

Standards on Auditing & Documentation vis-à-vis Tax Audit

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B. Com, F.C.A., DISA (ICAI).

INTRODUCTION

- Audit required vide section 44AB of IT Act
- Audit of Companies vs. Other entities
- Limit One Crore / 25 Lac
- Appointment and NOC
- Relying on another Statutory Auditor
- Format of the Financial statements
 - Recommended by ICAI
- Whether previous years' figures to be given?

Applicability of Accounting Standards

- Corporate entities
 - **Mandatory as per Companies (AS) Rules, 2006**
 - Concessions to SMCs from some AS

Applicability of Accounting Standards

- Non-corporate entities

- Compliance not given by any statute (except for AS 1 & AS 2 issued under section 145 of Income Tax Act)
- As per ICAI guidelines – mandatory for auditors while reporting – exemptions for SMEs from some AS

- In practice, important AS like AS 1, AS 2, AS 7, AS 9, AS 10, AS-18, etc.
- “True and Fair” view
- Provision for Taxation / AS-22

Important Standards on Auditing

- SA 210 (Revised) - “Agreeing the Terms of Audit Engagements”
- SA 220 (Revised) - “Quality Control for an Audit of Financial Statements”
- SA 230 (Revised) - “Audit Documentation”
- SA 240 (Revised) - The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements

Important Standards on Auditing

- SA 250 (Revised) - “Consideration of Laws and Regulations in an Audit of Financial Statements
- SA 260 (Revised) - “Communication with Those Charged with Governance”
- SA 265 - “Communicating Deficiencies in Internal Control to Those Charged With Governance”
- SA 299 (AAS 12), “Responsibility of Joint Auditors”

Important Standards on Auditing

- SA 300 (Revised) - “Planning an Audit of Financial Statements”
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- SA 315 - “Identifying and Assessing the Risks of Material Misstatement through understanding the entity and its Environment”
- SA 320 (Revised) - “Materiality in Planning and Performing an Audit”

Important Standards on Auditing

- SA 500 (Revised) - “Audit Evidence”
- SA 501 - “Audit Evidence—Specific Considerations for Selected Items”
- SA 505 (Revised) - “External Confirmations”
- SA 510 (Revised) - “Initial Audit Engagements – Opening Balances”
- SA 520 (Revised) - “Analytical Procedures”

Important Standards on Auditing

- SA 530 (Revised) - “Audit Sampling”
- SA 540 (Revised) - “Auditing Accounting Estimates, Including Fair Value Accounting Estimates,”
- SA 550 (Revised) - “Related Parties”
- SA 560 (Revised) - “Subsequent Events”
- SA 570 (Revised) - “Going Concern”
- SA 580 (Revised) - “Written Representations”

Important Standards on Auditing

- SA 600 (AAS 10) - “Using the Work of Another Auditor”
- SA 610 (Revised) - “Using The Work of Internal Auditors”
- SA 620 (Revised) - “Using the Work of an Auditor’s Expert”

Important Standards on Auditing

- 700-799 Audit Conclusions and Reporting
- Applicability deferred to April 1, 2014.

CONCEPT OF TURNOVER

- Whether to include excise, sales tax, service tax?
 - For proprietorships: total turnover for each business
 - Whether to include sale of capital assets?
 - Applicability for:
 - Construction contracts where turnover less than One Crore, but value of WIP is more than One Crore
 - Partners whose share of profit / remuneration / interest exceed Rs. One Crore

CONCEPT OF TURNOVER ...

- When to apply limit of One Crore vs. 25 lakhs
 - Nursing home
 - Interior decorators
 - Management consultants
 - Coaching classes
 - Dealer in shares/securities
 - Gain on sale on investments
 - Insurance agents,
 - Financial Planning Advisors, etc.

FORM 3CA, 3CB

- When to use 3CA and 3CB?
- Giving comments in Para 3(a) of Form 3CB
 - Effect thereof?
 - Whether safeguards the auditor?
- Adding responsibility and scope Para in 3CB
 - Results in amending Form 3CB
 - Whether justifiable?

