

The Income Tax Act, 1961

Section 44AB

Audit of accounts of certain persons carrying on business or profession

¹[Audit of accounts of certain persons carrying on business or profession.

44AB. Every person,-

(a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds ¹⁹[one crore rupees] in any previous year ²[***]; ²⁹[****]

³⁴[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:]

³³[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,]

(b) carrying on profession shall, if his gross receipts in profession exceed ²¹[fifty lakh rupees] in any ³[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 ¹⁶[section 44AE] ⁴[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 ¹⁷[previous year; or,]

¹⁸[(d) carrying on the ²²[profession] shall, if the profits and gains from the ²²[profession] are deemed to be the profits and gains of such person ²³[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 ²²[profession] and his income exceeds the maximum amount which is not chargeable to income-tax in any ²⁴[previous year; or]]

²⁵[(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,]

⁵[***] get his accounts of such previous year ⁶[***] audited by an accountant before the specified date and ⁷[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 :

²⁶[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:]

⁸²⁷[Provided further that] this section shall not apply to the person, who derives income of the nature referred to in ⁹[***] section 44B or ¹⁰[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 :

²⁸[Provided also] that] in a case where such person is required by or under any other law to get his accounts audited ¹¹[***], 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 ¹²[furnishes by] that date the report of the audit as required under such other law and a further report ¹³[by an accountant] in the form prescribed under this section.

Explanation.-For the purposes of this section,-

(i) "accountant" shall have the same meaning as in the Explanation below sub-section (2) of section 288;

¹⁴[(ii) "specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means ³¹[date one month prior to] the ¹⁵[the due date for furnishing the return of income under sub-section (1) of section 139]]

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Notes:-

1. Inserted by the Finance Act, 1984, w.e.f. 1-4-1985.
2. Words "or years relevant to the assessment year commencing on the first day of April, 1985, or any subsequent assessment year" omitted by the Finance Act, 1988, w.e.f. 1-4-1989.
3. Substituted for "previous year," by the Finance Act, 1997, w.e.f. 1-4-1998.
4. Inserted by the Finance Act, 2003, w.e.f. 1-4-2004.
5. Words "or years relevant to the assessment year commencing on the first day of April, 1985, or any subsequent assessment year," omitted by the Finance Act, 1988, w.e.f. 1-4-1989.
6. Words "or years" omitted by the Finance Act, 1988, w.e.f. 1-4-1989.
7. Substituted for "obtain before" by the Finance Act, 1995, w.e.f. 1-7-1995.
8. Substituted for "Provided that" by the Finance Act, 1992, w.r.e.f. 1-4-1985.
9. Words "section 44AC or" omitted by the Finance Act, 1995, w.e.f. 1-7-1995.
10. Substituted for "section 44BB or section 44BBA or section 44BBB" by the Finance Act, 2003, w.e.f. 1-4-2004.
11. Words "by an accountant" omitted by the Finance Act, 1985, w.e.f. 1-4-1985.
12. Substituted for "obtains before" by the Finance Act, 1995, w.e.f. 1-7-1995.
13. Inserted by the Finance Act, 2001, w.e.f. 1-4-2001.
14. Substituted by the Finance Act, 2001, w.e.f. 1-4-2001. Prior to its substitution, clause (ii), as substituted by the Finance Act, 1988, w.e.f. 1-4-1989 and later on amended by the Finance Act, 1994, w.e.f. 1-4-1994, read as under :
'(ii) "specified date", in relation to the accounts of the previous year relevant to an assessment year means,-
(a) where the assessee is a company, the 30th day of November of the assessment year;
(b) in any other case, the 31st day of October of the assessment year.'

15. Substituted for "31st day of October", by the Finance Act, 2008, w.e.f. 1-4-2008. Further Substituted vide Finance Act, 2012, w.e.f. 01-04-2013, before it was read as:- "the 30th day of September of the assessment year"

16. Substituted vide Finance (No. 2) Act, 2009 with effect from 1-4-2011, before it was read as, "section 44AD or section 44AE or section 44AF"

17. Substituted vide Finance (No. 2) Act, 2009 with effect from 1-4-2011, before it was read as, "previous year"

18. Inserted vide Finance (No. 2) Act, 2009 with effect from 1-4-2011

19. In clause (a), for the words "forty lakh rupees", the words "sixty lakh rupees" has been substituted vide Finance Act, 2010 w.e.f. 01.04.2011. Further Substituted vide Finance Act, 2012, w.e.f. 01-04-2013, before it was read as:- "sixty lakh rupees"

20. In clause (b), for the words "ten lakh rupees", the words "fifteen lakh rupees" shall be substituted vide Finance Act, 2010 w.e.f. 01.04.2011. Further Substituted vide Finance Act, 2012, w.e.f. 01-04-2013, before it was read as:- "fifteen lakh rupees"

21. Substituted vide THE FINANCE ACT, 2016 w.e.f. 1st day of April, 2017, before it was read as, ²⁰[twenty-five lakh rupees] "

22. Substituted vide THE FINANCE ACT, 2016 w.e.f. 1st day of April, 2017, before it was read as, "business"

23. Substituted vide THE FINANCE ACT, 2016 w.e.f. 1st day of April, 2017, before it was read as, "under section 44AD"

24. Substituted vide THE FINANCE ACT, 2016 w.e.f. 1st day of April, 2017, before it was read as, "previous year"

25. Inserted vide THE FINANCE ACT, 2016 w.e.f. 1st day of April, 2017

26. *Inserted* vide THE FINANCE ACT, 2017 w.e.f. 1st day of April, 2018

27. Substituted vide THE FINANCE ACT, 2017 w.e.f. 1st day of April, 2018 before it was read as, "Provided that"

28. Substituted vide THE FINANCE ACT, 2017 w.e.f. 1st day of April, 2018 before it was read as, "Provided further"

29. Omitted vide Finance Act, 2020, w.e.f. 01-04-2020 before it was read as "or"

30. Inserted vide Finance Act, 2020, w.e.f. 01-04-2020

31. Inserted vide Finance Act, 2020, w.e.f. 01-04-2020

32. Substituted vide THE FINANCE ACT, 2021, w.e.f. 01-04-2021 before it was read as "five crore rupees"

33. Inserted vide THE FINANCE ACT, 2021, w.e.f. 01-04-2021

34. Substituted vide THE FINANCE ACT, 2023, w.e.f. 01-04-2024 before it was read as,

³⁰[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 "³²[ten crore rupees]" had been substituted; or]"