", —

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(a) in the case of any assessee— (i) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is payable, — (A) outside India; or (B) in India to a non-resident, not being a company or to a foreign company, on which tax is deductible at source and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139: Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid: (ia) thirty per cent of any sum payable to a resident, on which tax is deductible at source and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139: Provided that where in respect of any such sum, tax has been deducted in any subsequent year,

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, thirty per cent of such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid: (ib) any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible and such levy has not been deducted or after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139: Where in respect of any such consideration, the equalisation levy has been deducted in any subsequent year or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid; (ic) any sum paid on account of fringe benefit tax; (ii) any sum paid on account of any rate or tax levied on the profits or gains of any business or profession or assessed at a proportion of, or otherwise on the basis of, any such profits or gains. (iia) any sum paid on account of wealth-tax.

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(iib) any amount— (A) paid by way of royalty, licence fee, service fee, privilege fee, service charge or any other fee or charge, by whatever name called, which is levied exclusively on; or (B) which is appropriated, directly or indirectly, from, a State Government undertaking by the State Government. (b) in the case of any firm assessable as such, — (i) any payment of salary, bonus, commission or remuneration, by whatever name called (hereinafter referred to as "remuneration") to any partner. (ba) in the case of an association of persons or body of individuals, any payment of interest, salary, bonus, commission or remuneration, by whatever name called, made by such association or body to a member of such association or body.
44.	21d	40A(3) & 40A(3A)	(3) Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed, exceeds ten thousand rupees, no deduction shall be allowed in respect of such expenditure.

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(3A) Where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the payment or aggregate of payments made to a person in a day, exceeds ten thousand rupees. In the case of payment made for plying, hiring or leasing goods carriages, the provisions of sub-sections (3) and (3A) shall have effect as if for the words "ten thousand rupees", the words "thirty-five thousand rupees" had been substituted.
45.	21e	40A(7)	(a) Subject to the provisions of clause (b), no deduction shall be allowed in respect of any provision made by the assessee for the payment of gratuity to his employees on their retirement or on termination of their employment for any reason. (b) Nothing in clause (a) shall apply in relation to any provision made by the assessee for the purpose of payment of a sum by way of any contribution towards an approved

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			gratuity fund, or for the purpose of payment of any gratuity, that has become payable during the previous year.
46.	21f	40A(9)	No deduction shall be allowed in respect of any sum paid by the assessee as an employer towards the setting up or formation of, or as contribution to, any fund, trust, company, association of persons, body of individuals, society registered under the Societies Registration Act, 1860 (21 of 1860), or other institution for any purpose, except where such sum is so paid, for the purposes and to the extent provided by or under clause (iv) or clause (iva) or clause (v) of sub-section (1) of section 36, or as required by or under any other law for the time being in force.
47.	21h	14A	No deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Act. The Assessing Officer shall determine the amount of expenditure incurred in relation to such income which does not form part of the total income under this Act in accordance with such method as may be prescribed, if the Assessing Officer, having regard to the accounts of the assessee, is not satisfied with the correctness of the claim of the assessee in respect of such expenditure in relation to income which does not form part of the total income under this Act.

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
48.	21i	36(1)(iii)	The deductions provided for in the following clauses shall be allowed in respect of the matters dealt with therein, in computing the income referred to in section 28— the amount of interest paid in respect of capital borrowed for the purposes of the business or profession.
49.	23	40A(2)	Any expenditure in respect of which payment has been or is to be made to any person referred to in section 40A(2)(b) and the Assessing Officer is of opinion that such expenditure is excessive or unreasonable having regard to the fair market value of the goods, services or facilities for which the payment is made or the legitimate needs of the business or profession of the assessee or the benefit derived by or accruing to him therefrom, so much of the expenditure as is so considered by him to be excessive or unreasonable shall not be allowed as a deduction.
50.	24	33AC	In the case of an assessee, being a Government company or a public company formed and registered in India with the main object of carrying on the business of operation of ships, there shall, in accordance with and subject to the provisions of this section, be allowed a deduction of an amount not exceeding fifty per cent of profits derived from the business of operation of ships (computed under the head "PGBP" and before making any deduction under this section), as is debited to the profit and loss account of the previous year in respect of which

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			the deduction is to be allowed and credited to a reserve account, to be utilised in the manner laid down in sub-section (2); Where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the aggregate of the amounts of the paid-up share capital, the general reserves and amount credited to the share premium account of the assessee, no allowance under this sub-section shall be made in respect of such excess.
51.	25	41	(1) Where an allowance or deduction has been made in the assessment for any year in respect of loss, expenditure or trading liability incurred by the assessee (hereinafter referred to as the first-mentioned person) and subsequently during any previous year, — (a) the first-mentioned person has obtained, whether in cash or in any other manner whatsoever, any amount in respect of such loss or expenditure or some benefit in respect of such trading liability by way of remission or cessation thereof, the amount obtained by such person or the value of benefit accruing to him shall be deemed to be profits and gains of business or profession and accordingly chargeable to income-tax as the income of that previous year, whether the business or profession in respect of which the allowance or deduction has been made is in

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			existence in that year or not; or (b) the successor in business has obtained, whether in cash or in any other manner whatsoever, any amount in respect of which loss or expenditure was incurred by the first-mentioned person or some benefit in respect of the trading liability referred to in clause (a) by way of remission or cessation thereof, the amount obtained by the successor in business or the value of benefit accruing to the successor in business shall be deemed to be profits and gains of the business or profession, and accordingly chargeable to income-tax. (2) Where any building, machinery, plant or furniture, — (a) which is owned by the assessee; (b) in respect of which depreciation is claimed under clause (i) of sub-section (1) of section 32; and (c) which was or has been used for the purposes of business, is sold, discarded, demolished or destroyed and the moneys payable in respect of such building, machinery, plant or furniture, as the case may be, together with the amount of scrap value, if any, exceeds the written down value, so much of the excess as does not exceed the difference between the actual cost and the written down value shall be chargeable to income-tax. (3) Where an asset representing expenditure of a capital nature on scientific research is sold, without

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			having been used for other purposes, and the proceeds of the sale together with the total amount of the deductions made exceed the amount of the capital expenditure, the excess or the amount of the deductions so made, whichever is the less, shall be chargeable to income-tax. (4) Where a deduction has been allowed in respect of a bad debt or part of debt, then, if the amount subsequently recovered on any such debt or part is greater than the difference between the debt or part of debt and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession, and accordingly chargeable to income-tax, whether the business or profession is in existence or not.
52.	26	43B	A deduction otherwise allowable under this Act in respect of items specified in this section shall be allowed in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him. However, if any sum is actually paid by the assessee on or before the due date applicable in his case for furnishing the return of income under section 139(1) in respect of the previous year in which the liability to pay such sum was incurred as aforesaid disallowance shall not be made.
53.	28	56(2)(viia)	The following incomes, shall be chargeable to income-tax under the head "Income from other sources", namely: —

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(vii) where an individual or a Hindu undivided family receives, in any previous year, from any person or persons on or after the 01.10.2009 but before 01.04.2017, (a) any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum.
54.	29A	56(2)(ix)	(ix) any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if, — (a) such sum is forfeited; and (b) the negotiations do not result in transfer of such capital asset.
55.	29B	56(2)(x)	where any person receives, in any previous year, from any person or persons on or after 01.04.2017, — (a) any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum; (b) any immovable property, — (A) without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property; (B) for a consideration, the stamp duty value of such property as exceeds such consideration, if the amount of such excess is more than the higher of the

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			following amounts, namely: — (i) the amount of fifty thousand rupees; and (ii) the amount equal to ten per cent of the consideration: (c) any property, other than immovable property, — (A) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property; (B) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration.
56.	30	69D	Where any amount is borrowed on a <i>hundi</i> from, or any amount due thereon is repaid to, any person otherwise than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying the amount aforesaid for the previous year in which the amount was borrowed or repaid, as the case may be.
57.	30A	92CE	(1) Where a primary adjustment to transfer price, — (i) has been made <i>suo motu</i> by the assessee in his return of income; (ii) made by the Assessing Officer

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			has been accepted by the assessee; (iii) is determined by an advance pricing agreement entered into by the assessee under section 92CC, on or after the 1st day of April, 2017; (iv) is made as per the safe harbour rules framed under section 92CB; or (v) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or section 90A for avoidance of double taxation, the assessee shall make a secondary adjustment. Where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money or part thereof, as the case may be, which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.
58.	30B	94B	Where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (2); Where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.
59.	30C	96	An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it— (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act; (c) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for <i>bona fide</i> purposes.

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
60.	31a & 31b	269SS	No person shall take or accept from any other person (herein referred to as the depositor), any loan or deposit or any specified sum, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed if, — (a) the amount of such loan or deposit or specified sum or the aggregate amount of such loan, deposit and specified sum; or (b) on the date of taking or accepting such loan or deposit or specified sum, any loan or deposit or specified sum taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid; or (c) the amount or the aggregate amount referred to in clause (a) together with the amount or the aggregate amount referred to in clause (b), is twenty thousand rupees or more.
61.	31ba, 31bb, 31bc & 31bd	269ST	No person shall receive an amount of two lakh rupees or more— (a) in aggregate from a person in a day; or (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.
62.	31c, 31d & 31e	269T	No branch of a banking company or a co-operative bank and no other company or co-operative society and no firm or other person shall repay any loan or deposit made with it or any specified advance received by it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance, or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed if— (a) the amount of the loan or deposit or specified advance together with the interest, if any, payable thereon, or (b) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm, or other person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such loans or deposits, or

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			(c) the aggregate amount of the specified advances received by such person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such specified advances, is twenty thousand rupees or more.
63.	32a	32	(1) In respect of depreciation of— (i) buildings, machinery, plant or furniture, being tangible assets; (ii) know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998, not being goodwill of a business or profession, owned, wholly or partly, by the assessee and used for the purposes of the business or profession, the following deductions shall be allowed— (a) in the case of assets of an undertaking engaged in generation or generation and distribution of power, such percentage on the actual cost thereof to the assessee as may be prescribed; (b) in the case of any block of assets, such percentage on the written down value thereof as may be prescribed. (iia) in the case of any new machinery or plant (other than ships and aircraft), which has been acquired

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii).
64.	32b	79	where a change in shareholding has taken place during the previous year in the case of a company, not being a company in which the public are substantially interested, no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than fifty-one per cent of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent of the voting power on the last day of the year or years in which the loss was incurred.
65.	32c 7 32e	73	Any loss, computed in respect of a speculation business carried on by the assessee, shall not be set off except against profits and gains, if any, of another speculation business. No loss shall be carried forward under this section for more than four assessment years immediately succeeding the assessment year for which the loss was first computed.

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
66.	32d	73A	Any loss, computed in respect of any specified business referred to in section 35AD shall not be set off except against profits and gains, if any, of any other specified business.
67.	33	10AA	In computing the total income of an assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005, from his Unit, who begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after 01.04.2006, but before 01.04.2021, the following deduction shall be allowed— (i) hundred per cent of profits and gains derived from the export, of such articles or things or from services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and fifty per cent of such profits and gains for further five assessment years and thereafter; (ii) for the next five consecutive assessment years, so much of the amount not exceeding fifty per cent of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and

QUICK REFERENCER

Sl. No.	Clause	Section	Brief particulars
			credited to a reserve account (to be called the "Special Economic Zone Re-investment Reserve Account") to be created and utilized for the purposes of the business of the assessee in the manner laid down in sub-section (2).
68.	36A	2(22)(e)	"dividend" includes— (e) any payment by a company, not being a company in which the public are substantially interested, of any sum (whether as representing a part of the assets of the company or otherwise) made after 31.05.1987, by way of advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (hereafter in this clause referred to as the said concern) or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

It is advisable to read complete provision under consideration before taking any call on the situation.

