**KNOW the changes in Revised Tax Audit Report Form 3CD**

CBDT has vide notification no. 33/2014 dated 25.07.2014 revised the format of Tax Audit Report to be furnished under section 44AB of the Income tax Act with effect from 25.07.2014. The changed reporting requirement goes as under :

 **1.Registration No. in case of liability under Indirect Taxes (Excise duty, Service tax,**

 **Sales tax, Customs duty etc. :–**

Revised Form 3CD requires Auditors to ensure whether Assessees is liable to pay indirect

 taxes (like excise duty, service tax, sales tax, customs duty, etc.). If yes, he shall furnish

 their registration number or any other identification number allotted to them. Although Tax

 Auditor has to report only the Registration details, he has to check the liability of assessee

 and has to report accordingly. Auditor may also obtain such list from his client. [Clause 4 of

 Part A].

 **2.Relevant clause of section 44AB under which the tax audit has been conducted :–**

Now Auditor has to report under which clause of Tax Audit is  conducted, whether it is of

 Businessman or Professional or is under Presumptive taxation. [Clause 8 of Part A].

 **3. Location(s) (address(s)) of keeping books of accounts to be given :–**

Revised Audit Report prescribes the requirement to report address or place where books of accounts are kept by the Assessee. If the books of accounts are not kept at one location, Auditor has to furnish the addresses of all such locations along with details of books of accounts maintained at each such location.  [Clause 11(b) of Part B].

 **4**.**Nature of documents examined by the auditor:**

 The auditor is required to specify the nature of documents examined by him in the course of

tax audit. [Clause 11(c) of Part B].

 **5.Change in method of accounting/stock valuation:**

 A tabular format is specified for reporting of financial impact of changes in method of accounting

 and method of stock valuation[clause 13 and clause 14 of Part B].

 **6.Particulars of Transfer of land/building for less than stamp duty value:**

 Details of land or building transferred by assessee for less than stamp duty value (under

 section 43CA or under section 50C) shall be reported in new Form 3CD [clause 17 of Part B].

 **7.Reporting of Deduction allowable under Sections 32AC / 35AD / 35CCC /  Section 35D:**

  Deductions allowable under sections 32AC, 35AD, 35CCC and 35DDD are also required to

 be reported in revised Form No. 3CD. [Clause 19 of Part B].

 **8.Details of Disallowances:**

 Old Form3CD required reporting of inadmissible payments only when they were debited to

 Profit and loss account. However, the new Form 3CD requires reporting of following

 disallowable payments, even if they are not debited to profit and loss account. [Clause 21 of

 Part B]:

    Disallowance for TDS default under Section 40(a)

****Disallowance for cash payments under section 40A(3)

  Disallowance for provision for gratuity under section 40A(7)

  Disallowance under Section 40A(9)

  Particulars of any liability of a contingent nature

  Amount of deduction inadmissible under section 14A

  Interest inadmissible under the proviso to section 36(1)(iii)

 **9. Amounts inadmissible under section 40(a) –**

 Revised report has restricted the reporting only to sub-clause (i) and (ia).

Sub-Clause (i) deals with deductibility of payment made to non-resident of such sums on which TDS is made;

Sub-clause (ia) deals with payment to resident dedcutees

Further. it requires to report the name and address of the payee in respect of whom default has been committed. [Clause 21(b)].

 **10.Additional Reporting of disallowance U/s. 40A(3A) –**

Old Form3CD required to report only  expenses paid in Cash during the year in excess of prescribed limit.

  New Report seeks additional information of cash payments made during the year (in respect

 of expenses incurred in earlier years) exceeding the prescribed limit U/s. 40A(3A).

Further, it requires to report Cash payment under section 269T if the same relates to any loan or deposit exceeding the limit prescribed under section 269T.

  The requirement whether certificate is obtained from the assesse or not has been abolished.

 [Clause 21(d)].

 **11.Reporting of Deemed income under Section 32AC :**

  Section 32AC of the Act provides for investment allowance of 15% for investment in plant &

 machinery. New form provides for reporting of deemed income which results from sale or

 transfer of new asset, (if asset was acquired and installed by the assessee for the purpose of

 claiming deductions under Section 32AC) within a period of five years from the date of its

 installation. [Clause 24 of Part B].

 **12.Word Modvat been replaced by the word Cenvat:**

(Clause 27(a)).