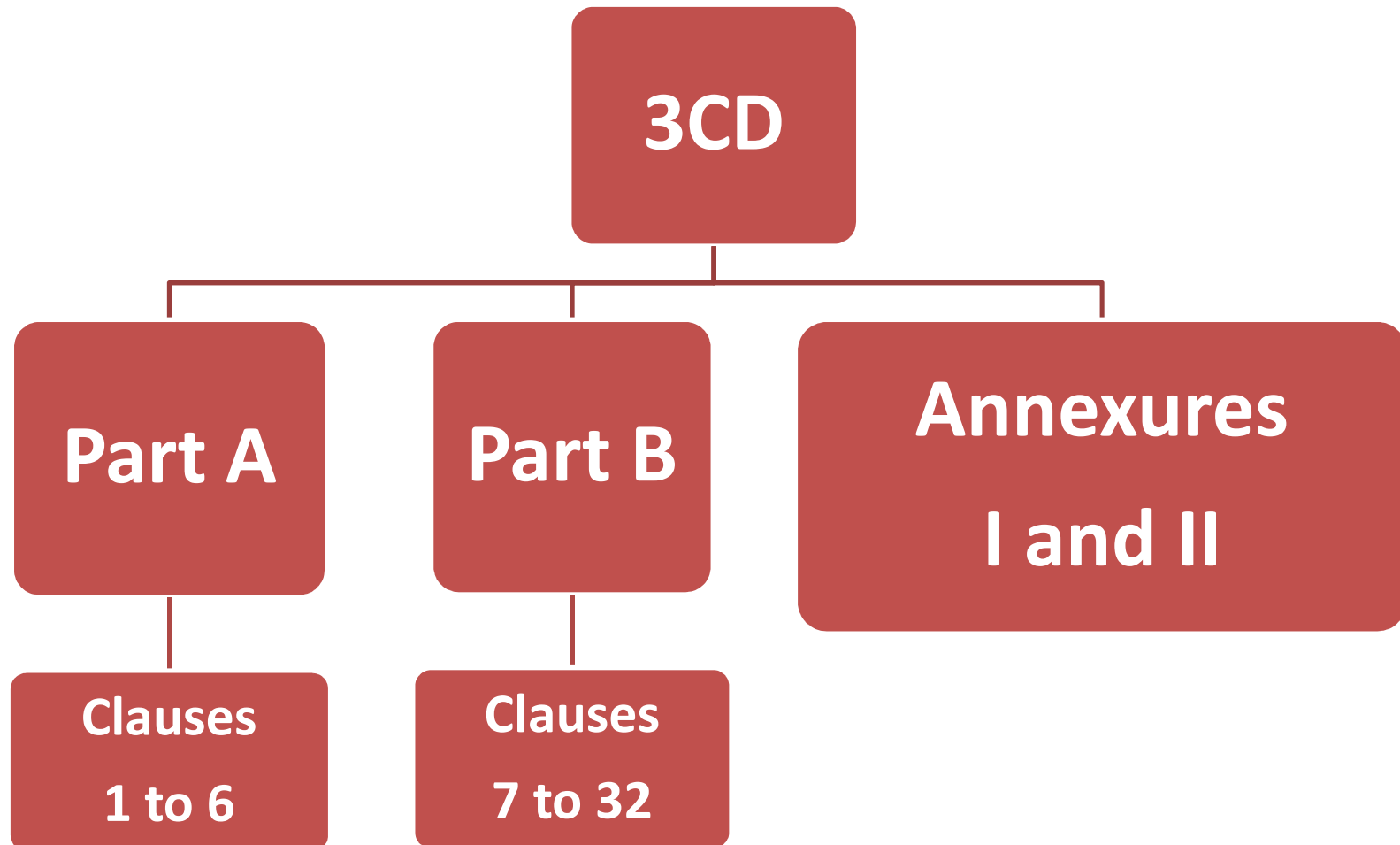
Form 3CA, 3CB ...

- Notes to Accounts to normally specify:
 - Method of accounting followed – accrual or cash
 - Method of inventory valuation
 - Fixed Assets and Depreciation
 - Investments
 - Method for accounting Foreign Exchange fluctuations
- Items that may require qualification:
 - Mandatory AS not followed (esp. for Companies)
 - Non provision of Income Tax
 - Employee benefits – especially retirement benefits
 - Confirmations for balances
 - Inventory valuation on estimated basis