QUICK REFERENCER

QUICK REFERENCER FOR TAX AUDIT U/S 44AB OF THE INCOME TAX ACT, 1961

Clause	Refer *	Particulars	Yes / No /NA	Remarks	Document/ Reference	File #
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Form No. 3CA / 3CB				
General		If you are not the statutory auditor of the assessee, then please obtain a copy of the statutory audit report and financial statements.				
		Form No. 3CD				
1	20.1	Name of the assessee				
		- Whether name as specified in the PAN of the assessee whose accounts are being audited under section 44AB has been reported?				PF
		- In case there is a different Trade name, whether the same has been reported?				
		- If the tax audit is in respect of a branch, whether name of such branch has been mentioned along with the name of the assessee?				PF
		- Whether the name of assessee has been changed either during the financial year or after the close of financial year but before signing of tax audit report? - If yes, report the fact of name change accordingly.				
2	20.2	Address				
		- Whether the address reported under this clause is same as has been communicated by the assessee to the Income-tax department?				PF

QUICK REFERENCER

		- In case of tax audit of branch, whether addresses of all the branches have been obtained and reported?				PF
		- In case the assessee is a company, whether the address of registered office has been obtained and reported?				
		- Whether the address mentioned tallies with the address mentioned in PAN? - If not, whether address change application filed?				PF + CYF
		- Whether the assessee is a new assessee? - If yes, check whether address appearing in PAN application has been reported?				
3	20.3	Permanent Account Number / Aadhaar Number				
		- Whether physical / e-copy of PAN has been obtained?				
		- Whether the permanent account number (PAN) as allotted to the assessee has been indicated?				PF
		- Where the assessee (being individual) does not have PAN, whether the Aadhaar number has been mentioned?				PF
4	20.4 to 20.8	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.				
		- Whether the auditor has obtained from the assessee details of all indirect tax's registration (applicable to the assessee)?				PF

QUICK REFERENCER

		1. GST 2. VAT 3. Sales Tax 4. Excise 5. Local Entry Tax 6. Others (specify)				
		- Where an assessee has multiple GST numbers, being registered under different States as well as under Central GST, whether all the GST numbers allotted to the assessee have been mentioned?				PF
5	20.9	Status				
		- Whether the correct status of the assessee as included in the definition of "person" in section 2 (31) of the Act is mentioned?				
		- Whether there is any dispute regarding the status? - If yes, report in Para 3 of Form No. 3CA / Para 5 of Form No. 3CB, as the case may be.				
6	20.10	Previous Year				
		- Since the previous year under the Act now uniformly begins on 1st April and ends on 31st March, whether the relevant previous year is mentioned?				
		- In case of amalgamations, demergers, conversions, reconstitution, new business, closure of existing business etc. the date of beginning / ending of the previous year may be different, whether the relevant date of beginning and ending of the previous year have been mentioned in this clause by the tax auditor?				PF

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		- If yes, obtain proof for commencement date.				
		- Whether license is required to commence business? - If yes, check commencement date from such license.				
7	20.11	Assessment Year				
		- Whether the assessment year relevant to the previous year for which the accounts are being audited has been mentioned?				
8	20.12	Indicate the relevant clause of section 44AB under which the audit has been conducted				
		- Check whether the relevant clause of 44AB has been reported or not?				
		- In the case where audit is being conducted in any other law (for company, cooperative society etc.) whether " <i>Third proviso to section 44AB</i> " has been considered while reporting under this clause?				
8A	20.13	Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB/115BAC/115BAD?				
		- Whether the assessee is a company/Individual/HUF/Co-operative society?				PF
		- If yes, whether it has opted for taxation regime under section 115BA/115BAA/115BAB/115BAC/115BAD and report accordingly?				PF
		- If yes, whether the copy of Form 10-IB / 10-IC /10-ID/10-IE/10-IF filed online, has been obtained from the assessee?				PF + CYF
		Whether the assessee has complied with all the conditions of these sections?				

QUICK REFERENCER

		Whether the assessee has not opted out of these sections? If yes, verify the same				
9	21.1 to 21.6	(a) Check whether the assessee is a firm or Association of Persons or Body of individuals? If yes, the names of partners/members and their profit-sharing ratios have been stated				
		- Whether the tax auditor has obtained certified copies of the deeds, agreement (in case of LLP), documents, understanding, notice of changes etc. including certified copies of the acknowledgment, if any?				PF
		- Whether the above documents are required to be filed with the concerned authorities? - If yes, verify the same.				
		- Whether there is any change during the previous year in these above documents? - If yes, verify the same.				
		- Whether the names of partners of the firm or members of the association of persons or body of individuals and their profit (or loss) sharing ratios (%) have been stated?				
		- If not stated or division wise profit ratio is stated, state ratio based on profits allocated.				
		- Whether the partner of a firm or the member of AOP/ BOI acts in a representative capacity? - If yes, whether the name of the beneficial partner/member has been stated?				
		- In case of AOPs / BOIs, whether shares of members are not				

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		precisely ascertainable during the previous year resulting in a situation whereby the shares of the members are indeterminate or unknown?				
		- If yes, whether the relevant fact has been stated?				
		(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.				
		- Whether the particulars of all the changes occurred during the entire previous year relating to partners of the firm or members of the association of persons/ body of individuals or their profit or loss sharing ratio since the last date of the preceding year have been stated?				PF
		- Whether the tax auditor has obtained latest certified copies of the deeds, agreement (in case of LLP), documents, understanding, notice of changes etc. including certified copies of the acknowledgment, if any?				PF
10	22.1 to 22.6	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) needs to be furnished.				
		- Regarding the nature of business, whether the principal line of each business is determined and stated in this clause along with relevant code?				PF+ CYF
		- Whether the assessee is a service provider? - If yes, state the nature of each type of service.				

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		- Whether income and other income have been examined to check each business is mentioned.				
		10(b) If there is any change in the nature of business or profession, the particulars of such change.				
		- Whether such change is a material change and has been taken place during the relevant previous year? - If yes, need to be reported.				
		- Whether the tax auditor has obtained a declaration from the assessee regarding change in the nature of business, if any?				PF
		- Whether any new line of activity emerges because of business reorganization / reconstruction? - If yes, whether the same has been reported?				
11	23.1 to 23.12	(a) Whether books of account are prescribed under section 44AA, if yes, list of books so prescribed.				
		- Whether books of account have been prescribed for the assessee under section 44AA? - If yes, the list so prescribed should be stated against this clause.				
		(b) List of books of account maintained and the address at which the books of account are kept (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.)				

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		(c) List of books of account and nature of relevant documents examined.				
		- Whether complete list of books of account and other documents maintained by assessee have been obtained along with the address and examined?				CYF
		- Whether list of books of account generated by assessee's computer system have been obtained?				CYF
		- Whether the books of accounts are kept at more than one location? - If yes, report the addresses of all the locations as well as details of books of accounts maintained at each location.				
		- In case books of account are kept on cloud, whether the place from where these can be accessed has been reported?				
		- Whether tax auditor has reported which books of account have been maintained in computer system and which books of account in hard copy form?				
12	24.1 to 24.9	Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant sections (44AD, *44ADA, 44AE, **44AF, 44B, 44BB, 44BBA, 44BBB, Chapter XII-G, First Schedule or any other relevant section). * To be included once included in the notified form ** To be deleted once deleted from the notified form				
		- Whether assessee has opted for any presumptive Taxation Scheme as per sections referred in above clause for any segment / business? If yes, whether the amount and the				CYF

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		section have been verified and reported accordingly?				
		- Whether such profits and gains (as per scheme) have been included in the profit and loss account?				
		- In case separate set of accounts are maintained for respective businesses, whether profits disclosed from such books have been verified?				
13	25.1 to 22.14	(a) Method of accounting employed in the previous year				
		- Whether the method of accounting employed in the previous year under audit is cash/mercantile has been ascertained?				
		- Whether any management letter has been received in this regard?				CYF
		(b) - Whether any change in the method of accounting				
		- Whether any change in the method of accounting employed by the assessee has been ascertained? - If yes, whether the same been reported?				CYF
		(c) - Effect of change in method of accounting				
		- If yes, in clause 13(b), whether the details of change in the method of accounting reported?				
		o - Details of such change; and				
		o - The effect thereof on the profit or loss for the year.				
		(d) - Whether any adjustment is required to profit or loss to comply with the ICDSs notified u/s 145(2)				
		(e) If answer to (d) above is in the				

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		affirmative, give details of such adjustments:				
		Whether such adjustments are made separately in respect of each ICDS?				
		(f) Disclosures as required by ICDSs				
		Whether the applicability of ICDS has been checked?				CYF
		Whether the statement of adjustments required to profit or loss as per P&L Account in the tabular format given in clause 13(e) has been obtained?				CYF
		In your opinion, for a particular ICDS, if no adjustment is required, whether the management representation in this regard has been obtained?				CYF
		Whether the accounting policies followed by the assessee have been tested to see any divergence vis-a-vis ICDS?				
		Whether disclosures as required by ICDS have been given in tabular form in clause 13(f)?				CYF
14	26.1 to 26.16	(a) Method of valuation of closing stock employed in the previous year.				
		- Whether the procedure followed by the assessee for the valuation of inventory of closing stock in respect of every item has been checked and verified (like raw material, WIP, finished goods, etc)?				
		- Whether method of valuation is as per AS-2 or Ind AS-2, as the case may be? - If not, report accordingly in Form 3CB.				
		- Check whether method of valuation has been consistently applied from year to year?				

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		- In case of dissolution of firm/LLP/AOP, check whether inventory has been valued at net realisable value irrespective of the fact that business is continued or not after dissolution?				
		(b) Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss, please furnish:				
		Whether there has been any change in the method of valuation from the method as prescribed under section 145A?				CYF
		Whether the adjustments in effect of difference between generally accepted accounting principles and section 145A/ICDSs has been made only in the statement of computation of total income accompanying the return and not been made in the books of account has been verified?				CYF
		Whether deviation, if any, from the method of valuation prescribed under section 145A has been ascertained and its impact on profit and loss has been reported?				CYF
		Whether adjustments under section 145A have been made in all cases where "exclusive method" is followed?				CYF
15	27.1 to 27.10	Give the following particulars of the capital asset converted into stock-in-trade: (a) Description of capital asset:				
		Whether details of all capital assets converted into stock-in-trade has been obtained and checked?				CYF
		(b) Date of acquisition				
		Whether the tax auditor has ascertained the correct date of				

QUICK REFERENCER

		acquisition from the records of the financial year in which the asset was acquired and stated the same against sub-clause (b)?				
		(c) Cost of acquisition				
		Whether the original costs of acquisition as per books of account have been reported?				
		- Whether principles enunciated in AS-10 and Ind AS-16 have been considered?				
		- Whether the assessee is a company to which CARO is applicable? - If yes, verify the cost from fixed assets register				
		- If no, check whether it is practically possible to fulfil the reporting requirements of this sub-clause? - If no, state such fact with reasons.				
		(d) Amount at which the asset is converted into stock-in-trade				
		- Whether the amount recorded in books of account in respect of the converted asset is stated under this clause?				
		- Whether the necessary accounting entries have been passed in the books of account at the time of conversion or treatment of capital asset into stock-in-trade?				
		- Whether assessee is a corporate assessee? - If yes, whether resolution has been passed in this behalf to substantiate the fact of such conversion?				
		- Whether the amount is				

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		determined as per principles prescribed by the Accounting Standards Board (ASB)? - If no, qualify opinion in Form 3CB.				
		- In case capital assets acquired by way of inheritance, check whether documentary evidence as to the cost of acquisition of the assets to original owner exists? - If no, rely upon the reports of the valuers.				
16	28.1 to 28.3	Amounts not credited to the profit and loss account, being- (a) the items falling within the scope of section 28				
		- Whether a management letter with regard to the amount of income falling under the scope of - section 28 and not credited to profit and loss account has been obtained?				CYF
		- Whether income as reflected in Form No. 26AS is fully accounted for or reconciled for in Profit and Loss account? - If not, verify reconciliation for the same.				CYF
		- Check whether items appearing in Form 26AS belong to the assessee? - If no, obtain necessary management representation in this regard.				
	28.4 to 28.7	(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				
		- Whether all relevant				

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		correspondence, records, evidence and assessee's particulars on portal of the department have been examined in order to determine that any particular refund/claim has been admitted as due and accepted during the relevant financial year?				
		- Whether management representation has been obtained in this regard?				CYF
	28.8 to 28.9	(c) escalation claims accepted during the previous year				
		- Whether there is any escalation claim made/ accepted during the year has been checked and reported accordingly?				
		- Whether assessee is following cash system of accounting? - If yes, clearly state the same.				
	28.10 to 28.14	(d) any other item of income				
		- Whether any management letter has been obtained to the effect of any other income not credited to profit and loss account?				CYF
	28.15 to 28.18	(e) capital receipt, if any				
		- Where auditor finds that certain income (e.g. income referred to in section 41(1)) has not been credited to profit and loss account, whether the particulars of the same along with the amount have been reported under this clause?				CYF
17	29.1 to	Where any land or building or both is transferred during the				

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	29.12	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, please furnish:				
		- Whether the assessee has transferred any land or building or both during the year, where value adopted or assessed or assessable is more than 110% of consideration received? - If yes, report accordingly.				
		- Whether the copy of registered sale deed has been obtained?				CYF
		- Whether the consideration shown in the registered sale deed is in accordance with the provisions of section 43CA or 50C?				
18	30.1 to 30.20	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 following form: (a) Description of asset/block of assets. (b) Rate of depreciation.				
		- Whether the reconciliation has been obtained in respect of addition to fixed assets of the preceding year as per books and as per Income tax Act, 1961?				CYF
		- Whether the list of additions/deletions made during the year has been obtained?				CYF
		- Whether management representation letter has been obtained in respect of the additions of assets which have been put to use during the year?				CYF
		- Whether bifurcation has been made and verified in respect of purchases made during the year for				CYF

QUICK REFERENCER

		a period of less than 180 days from the end of the financial year?				
		- Whether the classification of asset into Tangible and Intangible Assets and its addition to an appropriate block as per the rate of depreciation has been checked, verified, and made in consonance with legal principles?				
		- Whether suitable disclosure depending upon the facts and circumstances of the earlier disputes between the assessee and the Department regarding classification, rate of depreciation etc. has been given?				
		(c) Actual cost or written down value, as the case may be				
		Whether requirements of various ICDSs like ICDS-V, ICDS-VII and ICDS-IX have been considered for determining actual cost?				
		(ca) Adjustment made to the written down value under section 115BAA (for assessment year 2020-21 only)*				
		(cb) Adjusted written down value*				
		*Inserted Vide CBDT Notification No. 82/2020 dated 01.10.2020 from AY 2020-21				
		- Whether the assessee company has opted for special taxation under section 115BAA during the AY 2020-21? - If yes, calculate the adjusted WDV and report accordingly.				PF
		(d) Additions / deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of – (i) Central Value Added Tax credits claimed and allowed under the Central Excise Rules,				

QUICK REFERENCER

		1944, in respect of assets acquired on or after 1st March, 1994				
		- Whether details of additions (purchases / acquisitions) and deductions (sale, scrapping etc.) during the year have been obtained?				CYF
		- Whether these details have been verified with records and documentary evidence such as supplier's invoice, purchase order, sale bill etc.?				
		- Whether a certificate has been obtained from technical person regarding the dates when assets acquired during the year were put to use?				CYF
		- Whether verified that cashless mode of payment is adopted where expenditure for acquisition of an asset involves payment of Rs. 10,000 or more to a person in a day?				CYF
		- Whether it is verified with respect to input tax claimed in returns that the amount of input tax credit is deducted from cost of capital goods claimed as addition during the year under Income tax schedule?				
		- Whether the amount of credit claimed and allowed and reported under this clause has been cross checked with the data furnished in clause 27(a) of Form No. 3CD?				
		(ii) change in rate of exchange of currency				
		- Whether the adjustments to the cost of fixed assets on account of changes in the rate of exchange of currency in the schedule of fixed				CYF

QUICK REFERENCER

		assets prepared for computation of depreciation as per Income-tax Rules are in accordance with the provisions of section 43A?				
		- Whether a reconciliation statement has been prepared for any different treatment followed for difference of currency exchange for the purpose of books of account as per applicable accounting treatment under Accounting Standards?				CYF
		(iii) subsidy or grant or reimbursement, by whatever name called				
		- Whether the provisions of section 43(1) have been followed in deducting subsidy or grant or reimbursement from the cost of asset?				
		(e) Depreciation allowable. (f) Written down value at the end of the year.				
		- Whether the depreciation and additional depreciation (if any) calculated as per the Depreciation rates under the Income tax Act has been checked?				CYF
		- Whether the opening block of assets matches with the Income Tax Return filed for the immediately preceding year.				
		- Whether ICDS- V relating to tangible fixed assets has been duly considered for working out the amounts?				
		- In case of lease arrangements, check whether assets have been acquired under finance lease? - If yes, depreciation is allowed. - (No depreciation on assets acquired under operating lease).				