 **13.Reporting on shares acquired without consideration or inadequate consideration-**

 A new clause is inserted in the Form 3CD which requires reporting of all unlisted shares which

 were received by assessee either for inadequate consideration or without consideration in view

 of section 56(2)(viia). [Clause 28 of Part B].

 **14.Reporting of Issue of share at Premium (i.e., Issue of shares above fair market value) :**

A new clause is inserted in the Form 3CD which requires reporting of all transactions of issue of shares where consideration received by assessee exceeds its fair market value in view of section 56(2)(viib). [Clause 29 of Part B].

**15.Non reporting of Certificate Under section 269SS and 269T –**

 The requirement, whether certificate u/s. 269SS and 269T of the Income Tax Act, 1961 is

 obtained from the assesse or not, has been dispensed away with. [Clause 31].

 **16.Reporting of Speculation losses:**

 New Form No. 3CD provides for reporting of losses from speculation business as referred to

 in Section 73. [Clause 32(c) of Part B].

 **17.Additional Reporting of Losses in speculation business (Section 73) and of carry**

 **forward and set-off of losses by business specified u/s. 35AD (Section 73(A) :**

New 3CD Form requires following details.

 -- details of speculation loss referred to in section 73 during the previous year

-- details of loss referred to in section 73A in respect of any specified business

--  whether the company is deemed to carrying on a speculation business as referred in explanation to section 73 and details of speculation loss from such business. [Clause 36(c), 32(d) and 32(e)].

 **18.Reporting of Deductions Claimed U/s. 10A and 10AA –**

  In addition to deduction claimed under chapter VIA, New form 3CD requires auditor to

 report deduction claimed under section 10A and 10AA. [Clause 33 of Part B].

**19.Section wise details of TDS/TCS deducted/collected and paid-**

  Old Form 3CD required reporting on compliance with TDS provisions only. However, New

 Form No. 3CD requires reporting on compliance with TCS provisions as well. Reporting

 should be of Amount short deducted, TAN of the Assessee, Amount on which TDS /TCS

 made or collected.

 [Clause 34(a) of Part B].

**20.Reporting of Late filing of TDS/TCS return –**

The tax auditor shall report on the compliance by the assessee with the provision of

 furnishing of TDS or TCS statement within prescribed time. [Clause 34(b) of Part B].

  **21.Reporting of Interest Payable u/s 201(1A) and 206C(7) –**

If assessee is deemed as an assessee-in-default and he is liable to pay interest under Sec.

 201(1A) or 206C(7), the tax auditor shall furnish the TAN of assessee, interest payable and

 interest actually paid. [Clause 34(c) of Part B].

 Old Form 3CD was not requiring report on details of Interest payable for delay in payment of

 TDS/TCS.

  **22.Separate reporting of tax on distributed profits** **/ Dividend Distribution Tax :**

 Revised Form No. 3CD requires reporting of following reductions as referred to in clause (i) and

 clause (ii) of Section 115-O(1A). [Clause 36 of Part B]:

   Dividend received by domestic company from its subsidiary, and

  The amount of dividend paid to any person for or on behalf of the New Pension

 System Trust referred to in Section 10(44).

 **23.New requirement of reporting on various Audits :**

 (i)  **Cost Audit :-**  Old Form 3CD required reporting only when statutory cost audit was carried

 out under Section 233A of the Companies Act, 1956.

However, the revised Form No. 3CD specifies reporting requirement even when cost audit has

 been carried out voluntarily. The requirement of attachment of copy of cost audit report along

 with Form has been substituted with reporting of qualifications in cost audit report. [Clause 3

 of Part B].

 (ii)  **Cost Audit under Central Excise Act** **:** The requirement of attachment of copy of cost audit

 report along with Form has been substituted with reporting of qualifications in cost audit

 report. [Clause 38 of Part B].

 (iii)  **Special Audit under Service Tax :**If any service-tax audit is carried out in relation to

 valuation of taxable services, the tax auditor shall report any qualifications made in relation to

 valuation of taxable services. [Clause 39 of Part B].

 **24.Comparative Ratio Analysis :**

  Unlike old form which required reporting of certain ratios pertaining to current year only, the

 new Form requires reporting of ratios of preceding financial year as well. Further,total

 turnover is to be reported for the previous year as well as for preceding financial year.

 [Clause 40 of Part B].

**25.Details of Demand and Refund-**

 Auditor has to 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. [Clause 41 of Part B].

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