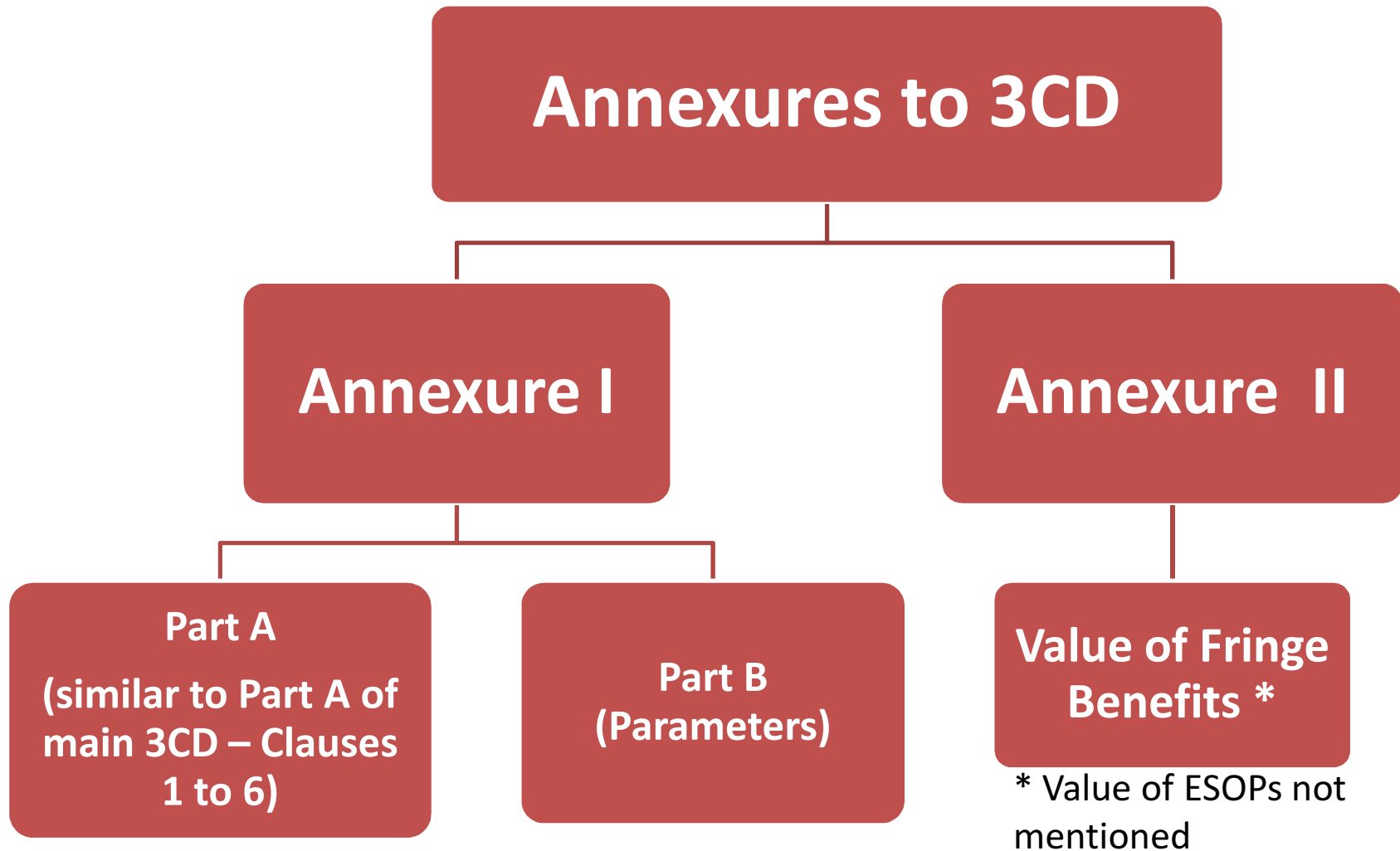
Form 3CD

- Form 3CD – revised effective 10th August 2006
- For a proprietor having 2-3 different business – whether same or different Form 3CD?
- Primary responsibility of management
- To be certified by management
- Contains Parts A/B and 2 Annexures
- Annexure I contains 2 parts A/B

Form 3CD



Form 3CD ...



Form 3CD – whether comments necessary in following cases?

- No interest charged on loans to relatives
- Insufficient household withdrawals
- Books not closed
- Investments, assets (like car, flat) held in names of partners and not name of firm
- No quantity records are maintained
- Stocks not tallying with bank

Documentation

- Register for Tax Audits carried out during the year
- Documentation for 3CD should be separate
- Check list for 3CD, if possible
- Separate MRL (esp for debatable issues), preferable
- Important for Peer Review since tax audit is also an attest function.