QUICK REFERENCER

19	31.1 to 31.9	Amounts admissible under sections:				
		Section 32AC - Investment in new Plant & Machinery				
		No amount is admissible w.e.f. AY 2018-19				
		Section 32AD - Investment in new plant and machinery in notified backward areas in certain states.				
		- Check whether there is a new investment in plant and machinery?				CYF
		- If yes, whether management letter has been obtained with regard to investment made in the notified backward area?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Check whether the assessee has obtained a separate audit report for claiming such exemption (if any)?				CYF
		Section 33AB - Tea development account, coffee development account and rubber development account.				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		- Whether the Assessee is engaged in business of growing and manufacturing tea or coffee or rubber in India?				

QUICK REFERENCER

		- If yes, whether management letter has been obtained with regard to the deposited amount in the NABARD or Tea Board/Coffee Board/Rubber Board in accordance with and for the purpose as specified in the scheme?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Check whether the assessee has obtained a separate audit report for claiming such exemption (if any)?				CYF
		- In case any amount has been withdrawn from the special account, check whether such amount has been utilised for the specified purposes? - If no, report such amount as deemed profits.				
		Section 33ABA- Site Restoration Fund				
		- Whether the assessee has entered into an agreement with the Government, for prospecting, or extraction or production of petroleum or natural gas or both?				CYF
		- If yes, whether management letter has been obtained with regard to the deposited amount in the special account or site restoration account and for the purpose of the specified scheme?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Check whether the assessee has obtained a separate audit report for claiming such exemption (if any)?				CYF
		- In case any amount has been withdrawn from the account, check whether such amount has been utilised for the specified purposes				

QUICK REFERENCER

		within the same year? - If no, report such amount as deemed profits.				
		Section 35(1)(i) - Expenditure on Scientific Research				
		- Whether the assessee has incurred expenditure on scientific research (not be in the nature of capital expenditure) related to the business?				CYF
		- Whether any such expenditure has been incurred as per Explanation to sub-section (1) before the commencement of business?				PF
		- Whether the certificate has been obtained from the Director General (Income Tax Exemptions) in concurrence with the Secretary, Department of Scientific and Industrial Research, Government of India?				PF
		Section 35(1) (ii)- Whether the assessee has been paid any amount to the research association?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				

QUICK REFERENCER

		Section 35(1) (ia)- Whether the sum paid to a company to be used by it for scientific research?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		Section 35(1) (iii)- Whether the sum paid to a research association which has as its object the undertaking or research in social science or statistical research or to a university?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				

QUICK REFERENCER

		Section 35(1)(iv)- Whether the assessee has incurred expenditure of capital nature on scientific research? If yes, the deduction shall be allowed as per the provisions of sub-section (2).				
		Check whether expenditure is related to acquisition of land? If yes, no deduction has been allowed under this section.				
		Section 35(2AA)- Whether the assessee has paid any sum to national laboratory or university or IIT under this section with specific direction for the use of such sum?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		Section 35(2AB)- Whether the company is engaged in the business of bio-technology or in any business of manufacture of article or things?				
		- If yes, whether the assessee has incurred expenditure on scientific research towards inhouse research as approved by the Secretary, Department of Scientific				

QUICK REFERENCER

		and Industrial Research, Government of India?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		Section 35ABA - Expenditure for obtaining right to use spectrum for telecommunication services #				
		# Not in notified Form No. 3CD but given in e-filing utility.				
		Whether the assessee is in the operation of telecommunication services? If yes, whether the assessee has incurred any capital expenditure for acquiring any right to use spectrum for telecommunication services?				
		- If yes, whether management letter has been obtained with regard to the same?				
		Check whether all the conditions for deduction under the relevant section are satisfied?				
		Section 35ABB - Expenditure for obtaining license to operate telecommunication services				
		- Whether the assessee is in the operation of telecommunication services?				PF

QUICK REFERENCER

		- If yes, whether the assessee has incurred any capital expenditure for acquiring right to operate telecommunication services?				
		- If yes, whether management letter has been obtained with regard to the same				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		Section 35AC -Expenditure on eligible projects and schemes.				
		<i>(Not applicable from 1st April 2018.)</i>				
		Section 35AD - Deduction in respect of expenditure on specified business.				
		- Whether the expenses incurred is of capital nature?				
		- If yes, whether the expenses incurred are wholly and exclusively for the purpose of specified business as given in sub-section (8) (a)?				
		- Whether the expenditure incurred prior to its operation?				
		- If yes, whether the amount is capitalized in the books of accounts of the assessee as on the date of commencement of its operations?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether cashless mode of payment is adopted where capital expenditure involves payment of Rs. 10,000 or more to a person in a day?				
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section				

QUICK REFERENCER

		115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		Section 35CCA - Expenditure by way of payment to association and institution for carrying out rural development programme.				
		- Whether the assessee has incurred expenditure by way of payment to association or institution as specified in sub-section (1)?				
		- Whether the assessee has obtained the certificate from the association or institution as per sub-section (2), (2A) or (2B) as the case may be?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		Section 35CCB - Expenditure by way of payment to association and institutions for carrying out programmes of conservation of natural resources. #				
		- # Deduction is not available on or after 31.03.2002.				
		— Whether the assessee has incurred expenditure by payment to an Association of institution which is undertaking a programme on natural resources or for afforestation as notified by Central Government?				
		— If yes, whether management letter has been obtained with regard to the same?				CYF
		— Check whether all the conditions for deduction under the relevant section are satisfied?				

QUICK REFERENCER

		Section 35CCC - Expenditure on agricultural extension project.				
		- Whether the assessee has incurred an expenditure on agriculture extension project as notified by NOTIFICATION NO. 15/2015 [F. NO. 203/30/2014/ITA.II], DATED 16-2-2015?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB or Individual/HUF who has opted for taxation regime u/s 115BAC or resident co-operative society who has opted for taxation regime u/s 115BAD? - If yes, verify that no deduction has been allowed under this section.				
		Section 35CCD- Expenditure on skill development project.				
		- Whether the assessee has incurred an expenditure on skill development project as notified in accordance with the guidelines prescribed in Rule 6AAF to Rule 6AAH?				
		- If yes, whether management letter has been obtained with regard to the same				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether the assessee is a domestic company which has opted for taxation regime under section 115BA/115BAA/115BAB?				

QUICK REFERENCER

		- If yes, verify that no deduction has been allowed under this section.				
		Section 35D- Amortisation of certain preliminary expenses.				
		- Whether the assessee is an Indian Company? - If yes, whether the expenses incurred by the assessee before the commencement of business or after the commencement, in connection with extension or setting up of an undertaking?				
		- If yes, whether management letter has been obtained with regard to the same?				CYF
		- Check whether provisions of section 40A(3) in making payments of these expenses have been complied with?				
		- Check whether TDS provisions have been complied with?				
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		Section 35DD - Amortisation of expenditure in case of amalgamation or demerger.				
		- Whether the assessee is an Indian company? - If yes, whether the expenses incurred by the company is wholly and exclusively for the purpose of amalgamation or demerger?				
		- Whether management letter has been obtained with regard to the same?				CYF
		- Check whether provisions of section 40A(3) in making payments of these expenses have been complied with?				
		- Whether documentary evidence supporting such expenditures like bills, invoices etc. have been verified?				

QUICK REFERENCER

		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		Section 35DDA- Amortisation of expenditure under voluntary retirement scheme.				
		- Whether the expenses incurred by the company are related to payment of any sum to an employee in connection with his voluntary retirement?				
		- Whether the assessee has claimed any deduction under this section? - If yes, check whether the same has not been claimed as deduction under any other provision of this Act in respect of such expenditure?				CYF
		- Check whether provisions of section 40A(3) in making payments of these expenses have been complied with?				
		Section 35E - Deduction for expenditure on prospecting etc. for certain minerals.				
		- Whether the assessee is an Indian Company or a person other than company who is resident of India? - If yes, check whether the expenses incurred by the assessee are in relation to prospecting for, or extraction or production of any minerals?				
		- Whether management letter has been obtained with regard to the same?				CYF
		- Check whether all the conditions for deduction under the relevant section are satisfied?				
		- Whether assessee has opted to pay income-tax under provisions of section 115BA, 115BAA, 115BAB, 115BAC or 115BAD? - If yes, Check and report that no				

QUICK REFERENCER

		deductions under certain sections like 32AD, 33AB, 33ABA etc. have been taken.				
20	32.1 to 32.7	(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))				
		- Whether the detail of commission or bonus paid/ payable during the year has been obtained?				CYF
		- Whether such commission/bonus includes commission paid / payable to employee(s)?				
		- If yes, whether such commission/bonus was paid/ payable to the employee in terms of employment agreement, or it is paid/ payable to him as profits or dividends? - If yes, report the same accordingly.				
		- Whether list of employee-shareholders has been obtained from the assessee and verified the same?				
		- Whether bonus/commission to employees are genuine? - If yes, check whether payment has been made within time allowed u/s 43B?				
		(b) Details of contributions received from employees for various funds as referred to in section 36(1)(va):				
		- Whether the assessee has made any deduction from the salaries / wages paid to employees for the purpose of any fund or funds as specified under section 36(1)(va)?				

QUICK REFERENCER

		- If yes, whether the list of such funds has been obtained, verified that such deducted amount has been paid to the Government on or before the due date and reported accordingly.				CYF
		- Check whether any grace period allowed for making payment to Government under relevant statute? - If yes, whether the same has been considered for determining the due date?				
		- Whether copies of evidences i.e. challans etc. have been obtained for record purposes?				CYF
21	33.1 to 33.28	(a) Please furnish the details of amounts debited to the profit and loss account, being in the nature of capital, personal, advertisement expenditure etc.				
		i) Capital Expenditure:				
		- Check whether a management representation letter has been obtained mentioning the details of any capital expenditure / expenditure incurred on installation or acquisition of capital asset has been charged to P& L account/ Manufacturing account/ Trading account/ Income and expenditure account? - If yes, report accordingly.				CYF
		- Whether guidance to ICDSs— ICDS-V, ICDS-VII & ICDS-IX has been taken to determine that a particular expenditure is capital or revenue?				
		- Whether Preliminary expenses incurred by the assessee which is capital expenditure has been debited to Profit & Loss Account? - If yes, report accordingly.				

QUICK REFERENCER

		- Whether 100% deduction is available for capital expenditure? - If yes, report separately in this clause along with the section.				
		ii) Personal Expenditure:				
		- Whether all expenditure heads of Trading/Manufacturing, P&L or I&E account (including purchase account) have been examined to check any personal expense has been charged/ debited to it? - If yes, report accordingly.				
		iii) Advertisement expenditure in any souvenir, brochure, tract, pamphlet or the like published by a political party:				
		- Whether all expenditure heads of P&L or I&E account has been examined to verify if any advertisement expenditure in any souvenir, brochure, tract, pamphlet or the like published by a political party has been charged/debited to it? - If yes, report accordingly.				
		iv) Expenditure incurred at clubs being entrance fees and subscriptions:				
		- Whether all expenditure heads of P&L or I&E account has been examined to verify if any expenditure is incurred at clubs being cost for entrance fees and subscriptions? - If yes, report accordingly.				
		v) Expenditure incurred at clubs being cost for club services and facilities used:				
		- Whether all expenditure heads of P&L or I&E account has been examined to verify if any expenditure is incurred at clubs being cost for club services and facilities used?				

QUICK REFERENCER

		- If yes, report accordingly.				
		- Whether payments to clubs in respect of both employees as well as directors have been reported?				
		- Whether payments to clubs in respect of partners as well as proprietors have been reported?				
		- Whether such expenditure is of personal nature? - If yes, report the same separately under clause 21(a) as personal expenditure.				
		vi) Expenditure by way of penalty or fine for violation of any law for the time being force:				
		- Whether all expenditure heads of P&L or I&E account have been examined to verify if any expenditure by way of penalty or fine for violation of any law for the time being in force has been charged/debited to it? - If yes, report accordingly.				
		- Whether all the orders/notices received during the year under consideration under various laws like FEMA, GST, Custom and Excise etc. have been verified?				CYF
		- Whether electronic cash ledger of GST Portal for payment of any fine or penalty has been verified?				CYF
		- Whether TDS returns/ Traces portal/ Form No. 26AS for any fine/penalty have been verified?				CYF
		- Whether the concept of materiality has been considered while reporting under this part?				
		vii) Expenditure by way of any other penalty or fine not covered above:				
		- Whether the concept of materiality has been considered while reporting under this clause?				

QUICK REFERENCER

		- Whether there is any payment, for breach of contract or is purely compensatory in nature? - If yes, no reporting requirement under this clause.				
		- Whether all expenditure heads of P&L or I&E account have been examined to verify if any expenditure by way of any other penalty or fine not covered above has been charged/debited to them? - If yes, report accordingly.				
		- Whether list of pending litigations has been obtained from the management?				CYF
		- Whether all the orders/notices received during the year under consideration issued by any court, or any other forum have been obtained?				CYF
		viii) Expenditure incurred for any purpose which is an offence or which is prohibited by law:				
		- Whether all expenditure heads of P&L or I&E account have been examined to verify if any expenditure is incurred for any purpose which is an offence or which is prohibited by law? - If yes, report accordingly.				
		- Whether the necessary documents in this regard have been obtained?				CYF
		- Whether an amount paid by assessee has been regarded as Compensatory (reparatory) in character? - If yes, such amount is allowable under section 37(1). - If no, whether such amount is penal in nature? - If yes, not allowable.				

QUICK REFERENCER

	34.1 to 34.17	21(b) Amounts inadmissible under section 40(a):				
		<i>(i)-as payment to non-resident referred to in sub-clause (i)</i>				
		- Whether any payment of interest, royalty and fee for technical services or any other sum chargeable under Income Tax Act, 1961 (other than salary) is paid/ payable outside India to any person or to non-resident/ foreign company in India?				
		- If yes, whether TDS has been deducted on said payments as per chapter XVII-B of Income Tax Act, 1961?				CYF
		- Whether TDS deducted has been paid on said payments as per chapter XVII-B of Income Tax Act, 1961?				CYF
		- Whether Form no. 15CA/15CB filed during the year has been obtained?				CYF
		- Whether TDS challans and TDS returns in form no. 26Q and form no. 27Q has been obtained?				CYF
		- Whether TDS payable account has been verified from the books of account and reconciled with TDS challans and returns?				CYF
		<i>(ii) -as payment referred to in sub-clause (ia)</i>				
		- Whether TDS challans, TDS returns, and Form 26AS has been obtained?				CYF
		- Check whether there has been any sum paid / payable to a resident on which tax is deductible, but no tax has been deducted and if deducted, has not been paid on or before due date as section 139(1)? - If yes, report accordingly.				
		- In case, if TDS not deducted or				CYF

QUICK REFERENCER

		after deduction not deposited, then whether assessee has obtained Form 26A along with annexure A (CA certificate) from the recipient? - If yes, report accordingly.				
		- Check the applicability of provisions of section 206AB of The Income Tax Act, 1961 using the compliance portal available in taxpayer's login on income tax portal. - If in case provisions of section 206AB are applicable, check whether tax is deducted at higher rate?				
		(iii)- under sub-clause (ic) [Wherever applicable]				
		- Whether any old demand of FBT has been paid during the year? - If yes, report accordingly.				
		(iv) -under sub-clause (iia)				
		- Whether any old demand of wealth tax has been paid during the year? - If yes, report accordingly.				
		(v)- under sub-clause (iib)				
		- Check whether assessee is a State Government Undertaking?				
		- Whether such State Government undertaking has paid any royalty, license fee, service fee, privilege fee, service charge or any other fee or charge to State Government? - If yes, report accordingly.				CYF
		(vi) -under sub-clause (iii)				
		- Whether the assessee has paid any sum chargeable under the head salary to any person outside India or to any non-resident?				
		- If yes, whether the TDS under chapter XVII-B has been deducted and paid?				CYF

QUICK REFERENCER

		(vii) -under sub-clause (iv)				
		- Whether the assessee has established a provident fund or any other fund for the benefit of its employees?				PF
		- Whether the assessee has appointed any person responsible for deduction of tax at source from any payments made from the fund which are chargeable to tax under the head salaries?				
		- Whether the assessee has made any payments from the funds which are chargeable to tax under the head salaries during the year and tax has actually been deducted at source?				CYF
		(viii)- under sub-clause (v)				
		- Whether the assessee has paid and debited the P&L/I&E account, on account of any income tax on non-monetary perquisites accrued to employees during the year as referred to in section 10(10CC)? - If yes, report accordingly.				
	35.1 to 35.9	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;				
		- Whether the latest duly attested copy of partnership deed applicable to related financial year has been obtained?				PF
		- Whether the clauses of interest, salary, bonus, commission or remuneration in the partnership deed has been checked & verified?				
		- Check whether such payments are allowable under the Income tax Act, 1961? - If not, report accordingly.				
		- Whether any interest, salary,				CYF

QUICK REFERENCER

		bonus, commission or remuneration has been paid to member in representative capacity and charged to P&L / I&E account of an assessee being AOP / BOI? - If yes, report accordingly.				
		- Check whether there is any remuneration paid to non-working partners has been debited to P&L account? - If yes, report such amount as inadmissible under this sub-clause.				
		- Check whether amount paid to working partners as remuneration in aggregate during the financial year exceeds amount computed as per the book profit slabs in section 40(b)(v)? - If yes, report accordingly.				
	36.1 to 36.6	21(d) Disallowance/deemed income under section 40A(3):				
		- Whether a list of all cash payments for any expenditure exceeding Rs. 10,000/- (or Rs. 35,000/- in case of transportation), to a person in a day, made by the assessee has been obtained? - If yes, verify and report list of payments exempted in terms of rule 6DD.				
	(A)	- Check whether there is any payment or aggregate payments for any expenditure to a person by mode otherwise than by account payee cheque or bank draft or through other such electronic mode in excess of Rs. 10,000/- (or Rs. 35,000/- in case of transportation), in a day?				
		- If yes, check whether such payments are falling under Rule 6DD?				
		- If such payments are not falling under rule 6DD, the same are not				

QUICK REFERENCER

		deductible and whether the same has been reported?				
		- Where the payments in excess of Rs. 10,000/- (or Rs. 35,000/- in case of transportation), has been made by account payee cheque or draft or through electronic mode, whether the same has been verified with available evidence?				CYF
		- Where the reporting has been done based on the certificate of the assessee, whether the fact has been reported as an observation in clause (3) of Form No. 3CA and clause (5) of Form No.3CB, as the case may be?				
	(B)	- Check whether there is any payment or aggregate payments for any liability incurred during any earlier previous year, as referred to in section 40A(3A) were made otherwise than by account payee cheque or bank draft or through other such electronic mode in excess of Rs. 10,000/- (or Rs. 35,000/- in case of transportation), in a day?				
		- If yes, check whether such payments are falling under Rule 6DD?				
		- Where the payments in excess of Rs. 10,000/- (or Rs. 35,000/- in case of transportation), has been made by account payee cheque or draft or through electronic mode, whether the same has been verified with available evidence?				CYF
		- Whether certificate from the assessee to the effect that the payments for expenditure referred to in section 40A(3) and section 40A(3A) were made by account payee cheque drawn on a bank or account payee bank draft, as the case may be has been obtained?				
		- Where the reporting has been				

QUICK REFERENCER

		done based on the certificate of the assessee, whether the fact has been reported as an observation in clause (3) of Form No. 3CA and clause (5) of Form No.3CB, as the case may be?				
	37.1 to 37.3	21(e) Provision for payment of gratuity not allowable under section 40A(7):				
		- Whether the assessee has made provision for the purpose of payment to any contribution towards approved gratuity fund?				
		- Whether order of the Commissioner of Income-tax granting approval to the gratuity fund has been obtained and its validity has been examined?				PF
		- Whether the assessee has made any provision (other than referred above i.e., approved fund) for payment of gratuity to its employees during the year and charged in P&L / I&E account?				
		- If yes, whether the same has been reported under this clause (except those provision which has actually become payable during the year)?				
	38.1 to 38.2	21(f) Any sum paid by the assessee as an employer not allowable under section 40A(9);				
		- Whether the assessee has paid any sum by way of setting up or formation of or a contribution to any fund, trust, company, AOP, BOI, Society or other institution?				CYF
		- Whether such sum paid is covered under the provisions of clauses (iv), (iva) or (v) of section 36(1)?				
		- If no, whether the same has been reported as not allowable?				

QUICK REFERENCER

	39.1 to 39.3	21(g) Particulars of any liability of a contingent nature;				
		- Whether assessee has debited the P&L / I&E account for any liability of contingent nature?				CYF
		- Whether the accounting policies followed and disclosed in financials has been examined for ascertaining and verifying details?				
	40.1 to 40.13	21(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:				
		- Whether the assessee has any income which does not form part of total income (i.e., exempt income)?				
		- If yes, whether the assessee has debited the P&L / I&E account with the expenditure in relation to earning the income which does not form part of total income?				CYF
		- Whether amount of inadmissible expenditure as estimated by the assessee with reference to established principles of allocation of expenditure based on logical parameters, has been verified?				
		- If yes, whether the expenditure so debited to P&L / I&E has been disallowed?				
		- Whether management representation has been obtained in this regard in accordance with Standard on Auditing (SA) 580, written representations?				CYF
	41.1 to 41.6	21(i) Amount inadmissible under the proviso to section 36(1)(iii)				
		- Whether the assessee has paid any interest on borrowed capital for acquisition of an asset or for extension of existing business or				

QUICK REFERENCER

		profession (whether capitalized in the books of account or not)?				
		- If yes, whether there is time gap between date of borrowing and date of asset being put to use? - If yes, report accordingly.				CYF
		- Whether requirements of AS-16: "Borrowing Cost" have been considered while determining the admissible/inadmissible amount under section 36(1)(iii)?				
		- Whether ICDS- IX relating to borrowing costs has been duly considered for working out the amounts?				
22	42.1 to 42.10	Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.				
		- Whether the assessee is obtaining goods or services from the persons who are registered as Micro and Small Enterprises under MSMED Act?				
		- Whether the auditor has collected the list of suppliers registered under MSMED Act or not?				CYF
		- Whether the auditor has obtained ageing analysis of such suppliers so as to ascertain the delay in payment beyond appointed date to ascertain interest liability?				CYF
		- Whether the copies of arrangement from such suppliers have been obtained?				CYF
		- Whether the interest amount inadmissible under section 23 of MSMED Act, 2006 has been verified from agreements and account statement and report accordingly.				
		- If no interest is paid/ provided in				

QUICK REFERENCER

		statement of profit and loss, whether appropriate qualification has been given?				
23	43.1 to 43.3	Particulars of payments made to persons specified under section 40A (2)(b).				
		- Whether the auditor has obtained the list of all the specified persons as contemplated in this section?				CYF
		- Whether information furnished by assessee about specified persons has been cross verified from other data available with the assessee?				
		- Whether assessee has incurred any expenditure (including purchases) as contemplated in section 40A(2)(b)? - If yes, report accordingly.				
		- In case of corporate assessee, whether the copies of the Ledger Accounts related to such parties has been obtained and examined the same with AS-18 transactions as reported in audited financial statements?				CYF
		- Whether working papers have been maintained by tax auditor for the purpose of reporting in the format provided in the e-filing utility?				
		- Whether there is a case where the volume of transactions is huge and voluminous and scrutiny of each and every payment is not possible by the tax auditor? - If yes, scrutinize only to such payments in excess of certain monetary limits depending upon the size of the concern and the volume of business.				
		- Whether the assessee is a large company?				

QUICK REFERENCER

		- If yes, tax auditor may verify list of persons on selective basis.				
24	44.1 to 44.5	Amounts deemed to be profits and gains under section 32AC, 32AD, 33AB or 33ABA or 33AC				
		Whether a statement has been made to reconcile the list of sale of assets with the deletion of assets reported in clause 18 of Form No. 3CD?				
		Section 32AC - Whether any asset (Plant & Machinery) has been sold during the year?				CYF
		- If yes, whether the assessee has claimed deduction under section 32AC in respect of such asset in preceding five previous years?				
		- If yes, whether the amount of deduction allowed in preceding year(s) in respect of such asset has been reported under this clause?				
		Section 32AD - Whether any asset (Plant & Machinery) has been sold during the year?				CYF
		- If yes, whether the assessee has claimed deduction under section 32AD in preceding five previous years in respect of such asset?				
		- If yes, whether the amount of deduction allowed in preceding year(s) in respect of such asset has been reported under this clause?				
		Section 33AB - Whether the Assessee is engaged in the business of growing and manufacturing Tea, Coffee or Rubber in India?				PF
		- If yes, whether the Assessee has claimed deduction under				CYF

QUICK REFERENCER

		section 33AB in earlier years (by depositing amount in special account or deposit account with NABARD or Tea/Coffer/Rubber board)?				
		- If yes, whether any amount is withdrawn during the year, for the purposes as specified in clause (a) and (d) of sub-section (3) of section 33AB?				CYF
		- If yes, whether the amount which is relatable to the deduction claimed earlier has been reported under this clause?				
		- Whether the amount released/withdrawn has been utilized for purchase of assets specified under clause (a), (b), (c) or (d) of section 33AB(4)?				
		- If yes, whether the amount which is relatable to the deduction claimed earlier has been reported under this clause?				
		- Whether any asset is sold during the year which was acquired with the amount standing in the special account/deposit account within preceding eight preceding year in accordance with the specified scheme?				
		- If yes, whether the amount which is relatable to the deduction claimed earlier under section 33AB(1) has been reported under this clause?				
		- Whether there is any amount which has been released/ withdrawn from Special Account / Deposit account and remained unutilized?				CYF
		- If yes, whether the amount which is relatable to the deduction claimed earlier has been reported under this clause?				