General Principles

- Judicial pronouncements while taking any particular view
- In the event of conflict of judicial opinion on any particular issue, refer to the view followed while giving the particulars under any specified clause.
- Follow AS / SA / GN

Specific Principles

- Particular income/expenditure covered in more than one of the specified clauses - make a suitable cross reference
- Difference in the opinion of the tax auditor and that of Assessee state both the view points
- If any particular clause in Form No. 3CD is not applicable, state it is not applicable.

Specific Principles

- For allowance or disallowance, follow the law applicable in the relevant year, even though the form of audit report may not have been amended – Rules cannot override Act
- Insufficient information, qualify rather than withhold the entire audit report.
- Source of Information for Form No. 3CD – Books of account, records, documents, information and explanations made available

Specific Principles

- Avoid using Notes on Accounts for remarks
- Preserve working papers
- Obtain Representation Letters (MRL)..... and engagement letter as well (AAS-26 – now SA-210)

Specific Principles

- Understand the terms “Sales”, “turnover”, and “Gross receipts”
- Understand the terms “Business” and “Profession”
- Understand the Rights, Responsibilities, and Limitations of Auditors

Specific Principles vis-à-vis AAS-28 – New SA - 700-799 Audit Conclusions and Reporting

- Identification of the financial statements audited together with date and period covered
- Statement as to responsibility of the management and the Auditor
- Performance of audit in accordance with Auditing Standards generally accepted in India

Specific Principles vis-à-vis AAS-28

- Description of work performed by Auditor – test nature – reasonable assurance as to absence of material misstatement
- Assessing the accounting estimates
- Evaluating overall financial presentation
- Audit provides reasonable basis for his opinion

Specific Principles – Cash System

- “It is the policy of the Assessee to prepare his financial statements on the cash receipts and disbursements basis. On this basis, revenue and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. In our opinion.....”

General Particulars

1. Name of the Assessee: _____....

2. Address: _____....

3. Permanent Account Number: _____

4. Status: _____

5. Previous year ended: 31st March _____

6. Assessment year: _____

Name

- Form 3CD - Name of the Assessee whose accounts are being audited; e.g. Ms. Rakhi Sawant, Proprietress, Mica Kisschandani & Co.
- Form 3CB – “We have examined the balance sheet as at 31st March ____, and the profit and loss account for the year ended on that date, attached herewith, of.....” Mica Kisschandani & Co., Proprietress, Ms. Rakhi Sawant,

Address

- Communicated by the Assessee to the Income-tax Department for assessment purposes
- If Assessed at home address....give office address also.....May protect in Survey action under section 133A

[Clause 7(a) and (b)]

- (a) If firm or Association of Persons, indicate names of partners/members and their profit sharing ratios.
 - Profit Ratio vis-à-vis Remuneration Ratio
- (b) If there is any change in the partners / members or their profit sharing ratios, the particulars of such change.....
- (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

[Clause 7(a) and (b)]

- whether relevant documents, if required, have been filed with the concerned authorities,
- whether notice of changes, if required, has been given to the registrar of firms, and
- any minutes or any other understanding recording any changes in the partners/members or their profit sharing ratios.

Anything else?

- obtain certified copies of the deeds, documents, understanding, notice of changes, etc. including certified copies of the acknowledgment, if any, evidencing filing of documents.

[Clause 8 (a) and (b)]

(a) Nature of business or profession.

- Principal line of business
- In practice, activities that constitute > 10 % are given
- (a) Nature of business or profession (if more than one business or profession is carried on during the previous year, nature of every business or profession)

(b) If there is any change in the nature of business or profession, the particulars of such change.

- Any material change – discontinuation...

Anything else?

- A review of business report or the minutes of meetings
- Change permanent or temporary?

[Clause 9 (a) to (c)]

- (a) Whether books of account are prescribed under section 44AA, if yes, list of books so prescribed.
- (b) Books of account maintained.
(In case books of account are maintained in a computer system, mention the books of account generated by such computer system.)
- (c) List of books of account examined.