QUICK REFERENCER

		Section 33ABA Whether the Assessee is engaged in business of prospecting for or extraction or production of, petroleum or natural gas or both in India?				PF
		- If yes, whether the Assessee has claimed deduction under section 33ABA in earlier years (by depositing amount in special account)?				CYF
		- If yes, whether any amount is withdrawn during the year for the purposes other than specified in the scheme?				CYF
		- If yes, whether the amount relatable to the deduction claimed earlier has been reported under this clause?				
		- Whether the amount released/withdrawn has been utilized for purchase of assets specified under clause (a), (b), (c) or (d) of section 33AB(4)?				
		- If yes, whether such amount is reported under this clause which is relatable to the deduction claimed earlier?				
		- Whether any asset is sold during the year which was acquired with the amount standing in the special account within preceding eight preceding year in accordance with the specified scheme?				
		- If yes, whether the amount which is relatable to the deduction claimed earlier under section 33ABA(1) has been reported under this clause?				
		- Whether there is any amount which has been released/withdrawn from Special Account and remained unutilized?				CYF
		- If yes, whether such amount is reported under this clause which is				

QUICK REFERENCER

		relatable to the deduction claimed earlier?				
25	45.1 to 45.9	“Any amount of profit chargeable to tax under section 41 and computation thereof				
		Section 41(1)- Recovery against any allowance or deduction allowed earlier				
		- Whether a statement of trading liabilities written back (including unilateral act of remission or cessation of liability) during the year which was claimed as a deduction in any earlier assessment year has been obtained?				CYF
		- If yes, whether any amount or benefit was received by the assessee during the year for loss or expenditure which was claimed as allowance or deduction in tax returns of any earlier assessment year?				CYF
		- Whether the successor of business has also been taxed on the above referred amount? - If yes, report accordingly.				CYF
		- Whether any debt has become time barred? - If yes, verify liability of assessee has not been ceased and section 41(1) not attracted in such a case.				
		Balancing Charge on sale/discard of Fixed Assets of an undertaking engaged in Generation and/or Distribution of Power				
		Section 41(2) - Whether the assessee has sold any building, machinery, plant or furniture used for the purpose of business and on which depreciation is claimed under section 32(1)(i) and any money payable on the				CYF

QUICK REFERENCER

		Fixed Assets sold, discarded, demolished or destroyed became due?				
		- Whether the amount of money payable in respect of such fixed assets along with scrap value in excess of WDV of such fixed assets subject to maximum of difference between actual cost and WDV of such fixed assets, reported?				
		- Whether such money payable become due in a previous year in which such business, for the purpose of which such fixed assets was used, is no longer in existence? - If yes, even if above provisions shall apply.				
		Profit on sale of capital assets used in scientific research				
		Section 41(3) - In case of sale of capital assets used for scientific research within the meaning of 35(1)(iv) or 35(2B)(c) read with section 43(4) report in this clause the least of the following if assets was not used for any other purpose: (i) (i) Sum total of sale proceeds of such assets and the amount of deduction allowed under section 35 in excess of the capital expenditure: (ii) (iii) The amount of deduction allowed under section 35,				
		- Whether management representation that such sold asset was not used for any other purposes is obtained?				CYF
		Recovery out of Bad Debts allowed earlier as a deduction				
		Section 41(4) - Whether assessee has recovered any bad debt which was				

QUICK REFERENCER

		claimed as deduction in earlier years?				
		- Whether a statement of recovery of debts, which were earlier allowed as deduction, for write off as bad debts has been obtained?				CYF
		- Whether there is a recovery of bad debt, which has not been claimed as deduction of provision for bad debt? - If yes, recovery of such bad debt shall not constitute income.				
		Amount withdrawn from special reserve				
		Section 41(4A) - Whether the assessee has withdrawn any amount from special reserve created under section 36(1)(viii) on which deduction was allowed in earlier years? - If yes, verify and report accordingly.				CYF
		Adjustment of loss				
		Section 41(5) - Whether the assessee has any income as mentioned in section 41(1), (2), (3), (4) and (4A) from a business or profession which is no longer in existence and for that business there are business losses (not being a loss sustained in speculation business) which could not be set off during the previous year in which the business or profession ceased to exist? - If yes, check whether such losses have been set off, irrespective of the number of years that have been elapsed from the year of loss.				CYF
		Whether amounts which have been written back in respect of trading liability by way of remission or cessation thereof or otherwise, have been credited to Profit & Loss Account?				

QUICK REFERENCER

		If yes, whether such liability has already been offered to tax in any prior period? If yes, the same shall not, once again, be considered as income in the year in which it is so credited.				
26	46.1 to 46.16	In respect of sum referred to in clause (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.				
		Whether the assessee is following cash system of accounting? If yes, tax auditor should write "Not applicable since cash system followed by the assessee".				
		Clause 26(i)(A)(a)- Whether there are any dues pertaining to clause (a) to (g) of section 43B on the first day of previous year, which was not allowed in the assessment for any preceding previous year? (Reference can be made to clause 26(i)(A)(b) and 26 (i)(B)(b) of the form no. 3CD of last year)				
		- Whether any amount is paid towards such dues during the previous year?				CYF

QUICK REFERENCER

		- If yes, whether the same has been reported in clause 26(i)(A)(a)?				
		- Whether proof of payments pertaining to above has been verified?				
		Clause 26(i)(A)(b)- Whether there are any dues pertaining to clause (a), (b), (c), (d), (e), (f) or (g) of section 43B that pre-existed on first day of the previous year which are still pending for payment on the last day of the previous year?				CYF
		- If yes, whether the same have been reported in clause 26(i)(A)(b)?				
		Clause 26(i)(B)(a)- - Whether there are any dues pertaining to clause (a), (b), (c), (d), (e), (f) or (g) of section 43B incurred during the previous year and are due at the last day of the previous year (Section wise details to be checked)?				
		- If yes, whether the said amount was paid on or before the due date for furnishing the return of income of the previous year under section 139(1)?				CYF
		- If yes, whether same has been reported in clause 26(i)(B)(a)?				
		- Whether proof of payments pertaining to above taken has been verified?				
		- Whether outstanding balances have been mapped with Balance Sheet on the closing date?				CYF
		Clause 26(i)(B)(b)- - Whether there are any dues pertaining to clause (a), (b), (c), (d), (e), (f) or (g) of section 43B which were incurred and due on the last day of the previous year, not paid on or before the due date for				CYF

QUICK REFERENCER

		furnishing the return of income of the previous year under section 139(1)?				
		- If yes, whether same has been reported in clause 26(i)(B)(b)?				
		Clause 26 (ii)- Whether, goods & service tax, customs duty, excise duty or any other indirect tax, levy, cess, impost etc. has been passed through the profits and loss account?				CYF
		- If yes, whether the same has been reported?				
27	47.1 to 47.9	(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.				
		<i>(Not applicable after enactment of GST Acts. Separate details are required in clause 44 of Form 3CD regarding GST)</i>				
	48.1 to 48.5	(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account.				
		- Whether assessee is following mercantile system of accounting?				
		- If yes, whether any expenditure or income of any earlier year debited or credited to the profit and loss account of the relevant previous year?				CYF
		- If yes, whether the same is reported under this clause?				
		- Whether the particulars of such expenditure and income have been obtained by the tax auditor?				
		- Whether the assessee is a company?				CYF
		- If yes, whether disclosure of				

QUICK REFERENCER

		prior period items in financial statements has been tallied?				
		- Whether expenditure or income of prior periods has been crystallized during the current period? - If yes, the same should not be reported as prior period items.				
		- Whether a particular item has not been considered as prior period item by statutory auditor? - If yes, the tax auditor should consider the circumstances in which statutory auditor has not done so and whether in his opinion such item is a prior period item? - If yes, report the same in this sub-clause.				
28	49.1	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.				
		This clause is not applicable from the Assessment year 2018-19. Reporting is required under clause 29B(a).				
29	50.1 to 50.8	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.				
		- Whether the assessee is a company, not being a company in which the public are substantially				CYF

QUICK REFERENCER

		interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares?				
		- Whether share capital schedule and ROC records such as Forms PAS-3, MGT-14 and MGT-01 have been obtained and verified?				PF + CYF
		- Whether the Valuation report as per Rule 11U/ 11UA has been obtained?				CYF
		- Whether management representation has been obtained from company justifying the issue price and verify fair market value of shares?				
29A	51.1 to 51.6	(a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in section 56(2)(ix)?				
		- Whether any change in the balances of the advances received against sale of capital assets has been verified?				
		- Is there any sum of money forfeited which is received as an advance or otherwise in the course of negotiations for transfer of a capital asset?				CYF
		- Whether the Management representation letter explaining in details of the nature of the forfeiture has been received?				CYF
		- Whether forfeited amount is in respect of a personal capital asset and where neither the asset nor the advance nor the forfeiture is recorded in the books of the business or profession? - If yes, tax auditor is not required to report in this clause.				

QUICK REFERENCER

		- Whether there exists any advance received in relation to capital asset which is long outstanding? - If yes, the tax auditor is not required to report unless and until it is forfeited by the assessee.				
		- Whether advance received is in relation to stock-in-trade? - If yes, the tax auditor is not required to report.				
		29A(b) If yes, please furnish the following details: (i) Nature of income: (ii) Amount thereof:				
29B	52.1 to 52.5	(a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in section 56(2)(x)?				
		- Whether Assessee is in receipt of money other than from the relatives (as per section 56(2)) which exceeds Rs. 50,000?				CYF
		- Whether there is an addition to the immovable properties or investments (being immovable property) in the books of account? - If yes, check the mode of acquisition and consideration paid. Also, whether the same has been cross examined with SFT details in Form 26AS?				CYF
		- Whether the mode of acquisition of the assets is provided in the exceptions such as will, gift from relatives, on occasion of marriage, from trust registered U/s 12A etc as mentioned in Fourth proviso to Section 56(2)(x)?				CYF
		- Whether there is any addition to property being capital asset such as shares and securities, jewellery, archaeological collections,				CYF

QUICK REFERENCER

		drawings, paintings, sculptures, any work of art or bullion has been presented in the books of accounts?				
		- Whether the necessary agreement and sale deeds have been obtained for verification?				CYF
		- Whether the assessee has disputed the stamp duty valuation and report accordingly?				CYF
		- Whether the FMV valuation report as per Rule 11U/11UA has been obtained in the case of assets other than immovable property?				CYF
		- Whether the fair value of the amount chargeable to tax, if such money/property received is in excess of Rs 50,000/- from the fair value has been computed? Report accordingly.				
		- Whether the management representation letter explaining in detail of all the transactions relating to receipt of money/property has been received?				CYF
30	53.1 to 53.4	Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque. [Section 69D]				
		- Whether a complete list of borrowings on Hundi and its repayment (including interest) by the assessee have been obtained? (Obtain management representation as regards details & compliance.)				CYF
		- Whether the loan balances confirmations have been obtained?				CYF
		- Whether the bank book and bank statements have been verified?				