[Clause 9 (a) to (c)]

- Business vis-à-vis Profession – Rule 6F

1. Cash book.

2. Journal,

3. Ledger.

medical profession

- a) daily case register in Form No.3C

- b) an inventory under broad heads, as on the first and the last days of the previous year,

[Clause 9 (a) to (c)]

- ...else, no books of account have been prescribed

(b) Books of account maintained

- Primary vis-à-vis secondary (Para 20.8 of GN)
- Stock Register? – Section 209 of the Companies Act 1956

[Clause 10]

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

[Clause 10]

1. 44AD - Other business (except professional and Commission Agents)

- 8% of Gross Receipts – Max. RS. 60L

2. 44AE Transport business

- Specific Amount / vehicle / month – No Turnover Limit

[Clause 10]

- Amount included in the profit and loss account
- Clarify that the amount mentioned under this clause is not necessarily the actual amount of profits and gains chargeable to tax

[Clause 10]

- Three situations – para 21.3 of GN
 1. Common Accounts – Normal and Presumptive Business – problem of apportionment of expenses
 2. Separate Accounts
 3. No books for Presumptive Business – Qualify the Report

[Clause 11 (a) to (d)]

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

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

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

(d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed under section 145 and the effect thereof on the profit or loss.

[Clause 11 (a) to (d)]

- Cash vis-à-vis Mercantile system
 - Allowability of remuneration in case of professional firm following Cash basis
 - Cash basis not possible for companies
- Change in Method of Accounting vis-à-vis Change in Accounting Policy
- First year of Audit – state the fact against (b)

[Clause 11 (a) to (d)]

- Quantify the effect on Financial Results owing to the change in method of accounting....or give disclaimer
- No method of Accounting prescribed in AS prescribed under section 145

Clause 12 (a) and (b)

- Method of valuation of closing stock employed in the previous year.
- Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss.

Clause 12 (a) and (b)

- Closing stock consists of RM, WIP, FG, Stores, etc.
- Normal valuation principles to be followed:
 - At cost or NRV whichever is lower;
 - To follow Absorption Costing;
 - To include all costs incl. excise duty (sec 145A)
 - To mention how cost is determined
 - If cost arrived at as SP less GP margin – whether ok?
 - Allowed at SP in certain cases
 - SC decision of British Paints (188 ITR 44)
- To also value stores, packing items
- Change in method of valuation covered in Clause 11

Clause 12 (a) and (b)

- To mention effect of 145A on
 - Any tax, duty, cess ,etc. paid/incurred on inputs to be added to the cost of the inputs, if not already added;
 - Any tax, duty, cess ,etc. paid/incurred on sale of goods to be added in sales, if not already added;
 - Any tax, duty, cess ,etc. paid/incurred on inventory to be added to inventory valuation, if not already added;
- Section 145A - “Inclusive method” as against “Exclusive method”
- AS 2
- ICAI GN on “Tax Audit u/s. 44AB” mentions (with an illustration) that in both methods, impact on profit/loss is Nil

12A (New Born)

- Give the following particulars of the capital asset converted into stock-in-trade: -
 - (a) Description of capital asset,
 - (b) Date of acquisition;
 - (c) Cost of acquisition;
 - (d) Amount at which the asset is converted into stock-in-trade.
- Reporting is only for assets converted into stock-in-trade in the previous year – Taxability of the gains from such transfer not to be disclosed

[Clause 13 (a) to (e)]

Amounts **not credited** to the profit and loss account, being,-

(a) the items falling within the scope of section 28;

(b) the pro forma credits, drawbacks, refunds of duty of customs or excise, or refunds of sales tax, where such credits, drawbacks or refunds are admitted as due by the authorities concerned;

- refund of duty of customs or excise or service tax, or refund of sales tax or value added tax

[Clause 13 (a) to (e)]

(c) escalation claims accepted during the previous year;

(d) any other item of income;

(e) capital receipt, if any.

- Accrued but not due; e.g. export incentives
- VAT Refund
- Claims made vis-à-vis claims admitted
- Set-off on m/c. reduced from m/c. a/c.

[Clause 13 (a) to (e)]

- Other items credited directly to Capital A/c. of the proprietor; e.g. interest on PPF
- Capital Receipts.....Gift received by the proprietor.....Shares forfeited
- Government subsidy on capital a/c. / against fixed assets / profit on sale of fixed assets
(Consideration credited to the relevant Asset A/c.)

Clause 14

- 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.
 - (c) Actual cost or written down value, as the case may be.

Clause 14

(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) Modified Value Added Tax credit claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1st March, 1994,

Clause 14

- (ii) change in rate of exchange of currency, and
- (iii) subsidy or grant or reimbursement, by whatever name called.
- (e) Depreciation allowable.
- (f) Written down value at the end of the year.

Clause 14

- Date when Asset put to use – can differ with date of start of commercial production
- Capital assets claimed as deduction
 - R & D assets (also refer clause 15)
 - Assets less than Rs. 5,000
- Computer Software: whether asset? (Decision of Amway)
- Adjustments for currency fluctuations (as per sec 43A)
- Adjustments for subsidies received (as per expl 10 to sec 43)
- In case of disputes (which are under litigation) regarding depreciation claim in earlier years – to clearly mention the same

[Clause 15 (a) and (b)]

- Amounts admissible under section 33AB, 33ABA, 33AC, 35, 35ABB, 35AC, 35CCA, 35CCB, 35D, 35DD, 35DDA, 35E
- Vertically.....
 - (a) debited to the profit & loss account (showing the amount debited and deduction allowable under each section separately);
 - (b) not debited to the profit and loss account.

[Clause 15 (a) and (b)]

- If a separate audit report obtained for claiming deductions under any of these sections, make a reference to that report
- As 26 does not now permit any expenditure to be classified as Deferred Revenue Expenditure
- Amount debited vis-à-vis amount admissible – Capital expenditure
- Largely important 35AC and 35D

[Clause 16 (a) and (b)]

- (a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend. [Section 36(1)(ii)].
- (b) Any sum received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in section 2(24)(x); and due date for payment and the actual date of payment to the concerned authorities under section 36(1)(va).

[Clause 16 (a) and (b)]

Month	Employees'	Due Date	Actual	Employees'	Due Date	Actual
	Contribution to	of	date of	Contribution to	of	date of
	ESIC	payment	payment	to PF	payment	payment
April	395	21.05.04	20.05.2004	395	20.05.04	20.05.2004
May	395	21.06.04	17.06.2004	395	20.06.04	17.06.2004
June	395	21.07.04	28.07.2004	395	20.07.04	28.07.2004
July	395	21.08.04	25.08.2004	395	20.08.04	25.08.2004
August	395	21.09.04	20.09.2004	395	20.09.04	20.09.2004
September	395	21.10.04	10.10.2004	395	20.10.04	10.10.2004
October	395	21.11.04	25.11.2004	395	20.11.04	25.11.2004
November	395	21.12.04	18.12.2004	395	20.12.04	18.12.2004
December	349	21.01.05	19.01.2005	349	20.01.05	19.01.2005
January	349	21.02.05	17.02.2005	349	20.02.05	17.02.2005
February	349	21.03.05	19.03.2005	349	20.03.05	19.03.2005
March	349	21.04.05	20.04.2005	349	20.04.05	20.04.2005

[Clause 16 (a) and (b)]

- 43B vis-à-vis 36 (1) (va) – Employer's Contn. Vis-à-vis Employees' Contn.
- 43B – deduction allowed if paid by the due date of filing Return
- 36 (1) (va) – just forget it if paid after the due date - Excide Industries

Amounts debited to the profit and loss account, Clause 17 (a) to (k) – (a) to (m)

(a) expenditure of capital nature; [Clause 17(a)]

- Loss on sale of Asset / investment / stamp duty on FA
- ROC Regn. Fees.....

(b) expenditure of personal nature; [Clause 17 (b)]

- Contractual obligations

(c) expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party; [Clause 17(c)]

- 37 (2B) vis-à-vis 80GGB

Amounts debited to the profit and loss account, Clause 17 (a) to (k) – (a) to (m)

(d) expenditure incurred at clubs,—

(i) as entrance fees and subscription;

(ii) as cost for club services and facilities used; [Clause
17(d)]

(e) (i) expenditure by way of penalty or fine for violation
of any law for the time being in force;

- Materiality

Amounts debited to the profit and loss account, Clause 17 (a) to (k) – (a) to (m)

(ii) any other penalty or fine;

- Interest described as penalty / commercial penalties

(iii) expenditure incurred for any purpose which is an offence or which is prohibited by law; [Clause 17 (e)]

- Protection Money

(f) amounts inadmissible under section 40(a); [Clause 17 (f)].....