QUICK REFERENCER

		- Whether the evidence of acceptance/repayment through an account payee cheque has been obtained?				CYF
		- Whether the auditor has obtained suitable certificate/management representation in the absence of conclusive or satisfactory evidence?				CYF
30A	54.1 to 54.15	(a) Whether primary adjustment to transfer price, as referred to in sub-section (1) of section 92CE, has been made during the previous year? (b) If yes, please furnish the following details: (i) Under which clause of sub-section (1) of section 92CE primary adjustment is made? (ii) Amount (in Rs.) of primary adjustment:				
		- Whether the primary adjustments to transfer pricing are in relation to international transactions or in respect of specified domestic transactions have been made during the previous year?				
		- Whether the amounts of primary adjustments made in any previous year exceeds Rs. 1 crore?				
		- Whether a certificate from the assessee has been obtained with respect to transfer pricing adjustments made in the return/(s) of income filed during the previous year?				CYF
		- Whether any advance pricing agreement has been entered into during the previous year?				PF + CYF
		- Whether any transfer pricing adjustment has been made/confirmed in an assessment order/appellate authority order				CYF

QUICK REFERENCER

		passed during the previous year?				
		- Whether any agreement has been arrived at under a Mutual Agreement Procedure during the previous year?				PF + CYF
		(iii) Whether the excess money available with the associated enterprise is required to be repatriated to India as per the provisions of sub-section (2) of section 92CE? (Yes/No) (iv) If yes, whether the excess money has been repatriated within the prescribed time (Yes/No)				
		- Whether the excess money received within the prescribed time has been verified?				CYF
		(v) If no, the amount (in Rs.) of imputed interest income on such excess money which has not been repatriated within the prescribed time:				
		- Whether the certificates of the relevant SBI/LIBOR interest rates, and the computation of the imputed interest income have been obtained from taxpayer?				CYF
		- Whether correctness of such calculation of interest, on the basis of the certificates regarding the SBI/LIBOR rates plus the incremental interest, as per rule 10CB has been verified?				
		- Whether the amount of interest imputed till the end of the previous year has been furnished?				CYF
		- In case the interest up to the date of filing of the tax audit report is given, whether a break-up of the amount of interest imputed till end of the relevant previous year and for the period post the end of the relevant previous year ending with				CYF

QUICK REFERENCER

		the date of filing tax audit report has been provided?				
		- Whether the interest income arising from primary adjustments made in earlier year has been furnished by the taxpayer to the tax auditor, and the information pertaining to such primary adjustments in respect of interest income which is chargeable u/s. 92CE(2) has been verified and reported?				
30B	55.1 to 55.8	(a) Whether the assessee has incurred expenditure during the previous year by way of interest or of similar nature exceeding one crore rupees as referred to in sub-section (1) of section 94B?				
		- Check whether interest expenditure incurred exceeds Rs. 1 crore? - If yes, report accordingly in part (b) of the clause.				
		(b) If yes, please furnish the following details: - (i) Amount (in Rs.) of expenditure by way of interest or of similar nature incurred:				
		- Whether details of expenditure by way of interest or of similar nature that needs to be provided in this sub- clause has been verified?				
		(ii) Earnings before interest, tax, depreciation, and amortization (EBITDA) during the previous year (in Rs.)				
		- Whether while computing the EBITDA, the figures as per the final audited stand-alone accounts of the company have been considered?				
		(iii) Amount (in Rs.) of expenditure by way of interest or				

QUICK REFERENCER

		of similar nature as per (i) above which exceeds 30% of EBITDA as per (ii) above:				
		- Check whether the EBITDA is negative? If yes, the entire interest and other similar expenditure as per item (i) need to be given here.				
		(iv) Details of interest expenditure brought forward as per subsection (4) of section 94B:				
		- Check whether brought forward excess interest has been disallowed in earlier years (which has not been allowed as a deduction, and which is available for deduction during the year under audit)?				
		(v) Details of interest expenditure carried forward as per subsection (4) of section 94B:				
		- Check whether there is carried forward excess interest? - If yes, report accordingly.				
30C	56.1 to 56.15	(a) Whether the assessee has entered into an impermissible avoidance arrangement, as referred to in section 96, during the previous year? (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:				
		Whether the assessee has entered into any Impermissible Avoidance Arrangement (IAA) during the previous year? If yes, whether the details of all such agreements have been obtained from the assessee.				

QUICK REFERENCER

		Whether the tax benefit from such an arrangement has been obtained and the auditor has checked the four tests as specified in section 96?				
31	57.1 to 57.14 58.1 to 58.23 59.1 to 59.8 60.1 to 60.3 61.1 to 61.3	Acceptance/Repayment of Loan/ Deposit / Specified Sum under Sections 269SS / 269ST and 269T				
		- Check whether there are new acceptance/ repayment of any Loan/ deposit and transactions of specified sum during the year under consideration?				
		- Whether the complete list of borrowings and repayments as envisaged under Sec.269SS and 269T & 269ST has been obtained from the Assessee?				CYF
		- Whether Certificate/ Declaration (MRL) obtained from the Assessee in respect of sum exceeding the limit as specified in the above sections?				CYF
		- Whether advance against property received or repaid during the year has been checked from the Fixed Assets or investments or stock in trade & Advance related ledgers?				
		- Check whether the assessee has received an amount of Rs. 2 Lakhs or more in aggregate from a person				CYF

QUICK REFERENCER

		in a day or in respect of a single transaction or in regard to one event or occasion from a person in violation of the provisions of section 269ST? - If yes, report accordingly.				
		- Whether loan confirmations from parties of secured/ unsecured loans, obtained or not?				CYF
		- Whether auditor has suitably commented in his report about non-availability of evidences, if circumstances require? (Suggested comment as per Guidance Note: "It is not possible for me/us to verify whether the receipts/payments have been accepted/made otherwise than by an account payee cheque or an account payee bank draft, as necessary evidence is not in the possession of the assessee")				
32	62.1 to 62.4	(a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:				
		- Whether there is any brought forward loss or unabsorbed depreciation allowance?				
		- If yes, whether the same has been examined and reconciled with previous Income tax return (ITR), Assessment orders, ITD website and Form 3CD?				CYF
		- Whether the management representation letter/ assessment orders/ appeal orders, if any has been obtained and reported accordingly.				CYF
		Whether there is any depreciation on goodwill has been charged? - If yes, report accordingly.				
		- Whether there is any loss other than depreciation that cannot be				

QUICK REFERENCER

		carried forward for more than 8 years/ 4 years as the case may be, has been verified?				
		- Whether all the conditions referred to in section 115BAA/115BAC/115BAD has been fulfilled?*				
		- Whether there is any amount as adjusted by withdrawal of additional depreciation on account of opting for taxation under section 115BAA/115BAC/115BAD and accordingly reported?*				
		*Inserted Vide CBDT Notification No. 82/2020 dated 01.10.2020 from AY 2020-21				
	63.1 to 63.11	(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				
		- Whether the list of shareholders and annual report of the last year and preceding year has been obtained?				CYF
		- If yes, whether the brought forward losses not eligible for claim are reduced and reported accordingly?				CYF
	64.1 to 64.8	(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.				
		- Check whether there is any speculation loss in terms of section 73? - If yes, report accordingly.				CYF
	65.1 to 65.4	(d) Whether the assessee has incurred any loss referred to in section 73A in respect of any specified business during the				

QUICK REFERENCER

		previous year, if yes, please furnish details of the same.				
		- Check whether there is any loss in terms of section 73A? - If yes, report accordingly.				CYF
	66.1 to 66.3	(e) In case of a company, please state that whether the company is deemed to be carrying on a speculation business as referred in explanation to section 73, If yes, please furnish the details of speculation loss if any incurred during the previous year				
		- Is the company, deemed to be carrying on any speculation business as referred in explanation to section 73?				
		- If yes, whether the relevant information and carried forward of eligible losses and report in clause (e) has been obtained and reported accordingly?				CYF
33	67.1 to 67.8	Section-wise details of deductions, if any, admissible under Chapter VIA or Chapter III (Section 10A, Section 10AA)				
		- Whether the eligibility of deduction as per the provisions of the relevant section has been checked, verified from relevant evidence and reported accordingly?				CYF
		- Where independent certificates/ reports as required for claiming the deduction, whether a copy of the same along with necessary evidence has been obtained from the assessee?				CYF
		- Check whether the same have been filed online with Income Tax Department?				
		- Whether the management representation letter has been obtained from the client in respect of full and complete details and				CYF

QUICK REFERENCER

		documentary evidences and the eligibility criteria of the client regarding the claim of deductions made by the client?				
		- Check Whether the Income tax return of the client is filed within the due date specified u/s. 139(1) of the I.T. Act for the eligibility of the claim of deduction in respect of Part-C - Deductions in respect of certain Incomes under Chapter-VIA?				
34	68.1 to 68.13	(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:				
		- Whether the copies of all TDS / TCS returns / Challans and management representation letter regarding deductibility/ collectability and deposit of TDS/ TCS have been obtained?				CYF
		- Whether various heads of expenses from the books of the assessee where there is a likelihood of TDS liability has been identified and scrutinized those accounts to ensure that wherever TDS was liable to be deducted, is deducted and deducted correctly?				
		- Whether the TDS/ TCS deduction/ collection have been checked and verified from relevant vouchers/challans / copy of accounts etc?				
		- Whether the ledger to obtain instances where tax is deductible, but it is not deducted or there is short deduction/ not deposited has been scrutinized? report accordingly.				
		- If there is any default in				

QUICK REFERENCER

		collection/ deposit whether the same have been checked in terms of section 40(a)(ia)?				
		- In case of non- deduction/ non-deposit, whether assessee has obtained Form 26A from the deductee? - If yes, report accordingly.				
	69.1 to 69.4	(b) Whether the assessee is required to furnish the statement of tax deducted or tax collected. If yes, please furnish the details:				
		- Whether the receipts/ acknowledgements of the various TDS returns/ correction statements filed by the assessee during the year have been obtained?				CYF
		- Whether the returns are filed within the due dates specified under the Act?				
	70.1 to 70.3	(c) Whether the assessee is liable to pay interest under section 201(1A) or section 206C(7). If yes, please furnish:				
		- Whether the returns and challans have been obtained and interest calculation been checked? report accordingly.				CYF
		- If there is a difference in calculation vis-a-vis the amount reflected in Form. No. 26AS, whether the observation and reason of difference have been reported accordingly?				CYF
		- Whether assessee is following mercantile system of accounting and interest under section 201(1A) or 206C(7) has not been paid? - If yes, whether impact on true and fair view has been considered?				
35	71.1, 72.4	(a) In the case of a trading concern, give quantitative details				

QUICK REFERENCER

		of the principal items of goods traded:				
		- Whether the details in the format specified in clause 35(a) for items which constitute 10% of the aggregate value of purchases, has been obtained?				CYF
		- Whether the details given above have been cross checked with the books of account and any deviation noticed?				
		- In case of shortage, whether the reason for shortage has been checked?				CYF
		- Whether the insurance claims made, stock lost, theft etc., have been correlated with GST returns for the period?				
		- Whether management representation has been obtained in this regard?				CYF
	72.1 to 72.4	(b) In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products: (A) Raw materials: (B) Finished products / By-products:				
		- Whether the details in the format specified in clause 35(b) A & B for items which constitute 10% of the aggregate value of purchases, turnover, consumption, and production has been obtained?				CYF
		- Whether the details given above has been cross checked with the books of account, consumption records, production records and closing stock and any deviation noticed?				
		- Whether the consumption and yield details has been checked with production records and yields				

QUICK REFERENCER

		obtained for the Finished goods, Raw materials, By-products, Scrap etc. has been reported accordingly?				
36	73	In the case of a domestic company, details of tax on distributed profits under section 115-O in the following form				
		Omitted by the Income-tax (Eighth Amendment) Rules, 2021, w.e.f. 01.04.2021.				
36A	74.1 to 74.9	(a) Whether the assessee has received any amount in the nature of dividend as referred to in section 2(22)(e)? (Yes/No.)				
		(b) If yes, please furnish the following details: (i) Amount received (in Rs.): (ii) Date of receipt:				
		- Whether the assessee is a company in which public is not substantially interested?				PF
		- Whether a certificate containing list of closely held companies in which he is beneficial owner of not less than 10% shares and list of concerns in which he has substantial interest has been obtained from the assessee?				
		- Whether Form 26AS has been verified to know that closely held company has deducted TDS from any payment made by it to the assessee?				
		- Whether assessee has received any payment, by way of advance or loan from a company in which the assessee is a shareholder/ member/ partner having a substantial interest? - Whether shareholder is registered shareholder having more				CYF

QUICK REFERENCER

		than 10% shares in the said company?				
		- Whether company possessed accumulated profits on the date of payment of such loan/ advance to the assessee? - If yes, whether such profits have been checked and reported.				
		- Whether there is any business transaction (business advance or trade advances) between the closely held company and the concern in which the assessee has substantial interest? - If yes, this clause is not applicable.				
		- Whether the amounts received and amount receivable from closely held company have been accounted in two separate accounts? - If yes, consider whether to report only net amount.				
		- Whether various judicial decisions have been considered while reporting under this clause? - If yes, tax auditor should give a reference of the same in para 3 of Form 3CA or para 5 of Form 3CB, as the case may be.				
37	75.1 to 75.3	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.				
		- Check whether cost audit provisions are applicable to the assessee during the year as per provision of section 148 of Companies Act, 2013?				
		- Check whether a copy of cost				CYF

QUICK REFERENCER

		audit report have been obtained from the assessee?				
		- Check, is there any disqualification or disagreement on any matter/item/value/quantity reported/identified by the cost auditor in above report?				
		- If yes, check what further information is available with the assessee with regard to above till the date of tax audit report and incorporate that subsequent information in the report.				CYF
		- Whether there is a situation, where cost audit has been ordered but the same is not completed as at the date of tax audit report? - If yes, report the same.				
38	76.1 to 76.3	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.				
		- Whether any audit was conducted under the Central Excise Act, 1944 for any year has been ascertained from the management? - If yes, whether copy of the report from the assessee has been obtained and reported accordingly?				CYF
		<i>(Not applicable now as Central Excise Act, 1944 has been replaced by Goods and Service Tax.)</i>				
39	77.1	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				

QUICK REFERENCER

		as may be reported/identified by the auditor				
		- Whether any audit conducted under the section 72A of the Finance Act 1994, in relation to value of taxable service of any year has been ascertained from the management? - If yes, whether copy of the report from the assessee has been obtained and reported accordingly?				CYF
		<i>(Not applicable now as Service Tax have been replaced by Goods and Service Tax.)</i>				
40	78.1 to 78.9	Details regarding turnover, gross profit, etc., for the previous year and preceding previous year				
		- Whether the details of turnover, gross profit etc for the previous year and preceding previous year have been obtained, checked, verified and accordingly calculated the ratios to report under this clause?				
		- Whether the ratios have been calculated for business as a whole and in terms of value only?				
		- Whether there is consistency between numerator and denominator? - If no, report any significant deviation.				
		Check whether relevant previous year figures are taken from previous year's audit report?				CYF
		In case the preceding previous year is not subject to audit, whether the reporting has been done as per Guidance note in Para 3 or Para 5 of Form 3CA/3CB, as the case may be?				