(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof; [Clause 17(g)]

Amounts debited to the profit and loss account, Clause 17 (a) to (k) – (a) to (m)

(h) amount inadmissible under section 40A(3) read with rule 6DD and computation thereof; [Clause 17(h)]

- (h) (A) whether a certificate has been obtained from the assessee regarding payments relating to any expenditure covered under section 40A(3) that the payments were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be, [Yes/No]
- (B) amount inadmissible under section 40A(3), read with rule 6DD [with break-up of inadmissible amounts]

Amounts debited to the profit and loss account, Clause 17 (a) to (k) – (a) to (m)

(i) provision for payment of gratuity not allowable under section 40A(7); [Clause 17 (i)]

(j) any sum paid by the assessee as an employer not allowable under section 40A(9); [Clause 17 (j)]

(k) particulars of any liability of a contingent nature;
[Clause 17 (k)]

40 (a)

- 40 (a) (i) and 40 (a) (ia)
- Payments subject to deduction of tax at source
- Foreign payments – interest, royalty, fees for technical services, or other sum chargeable under section 195

40 (a)

- Local payments – interest, commission or brokerage, professional or technical services fees, Contractor or sub-contractor, **Rent (AY 2006-07), and Royalty (AY 2007-08)**
- Deduction allowed in the year of actual payment of tax deducted at source
- What if tax not deducted but paid? – Grossing up

40 (a)

- FBT / IT / WT
- Any salary paid outside India or to a Non-Resident without deduction of tax at source
- Deduction **not** allowed in the year of actual payment of tax deducted at source

Amounts debited to the profit and loss account, Clause
17 (a) to (k) – (a) to (m)

- (l) 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,
- (m) amount inadmissible under the proviso to section 36(1)(iii) – Expansion of business

17A – New Clause

- Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006
- Amount of interest
- inadmissible
- under section 23 of
- the Micro, Small and Medium Enterprises Development Act, 2006

[Clause 18]

- Particulars of payments made to persons specified under section 40A(2)(b)
- Define relationships of the related parties
- MRL
- Clause 19 33ABA / 33AC.....option

[Clause 20]

- Any amount of profit chargeable to tax under section 41 and computation thereof
- If allowance or deduction is obtained for a liability that ceases or for an asset that is recovered in subsequent year
- Loan taken not repayable.....?

Clause 21

- (i) In respect of any sum referred to in clause (a), (b), (c), (d), (e), or (f) 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.

Clause 21

- To understand the latest provision of sec 43B
- Disallowance for the following if not paid within the year or before the due date of filing return:
 - Any tax, duty, cess, fee, etc.;
 - Employers' contribution to Provident Fund or other funds;
 - Bonus of commission payable to employees;
 - Interest on loan from financial institutions or scheduled banks;
 - Leave encashment – Excise Inds.
- Separate disclosure for amounts o/s. at the beginning of the year and for arising during the year – Clause 21(i)(A) / (B).
- To also state whether amount of Sales Tax, excise, etc passed through the Profit and Loss a/c

[Clause 22 (a) and (b)]

(a) Amount of Modified 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 Modified Value Added Tax credits in the accounts.

(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account. – **No connection with prior period items as envisaged by AS 5**

Opening Balance

CENVAT	4,024	
Ed. Cess	<u>74</u>	4,098

Add : Modvat Credit Availed during the year

CENVAT	2,252,026	
Ed. Cess	<u>44,962</u>	2,296,988

Less : Modvat Credit utilised during the year

CENVAT	2,242,781	
Ed. Cess	<u>44,774</u>	2,287,555

Balance outstanding at the end of the year

CENVAT	13,269	
Ed. Cess	<u>262</u>	

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13,531

23 and 24

- 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]. [Clause 23]
- Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted and repaid exceeding the limit specified in section 269T during the previous year [Clause 24 (a) and (b)].....

Clause 24

- Acceptance / Repayment through Account Payee Cheque.....
- *“It is not possible for me/us to verify whether loans or deposits have been taken or accepted otherwise than by an account payee cheque or account payee bank draft, as the necessary evidence is not in the possession of the assessee.”*
- All loans vis-à-vis loans covered by section 269SS and 269T

Clause 24

- (c) Whether a certificate has been obtained from the assessee regarding taking or accepting loan or deposit, or repayment of the same through an account payee cheque or an account payee bank draft. [Yes/No]
- The particulars (i) to (iv) at (b) and the Certificate at (c) above need not be given in the case of a repayment of any loan or deposit taken or accepted from Government, Government company, banking company or a corporation established by a Central, State or Provincial Act

[Clause 25]

Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:

- Serial Number
- Assessment Year
- Nature of loss / allowance (in rupees)
- Amount as returned (in rupees)
- Amount as assessed (give reference to relevant order)
- Remarks

[Clause 25]

- (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.