QUICK REFERENCER

41	79.1 to 79.4	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.				
		- Whether the List of Applicable Tax Laws other than Income tax Act and Wealth tax Act has been prepared? - Whether a management representation has been obtained in this regard?				PF
		- Whether the tax auditor has exercised his professional judgement in determining the applicability of relevant tax laws for reporting?				
		Whether any demand/refund order has been issued during the previous year, which pertains to a period other than relevant previous year noted and reported?				
		- Whether copies of all the demand/ refund orders issued by the governmental authorities during the previous year under any tax laws other than Income Tax Act and Wealth Tax Act have been obtained and verified?				CYF
		- Whether the assessee is a corporate assessee? - If yes, whether disclosure of contingent liabilities in the audited financials and disclosure in statutory auditor's report pursuant to CARO have been verified?				
		- Whether the bank statements of the assessee have been checked to ascertain any refund has been received under any tax laws?				CYF
		- Whether the details provided by the assessee have been verified with the relevant portal of the tax law?				

QUICK REFERENCER

		- Whether the demand/refund order issued during the previous year is reported under this clause?				
		- If the demand / refund is actually paid/ received, whether the fact is mentioned in the report?				
		- Whether the tax auditor has maintained working papers for the purpose of reporting in the format provided in the e-filing utility?				
42	80.1 to 80.5	(a) Whether the assessee is required to furnish statement in Form No.61 or Form No.61A or Form No. 61B? (Yes/No) (b) If yes, please furnish:				
		- Whether the books of account have been verified and transactions which are required to be reported under the rules 114B, 114C, 114D, 114E, 114F, 114G and 114H have been identified?				
		- Whether the returns have been checked and matched with the ITDREIN of the assessee on the Income Tax Portal?				
		- Whether copy of Form 61/61A/61B filed with the Department have been obtained and examined and the transactions reported in such forms have been reconciled with books of accounts?				CYF
		- If any transaction has not been reported in the prescribed form and manner, whether the same have been reported under this clause?				
		- Whether the Form contains information about all details/ transactions which are required to be reported. - If not, please furnish list of the details/transactions which are not reported.				

QUICK REFERENCER

43	81.1 to 81.8	(a) Whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in section 286(2)? (Yes/No) (b) If yes, please furnish the following details: (i) Whether report has been furnished by the assessee or its parent entity or an alternate reporting entity (ii) Name of parent entity (iii) Name of alternate reporting entity (if applicable) (iv) Date of furnishing of report				
		- Whether the ownership structure of the assessee has been verified and the applicability of section 286 of the Income Tax Act, 1961 has been ensured?				PF
		- If section 286 is applicable to the assessee, whether details / information in respect of an international group of which assessee is a constituent duly supported with the relevant documents have been obtained?				CYF
44	82.1 to 82.18	Break-up of total expenditure of entities registered or not registered under the GST:				
		- Whether break-up of total expenses expended have been reported head by head by the assessee even if not registered in GST?				CYF
		- Whether head of expense wise details have been prepared? - If yes, - Reconcile with the expense claimed in Profit and Loss Account; - Reconcile with the GST return filed during the year.				CYF
		Whether the expenditure in respect				CYF

QUICK REFERENCER

		of entities registered under GST is further sub-classified? - If yes, check expenditure relating to: (i) Goods or Services exempt from GST (ii) Entities falling under composition scheme (iii) Other registered entitie				
		Whether the above details have been reconciled with Input Tax Credit data reported in clause 27(a)?				
		- Whether the value of inward supply of goods and / or services received from unregistered persons have been reported?				CYF
		- Check whether whole expenditure (ie. Revenue as well as Capital expenditure) have been reported?				
		- Check whether there is any transaction which is not supply of goods or services as per Schedule III of CGST Act, 2017? - If yes, No reporting applicable under this clause for such transaction.				
		- Check whether total of Column No. 6 and 7 has been matched with the Column No. 2?				

1. Clause – means clause in Form No. 3CA / 3CB, as the case may be, and Form No. 3CD
2. Refer – means Reference to the Guidance Note on Tax Audit/Technical Guide on ICDS (Para No./ Page No.)
3. Particulars – Particulars of in Form No. 3CA / 3CB, as the case may be, and Form No. 3CD
4. Y / N / NA – Yes / No / Not Applicable
5. Remarks – Remarks, if any
6. Document / Reference - Document / Reference, if any
7. File - PF: Permanent File and CYF: Current Year File

Unique Document Identification Number (UDIN)

1. The concept of UDIN (Unique Document Identification Number) is implemented to curb the malpractices of misleading the Authorities and Stakeholders by non-CAs misrepresenting themselves as CAs and attesting the reports / documents / certificates.
2. UDIN secures the certificates attested / certified by practicing CAs (in full time practice only). UDIN Web Portal enables the third parties (Authorities / Regulators / Banks / Others) to check the authenticity of the documents.
3. UDIN is to be generated at the time of signing of the document [for each assignment] through UDIN Portal; however the same can be generated within 60 days of signing the document.
4. UDIN has to be printed / watermarked or handwritten on the document for which it is generated. It can be mentioned after signatures and membership number of member.

As per Guidance Note on Tax Audit under Section 44AB of the Income Tax Act, 1961 - AY 2022-23:

5. Item No. 4 of the notes to Form No. 3CA requires that the person, who signs this audit report, shall indicate reference of his membership No./certificate of practice number/authority under which he is entitled to sign this report. No separate certificate of practice number is allotted by ICAI. As such, where a chartered accountant acts as a tax auditor he should give his membership number with ICAI while registering himself in the e-filing portal. In case, the e-filing utility of Form No. 3CA requires the mention of the Firm Registration number and the name of the firm on whose behalf the member has conducted audit, the same should invariably be provided by the tax auditor.
6. The tax auditor should also mention the Unique Document Identification Number (UDIN) for issuing the audit report, if available at the time of signing.
7. At present there is no specific place to mention paragraphs expected of SA 700, no mechanism to compulsory insert UDIN prior to uploading the forms on the Income-tax website and thus UDIN should be written in the hard copy of Form No. 3CA/3CB and thereafter the copy as stated above should be given to the auditee.

Issuing Physical Tax Audit Report

As per Guidance Note on Tax Audit under Section 44AB of the Income Tax Act, 1961 - AY 2022-23:

1. Tax Auditor should obtain a hard copy or soft copy of the financial statements for the previous year under audit duly signed by the signatories eligible to sign the financial statements on behalf of the assessee. For example, a proprietor in case of a proprietary concern, working partner or partners for the Firm, Managing Director and other directors for a company as prescribed under the Companies Act, 2013 etc.
2. Where the accounts are audited under any other law for the time being in force, usually accounts contain signature of auditors for the purpose of identification of financial statements upon which report has been issued.
3. If the accounts are not audited under any other law for the time being in force, it is recommended that the tax auditor should sign such financial statements for the purpose of identification.
4. A tax audit report should be issued by the tax auditor in Form No. 3CA or 3CB as may be applicable alongwith particulars in Form No. 3CD. These should be in hard copy physically signed or soft copy digitally signed by the tax auditor. All the three forms, at the end require signature and stamp/seal of the signatory.
5. Tax audit report is required to be submitted electronically on the income-tax e filing portal. It requires the auditor to upload Form No. 3CA or 3CB and Form No. 3CD. The same are required to be digitally signed. UDIN is required to be updated. This is the prescribed procedure for filing of tax audit report.

Management Representation Letter

To obtain written representation from management that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor. A written statement by management to confirm certain matters. It does not include financial statements, the assertions therein, or supporting books and records.

As per Guidance Note on Tax Audit under Section 44AB of the Income Tax Act, 1961 - AY 2022-23:

There are certain situations where tax auditor obtains management representation letter from the assessee;

1. Tax audit report in Form No. 3CD requires reporting on certain items like payments to persons covered under section 40A(2)(b), ICDS etc. for which full information may not be available in accounts.
2. In respect of percentage of work in progress, good, doubtful or bad debts, MSME enterprises appearing as creditors etc. will also require inputs from the management. Tax auditor may raise certain issues for soliciting views of those charged with governance. Therefore, tax auditor should consider SA 580 – Written Representation and consider obtaining representation from management in appropriate circumstances and at appropriate time i.e. before commencement of audit or after conclusion of audit process.
3. The term “Indirect taxes” is neither defined in the Income-tax Act, 1961 nor under any other law. The levy of different types of indirect taxes on various transactions may differ from State to State. Thus, it is recommended that the auditor should obtain from the assessee the list of indirect taxes applicable to him. Once the auditor obtains this management representation, he is required to obtain a copy of the registration certificate clearly mentioning the registration number under that relevant law.
4. In case the auditor prima facie is of the opinion that any indirect taxes laws is applicable on the business or profession of the assessee but the assessee is not registered under the said law, he should report the same appropriately.

QUICK REFERENCER

5. The auditor has to keep in mind the provisions of Standard on Auditing 580 "Written Representation". In case the auditor prima facie is of the opinion that any indirect taxes laws is applicable on the business or profession of the assessee but the assessee is not registered under the said law, he should report the same appropriately.
6. For the purpose of reporting under clause 8a, the tax auditor should verify whether the relevant form being 10-IB, 10-IC, 10-ID, 10-IE and 10-IF furnished under section 115BA, 115BAA, 115BAB, 115BAC and 115BAD respectively for availing new tax regime is already filed by the assessee. In case, the assessee has not filed the relevant form, written representation from the assessee should be obtained whether he will be availing the new regime or otherwise and based on written representation, the reporting under this clause should be made. Where reporting is made solely on the basis of assessee's representation, the fact should be stated in paragraph (3) of Form No. 3CA or paragraph (5) of Form No. 3CB.

Documentation

“The skills of an accountant can always be ascertained by an inspection of his working papers.”— Robert H. Montgomery, Montgomery’s Auditing, 1912

Standards on Auditing (SA) 200, “Basic Principles Governing an Audit” (Paragraph 11), states, “The auditor should document matters which are important in providing evidence that the audit was carried out in accordance with the basic principles.”

Suggested Working Papers

Working papers are stored in the following files:

Permanent Audit File

Current Working Files

Sl. No.	Documents	Obtained / N.A.
I.	Permanent Audit typically includes:	
1.	Copy of appointment letter	
2.	Communication with the retiring auditor, if any, before acceptance of the appointment as auditor	
3.	NOC from previous auditor	
4.	Documents on Constitution of the Entity like Memorandum of Association and Articles of Association for company, partnership deed for partnership, bye laws for societies, etc.	
5.	Certificates evidencing registration of the entity e.g. Certificate of Registration, licenses to commence business, etc.	
6.	Documents of the legal structure of the entity.	
7.	Organizational structure of the client	
8.	Details of governing body including Name, Address and contact details e.g. the List of Directors in case of a company, of partners in a partnership and of Trustees in a Trust.	
9.	PAN, TAN, GSTN, etc. documents	
10.	Extracts or copies of important legal documents, agreements and minutes relevant to the audit.	

QUICK REFERENCER

Sl. No.	Documents	Obtained / N.A.
11.	Note on study and evaluation of the internal controls related to the accounting system.	
12.	Assessment of risks and risk management.	
13.	Major policies related to Purchases and Sales	
14.	Details of associated enterprises and of Bankers, Registrars, Lawyers etc.	
15.	Systems and Data Security policies	
16.	Business Continuity Plans and note on going concern	
17.	Copies of audited financial statements for previous years	
18.	Analysis of significant ratios and trends	
19.	Copies of management letters issued by the auditor, if any along with acknowledgment.	
20.	Notes regarding significant accounting policies.	
21.	Significant audit observations of earlier years.	
II.	Current Working Paper Files typically include:	
1.	Appointment for the assessment year	
2.	List of books of account	
3.	Extracts of important matters in the minutes of Board Meetings and General Meetings (relevant for accounts).	
4.	Note on planning process of the audit and audit programme.	
5.	List of audit team	
6.	Analysis of transactions and balances.	
7.	A record of the nature, timing and extent of auditing procedures performed, and the results of such procedures.	
8.	Evidence that the work performed by assistants and that of supervision and review.	
9.	Copies of communications with client, TCWG, experts and other third parties.	

QUICK REFERENCER

Sl. No.	Documents	Obtained / N.A.
10.	Copies of letters or notes concerning audit matters communicated to or discussed with the client, including the terms of the engagement and material weaknesses in relevant internal controls.	
11.	Letters of representation or confirmation received from the client.	
12.	Physical cash verification report	
13.	Balance confirmation letter from: Banks Debtors Creditors Other parties under loans and advances	
14.	Statement of litigation and probable liability	
15.	Conclusions reached by the auditor concerning significant aspects of the audit, including the manner in which exceptions and unusual matters, if any, disclosed by the auditor's procedures were resolved or treated.	
16.	Minutes of meetings with TCWG and others	
17.	Expert opinions on which assessee has relied	
18.	Copies of the financial information being reported on and the related audit reports.	
19.	Audit review points and highlight. Major weakness in Internal control	
20.	Evidence on physical verification of stocks, property, plant and equipment.	
21.	Signed copies of final trial balance, stock statement, cash balance certificate, etc.	
22.	Signed copies of financial statements.	
23.	Signed copy of audit report	
24.	Signed copy of Tax Audit Report	
25.	Proof of uploading of Tax Audit Report	

Characteristics of good documentation:

a. Clarity and Understanding

The documents should give clear understanding of what was reviewed, who reviewed, when and what were the conclusions drawn from the same.

b. Completeness and Accuracy

The papers should be speaking papers giving complete and accurate information relating to the matter being covered.

c. Pertinence

The Auditor should ensure that the relevance of the information is maintained.

d. Logical arrangement

The cross referencing and arrangement of papers should be such that the same can be retrieved and can be comprehended by any person having knowledge of audit at any point of time.

e. Legibility and neatness

f. Safety

The papers and/or soft copies should be securely stored so that retrieval of the same is possible even after several years as retention is required for 7 years as per Standard.

g. Initial and date

Who has performed the work, review and when is important to identify the level at which such review was performed and its accountability and evidence of having performed is available.

h. Summary of conclusions

It is important that whatever work is performed should be properly reached to its logical conclusion. Any work performed and not concluded is a waste of resources and time and does not yield any meaningful outcome. For example, when an agreement is reviewed, one must come to a conclusion at the end of review whether the contents of the document is appropriately captured in financial accounts and the same is in accordance with the applicable acceptable accounting principles.