Anything else?

- A review of earlier years' returns – whether filed in time
- A review of relevant Assessment Orders
- A review of Annual Return of ROC

[Clause 26]

- Section-wise details of deductions, if any, admissible under Chapter VIA
- What if separate audit / certification required to claim deduction?
- Payments made from personal A/c. of the Assessee (proprietor) – Qua Assessee or Qua Business?

[Clause 27 (a) and (b)]

- (a) Whether the assessee has complied with the provisions of Chapter XVII-B regarding deduction of tax at source and regarding the payment thereof to the credit of the Central Government. [Yes/No]
- (b) If the provisions of Chapter XVII-B have not been complied with, please give the following details*, namely:-

[Clause 27 (a) and (b)]

- Amount
- (i) Tax deductible and not deducted at all
.....
- (ii) shortfall on account of lesser deduction than
required to be deducted.....
- (iii) tax deducted late.....
- (iv) tax deducted but not paid to the credit of the
Central Government.....
- Please give the details of cases covered in (i) to (iv)
above.

[Clause 27 (a) and (b)]

- No need to verify whether the tax deductible has been properly deducted or not.
- Tax not deducted not paid.....not to be reported here....could be at clause 17 (f)
- No requirement of giving information about the delay in filing the return relating to tax deducted at source.

[Clause 28 (a) and (b)]

- (a) In the case of a trading concern, give quantitative details of the principal items of goods traded :
- (i) Opening stock;
 - (ii) Purchases during the previous year;
 - (iii) Sales during the previous year;
 - (iv) Closing stock;
 - (v) shortage/excess, if any.

[Clause 28 (a) and (b)]

(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:

- (i) opening stock;
- (ii) purchases during the previous year;
- (iii) consumption during the previous year;
- (iv) sales during the previous year;
- (v) closing stock;
- (vi)* yield of finished products;
- (vii)* percentage of yield;
- (viii)* shortage/excess, if any.

[Clause 28 (a) and (b)]

B. Finished products/By-products:

- (i) opening stock;
- (ii) purchases during the previous year;
- (iii) quantity manufactured during the previous year;
- (iv) sales during the previous year;
- (v) closing stock;
- (vi) shortage/excess, if any.

* Information may be given to the extent available.

[Clause 29]

In the case of a domestic company, details of tax on distributed profits under section 115-O in the following form:

- (a) total amount of distributed profits;
- (b) total tax paid thereon;
- (c) dates of payment with amounts.

[Clause 30]
and [Clause 31]

- Whether any cost audit was carried out, if yes, enclose a copy of the report of such audit [See section 139(9)].
- What if cost audit applicable but not done?
- Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit.

[Clause 32]

Accounting ratios with calculations as follows:

- (a) Gross profit /Turnover;
- (b) Net profit/Turnover; (NPAT)
- (c) Stock-in-trade /Turnover;
- (d) Material consumed /Finished goods produced.

[Clause 32]

The value of finished goods formula :

(a) Raw material consumption -

(b) Stores and spare parts consumption -

(c) Wages -

(d) Other manufacturing expenses -
excluding depreciation.

Sub total -

Add : Opening stock in process -

Deduct : Closing stocks in process -

Nature of business or profession in respect of every business or profession carried on during the previous year	CODE	Annexure I I204		
SI. No.	Parameters	Current year	Preceding Year	
1	Paid-up share capital/capital of partner/proprietor	764,000	764,000	
2	Share Application Money/Current Account of Partner or Proprietor, if any	0	0	
3	Reserves and Surplus/Profit and Loss Account	785,972	592,309	
4	Secured loans	172,677	269,746	
5	Unsecured loans	5,945,965	4,680,081	
6	Current liabilities and provisions	2,667,016	2,322,059	
7	Total of Balance Sheet	10,335,631	8,628,195	
8	Gross turnover/gross receipts	22,852,934	15,207,690	
9	Gross profit	3,358,520	2,965,142	
10	Commission received	0	0	
11	Commission paid	308,212	43,055	
12	Interest received	21,238	3,092	
13	Interest paid	654,056	486,892	
14	Depreciation as per books of account	319,140	303,501	
15	Net Profit (or loss) before tax as per Profit and Loss Account	261,040	377,185	
8/6/2013 12:08 PM	Taxes on income paid / provided for in the books	67,376	135,759	