Documentation – Essentials

a. Electronic or Physical form

The documents can be either in electronic or physical form or both as may be required. There should be confirmation that assesses has furnished the same.

b. Cross referencing

The documents should be properly numbered and cross refereced to ensure proper sequencing and tracking of the same in logical manner.

c. Where an experienced auditor can understand entity and work done.

The documents should be so prepared that any third person not related with the audit but having appropriate experience can understand how the audit conclusions were drawn.

d. Who performed – when and who reviewed and when

The accountability and evidence of the person doing the work and review should be clearly indicated on the documents and the date and time when such work or review was performed. This will give life to the documents.

e. Timeliness

The documentation should be done within the audit process and not after the completion.

f. Contents

The contents of the audit file should be relevant and capable of being able to draw the conclusions.

g. Assembly within 60 days – only admin

The assembly of the file is permitted within 60 days from the date of completion. However, this assembly relates to organizing the papers already collected during the process of audit. No new documents should be received or created after the audit process is completed.

h. Retention – 7 years

The Standard requires retaining this files for 7 years as the same can be called for by any regulatory authorities during this period.

QUICK REFERENCER

Longer retention may be kept as per the auditors perception of the facts of each client.

i. Papers which should not form part of file

The papers which have been corrected and final copies to be kept rather than all the earlier versions. In case of bulky documents, a summary sheet giving the particulars of the same can be kept in lieu of the entire document unless the same is felt necessary to be retained in the opinion of the auditor.

Audit Report – Form No. 3CA or 3CB

Standards on Auditing (SA)-700 deals with the auditor's responsibilities in reporting on the Audit of the Accounts/Form 3CD.

The standard format provided by the Income tax Department – Form 3CA and Form 3CB, are not exactly in accordance with the requirements of SA 700.

Since one cannot modify the above formats and Tax Auditor is required to submit the above forms without any modification, it is imperative also to comply with SA 700.

In that scenario, it is required that the clauses which are to be reported in SA 700 which do not appear in the standard format (Form 3CA/3CB) should be provided in the Annexure to 3CA or 3CB as the case may be giving for example Management's Responsibility, Auditors Responsibility etc to comply with the provisions of SA 700.

These paragraphs can be stated at Para 3 of Form No. 3CA or Para 5 of Form No. 3CB or in an Annexure.

In case these statements are made in an Annexure then the Annexure should be referred in the respective Form No. 3CA or Form No. 3CB, as the case may be.

Letters on Tax Audit Engagement

Standards on Auditing (SA)-210 deals with the auditor's responsibilities in agreeing the terms of the audit engagement with management and, where appropriate, those charged with governance. This includes establishing that certain preconditions for an audit, responsibility for which rests with management and, where appropriate, those charged with governance, are present. SA 220 deals with those aspects of engagement acceptance that are within the control of the auditor.

The sample letters provided below, which include references to SA 210, are intended for reference purposes only. Tax Auditors should modify and adapt these letters as necessary to comply with the requirements of Tax Audit under Section 44AB and any other applicable regulations therein.

Examples of an Audit Engagement Letter

To the Board of Directors of ABC
Company Limited:

[The objective and scope of the audit]

You have requested our firm to do the tax audit of the ABC Company Limited as defined under Section 44AB of the Income Tax Act, 1961, for the previous year(s) ending March 31, 20XX. Which comprise the Form Nos. 3CA/3CB and 3CD. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of ascertaining/reporting the requirements of tax audit, we will rely on the work of statutory auditors appointed by the Company, to the extent it will be required.

[The responsibilities of the auditor]

We will conduct the tax audit in accordance with the Provisions of Income Tax Act, 1961 & rules and regulations made thereunder. This tax audit involves performing procedures to ascertaining/reporting the requirements and the disclosures required in Form 3CA/3CB and 3CD.

Form No. 3CD should be duly filled and authenticated by the management. We will only verify and confirm the same and on that basis

QUICK REFERENCER

form our opinion and issue the report in Form No. 3CA/3CB as the case may be.

[The responsibilities of management]

Our audit will be conducted on the basis that the management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

For the preparation of tax audit report that give assurance in accordance with the provisions of the Act, this includes:

- Compliance with the applicable provisions of the Income Tax Act, TDS Provision and GST Provisions;
- Proper maintenance of accounts and other matters connected therewith;

Providing the required information completely and accurately in required formats.

To provide us with:

- (i) Access, at all times, to all information, including the books, account, vouchers and other records and documentation, of the Company, whether kept at the head office of the company or elsewhere, of which management is aware that are relevant to the “books of account” such as records, documentation and other matters;
- (ii) Additional information that we may request from management for the purpose of the audit; and
- (iii) Unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the Company such information and explanations as we may think necessary for the performance of our duties as auditor;
- (iv) All the required support to discharge our duties as the tax auditor.

As part of our audit process, we will request from management and, where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We also wish to invite your attention to the fact that our audit process is subject to 'peer review'/ 'quality review' under the Chartered Accountants Act, 1949 to be conducted by an

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Independent reviewer. The reviewer may inspect, examine or take abstract of our working papers during the course of the peer review / 'quality review'.

We look forward to full cooperation from your staff during our audit.

The form and content of our report may need to be amended in the light of our audit findings.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

XYZ & Co.

Chartered Accountants

Firm's Registration Number

.....

(Signature)

Date: (Name of the Member)

Place: (Designation)

Acknowledged on behalf of ABC Company by

..... (Signature)

Name and Designation

Revision of Tax Audit Report

Section 44AB: Audit of accounts of certain persons carrying on business or profession.

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 " [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
- (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

QUICK REFERENCER

- (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:

Following first proviso shall be substituted for the existing first proviso to section 44AB by the Finance Act, 2023, w.e.f. 1-4-2024:

Provided that this section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA:

Provided further that this section shall not apply to the person, who derives income of the nature referred to in section 44B or section 44BBA, on and from the 1st day of April, 1985 or, as the case may be, the date on which the relevant section came into force, whichever is later:

Provided also that in a case where such person is required by or under any other law to get his accounts audited, it shall be sufficient compliance with the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and furnishes by that date the report of the audit as required under such other law and a further report by an accountant in the form prescribed under this section.

Report of audit of accounts to be furnished under section 44AB

As per Rule 6G of Income – tax Rules:

The report of audit of the accounts of a person required to be furnished under section 44AB shall, —

- (a) in the case of a person who carries on business or profession and

QUICK REFERENCER

- who is required by or under any other law to get his accounts audited, be in Form No. 3CA;
- (b) in the case of a person who carries on business or profession, but not being a person referred to in clause (a), be in Form No. 3CB.
- (2) The particulars which are required to be furnished under section 44AB shall be in Form No. 3CD.
- (3) The report of audit furnished under this rule may be revised by the person by getting revised report of audit from an accountant, duly signed and verified by such accountant, and furnish it before the end of the relevant assessment year for which the report pertains, if there is payment by such person after furnishing of report under sub-rule (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B.

Frequently Asked Questions Released By CBDT

1. What is tax audit?

The dictionary meaning of the term "audit" is check, review, inspection, etc. There are various types of audits prescribed under different laws like company law requires a company audit, cost accounting law requires a cost audit, etc. The Income-tax Law requires the taxpayer to get the audit of the accounts of his business/profession from the view point of Income-tax Law.

Section 44AB gives the provisions relating to the class of taxpayers who are required to get their accounts audited from a chartered accountant. The audit under section 44AB aims to ascertain the compliance of various provisions of the Income-tax Law and the fulfillment of other requirements of the Income-tax Law. The audit conducted by the chartered accountant of the accounts of the taxpayer in pursuance of the requirement of section 44AB is called tax audit.

The chartered accountant conducting the tax audit is required to give his findings, observation, etc., in the form of audit report. The report of tax audit is to be given by the chartered accountant in Form Nos. 3CA / 3CB and Form No. 3CD.

2. What is the objective of tax audit?

One of the objectives of tax audit is to ascertain/derive/report the requirements of Form Nos. 3CA/3CB and Form No. 3CD. Apart from reporting requirements of Form Nos. 3CA / 3CB and Form No. 3CD, a proper audit for tax purposes would ensure that the books of account and other records are properly maintained, that they truly reflect the income of the taxpayer and claims for deduction are correctly made by him. Such audit would also help in checking fraudulent practices. It can also facilitate the administration of tax laws by a proper presentation of accounts before the tax authorities and considerably save the time of Assessing Officers in carrying out routine verifications, like checking correctness of totals and verifying whether purchases and sales are properly vouched for or not. The time of the Assessing Officers saved could be utilised for attending to more important and investigational aspects of a case.

3. As per section 44AB, who is compulsorily required to get his accounts audited, i.e., who is covered by tax audit?

As per section 44AB, following persons are compulsorily required to get their accounts audited:

- A person carrying on business, if his total sales, turnover or gross receipts (as the case may be) in business for the year exceed or exceeds Rs. 1 crore. This provision is not applicable to the person, who opts for presumptive taxation scheme under section 44AD and his total sales or turnover doesn't exceed Rs. 2 crores.

Note: The threshold limit, for a person carrying on business, is increased from Rs. 1 Crore to Rs. 10 crores in case when cash receipt and payment made during the year do not exceed 5% of total receipt or payment, as the case may be. In other words, more than 95% of business transactions should be done through banking channels.

- A person carrying on profession, if his gross receipts in profession for the year exceed Rs. 50 lakhs.
- An assessee who declare profit for any previous year in accordance with section 44AD and he decreases profit for any of one 5 assessment year relevant to the previous year succeeding such previous year lower than the profit computed as per section 44AD and his income exceeds the amount which is not chargeable to tax.
- If an eligible assessee opts out of the presumptive taxation scheme, within the aforesaid period, he cannot choose to revert back to the presumptive taxation scheme for a period of five assessment years thereafter.
- A person who is eligible to opt for the presumptive taxation scheme of section 44ADA but he claims the profits or gains for such profession to be lower than the profit and gains computed as per the presumptive taxation scheme and his income exceeds the amount which is not chargeable to tax.
- A person who is eligible to opt for the presumptive taxation scheme of sections 44AE but he claims the profits or gains for such business to be lower than the profits and gains computed as per the presumptive taxation scheme of sections 44AE.

QUICK REFERENCER

- A person who is eligible to opt for the taxation scheme prescribed under section 44BB (*) or section 44BBB (*) but he claims the profits or gains for such business to be lower than the profits and gains computed as per the taxation scheme of these sections.

(*) section 44BB is applicable to non-resident taxpayers engaged in the business of providing services or facilities in connection with or supplying plant and machinery on hire basis to be used in exploration of mineral oils. Section 44BBB is applicable to foreign companies engaged in the business of civil construction or erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project.

4. **If a person is required by or under any other law to get his accounts audited, then is it compulsory for him to once again get his accounts audited to comply with the requirement of section 44AB?**

Persons like company or co-operative society are required to get their accounts audited under their respective law. Section 44AB provides that, if a person is required by or under any other law to get his accounts audited, then he need not again get his accounts audited to comply with the requirement of section 44AB. Is such a case, it shall be sufficient if such person gets the accounts of such business or profession audited under such law and obtains the report of the audit as required under such other law and also a report by the chartered accountant in the form prescribed under section 44AB, i.e., Form No. 3CA and Form 3CD (refer to next FAQ for relevance of these forms).

5. **What are Form Nos. 3CA / 3CB and Form No. 3CD?**

The report of the tax audit conducted by the chartered accountant is to be furnished in the prescribed form. The form prescribed for audit report in respect of audit conducted under section 44AB is Form No. 3CB and the prescribed particulars are to be reported in Form No. 3CD.

In case of persons covered under previous FAQ, i.e., who are required to get their accounts audited by or under any other law, the form prescribed for audit report is Form No. 3CA and the prescribed particulars are to be reported in Form No. 3CD.

6. **What is the due date by which a taxpayer should get his accounts audited?**

A person covered by section 44AB should get his accounts audited

and should obtain the audit report on or before 30th September of the relevant assessment year, e.g., Tax audit report for the financial year 2022-23 corresponding to the assessment year 2023-24 should be obtained so that the same can be uploaded and accepted by the assessee on or before 30th September, 2023.

The tax audit report is to be electronically filed by the chartered accountant to the Income-tax Department. After filing of report by the chartered accountant, the taxpayer has to approve the report from his e-filing account with Income-tax Department (i.e., at <https://www.incometax.gov.in/iec/foportal>).

7. What is the penalty for not getting the accounts audited as required by section 44AB?

According to section 271B, if any person who is required to comply with section 44AB fails to get his accounts audited in respect of any year or years as required under section 44AB or furnish such report as required under section 44AB, the Assessing Officer may impose a penalty.

The penalty shall be lower of the following amounts:

- (a) 0.5% of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such year or years.
- (b) Rs. 1,50,000.

However, according to section 271B, no penalty shall be imposed if reasonable cause for such failure is proved.