

National Conference on Income Tax & Tax Audit

Organised by: Direct Tax Committee of ICAI

Hosted by: WIRC of ICAI

22nd December, 2021



Speaker : CA. Ashok Bansal

Topic :

Tax Audit – Clause by clause analysis Reporting requirements

Clause 1 to 12 of Form 3CD

Clause 15 to 20 of Form 3CD

Clause 22 to 30 of Form 3CD.

Manner of Filing Tax Audit Report

Chartered Accountant conducting tax audit has to upload the tax audit report online, using his/her official login credentials.

The assessee is required to mention relevant information about their Chartered Accountant in their login portal.

Tax audit report to be uploaded and accepted before ITR upload, not doing so may lead to defective notice.

Once the tax auditor uploads the audit report, the same should either be accepted/rejected by the assessee in their login portal. If rejected for any reason, all the procedures need to be followed again till the audit report is accepted by the assessee.

Clauses of Form NO. 3CD

Clause Nos. 1 to 4

- **1. Name of the Assessee**

a) First Name

b) Middle Name

c) Last Name

The name of the assessee whose accounts are being audited under section 44AB should be given. However, if the tax audit is in respect of a branch, name of such branch should be mentioned along with the name of the assessee.

- **2. Address of the Assessee**

a) Country

b) Flat / Door / Building

c) Road / Street / Block / Sector

d) Pin code, Post Office, Area / Locality

e) Post Office, District, State

The address to be mentioned under clause (2) should be the same as has been communicated by the assessee to the Income-tax Department for assessment purposes as on the date of signing of the audit report. If the tax audit is in respect of a branch or a unit, the address of the branch or the unit should be given. In the case of a company, the address of the registered office should also be stated. In the case of a new assessee, the address should be that of the principal place of business.

- **3. Permanent Account Number (PAN) or Aadhar Number of the assessee, if available**

- **4. Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, goods and services tax, customs duty, etc. Please furnish the registration number or, GST number or any other identification number allotted for the same ?**

23-12-2021
Yes

No

The information may be obtained and maintained in the following format

Sr No.	Relevant Indirect tax Law which requires registration	Place of Business/profession/service unit for which registration is in place / or has been applied for :-	Registration / Identification number
1	2	3	4

The auditor has to keep in mind the provisions of standard on Auditing 580 “Written Representation”. In case the auditor prima facie in 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

Clauses of Form NO. 3CD

Clause No. 5 to 7

- **5. Status**

- | | |
|--------------------------------|----------------------------------|
| a) Artificial Juridical Person | g) Firm |
| b) Association of Person | h) Hindu Undivided family |
| c) Body of Individuals | i) Individual |
| d) Co- operative Society | j) Limited Liability Partnership |
| e) Co- Operative Bank | k) Local authority |
| f) Company | l) Trust |

- **6. Previous Year From**  **Previous Year To.**
Date : **Date:**

In case of amalgamations, demergers, reconstitution, new business, closure of existing business etc the date of beginning/ ending of the previous year may be different, the auditor may accordingly, mention the relevant date of beginning and ending of the previous year in this clause.

- **7. Assessment Year**
Date:

Clauses of Form NO. 3CD

Clause No. 8

- **8.**Indicate the relevant clause of section 44AB under which the audit has been conducted

Relevant clause of section 44AB under which the audit has been conducted



- a) Clause 44AB(a) : Proviso where aggregate cash receipts and cash payments of business exceeding specified limits.

Clause 44AB(a) - Total sales/ turnover/ gross receipt of business exceeding specified limits.

- b) Clause 44AB(b) : Gross receipt of profession exceeding specified limits

- C) Clause 44AB(c)):
 - i) Profits and Gains lower than deemed profit u/s 44AE
 - ii) Profits and Gains lower than deemed profit u/s 44BB
 - iii) Profits and Gains lower than deemed profit u/s 44BBB

Clauses of Form NO. 3CD

Clause No. 8

d) Clause 44AB(d): i) Profits and Gains lower than deemed profit u/s 44ADA

e) Clause 44AB(e): i) When provisions of section 44D(4) are applicable.

f) Third proviso to sec 44AB : Audited under any other law

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

Yes

No.

If yes



Section under which option exercised



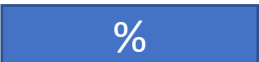
Clauses of Form NO. 3CD

Clause No. 9

- **9. a)** If Firm or Association of Person, indicate names of partners/members and their profit-sharing ratio.

In case where the partner of a firm or the member of AOP/ BOI acts in a representative capacity, the name of the beneficial partner/member should be stated.

- In case of AOP, whether shares of members are indeterminate or unknown?

	Yes	No
Details		If No 
Sl. No.	Name	profit Sharing Ratio (%)
1		

An auditor should also verify the details with the certified copies of deed or agreement (in case of LLP), and notice of changes, etc. including certified copies of acknowledgment if any.

Clauses of Form NO. 3CD

Clause No. 9

- **9 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?

Yes

No

If Yes



Details

- | | | |
|-----------------------------|-----------------------------|-------------------|
| a) Date of change | b) Name of Partner/Member | c) Type of change |
| d) Old profit-sharing ratio | e) New profit-sharing ratio | f) Remarks |

Ensure that all changes that have occurred during the entire previous year have been stated. In case of dissolution of the firm, the clause is not applicable as the firm ceases to exist.

Clauses of Form NO. 3CD

Clause No. 10

- **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).

Sl. NO.

1

Sector

Name

Sub Sector

Name


Code

No.

Clause 10(a):

Auditor should verify the nature of each business or profession carried on by the assessee by verifying incorporation documents (e.g., MOA/ Partnership deed/LLP agreement/ Trust deed, etc.) and changes if any made to such documents. In case, an assessee belongs to the service sector, then, the nature of each type of service should be broadly stated.

b. If there is any change in nature of Business or profession, the particulars of such change ?

		Yes	No	
		If Yes		
				
Sl. NO.	Business	Sector	Sub sector	Code
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

- *Clause 10(b)]*

Following changes (material) in nature of business or profession needs to be reported against clause 10(b)

a) Change in principal line of business (e.g. from manufacturer to trader,

Wholesaler to Retailer, from manufacturing own account to manufacturing job work basis.)

b) Addition or permanent discontinuance of a particular line of business

c) Business reorganization/reconstruction if a new line of activity emerges as a result

d) Hiving off any activity in restructuring.

- *Following changes (material) in nature of business or profession **needs not to be reported** against clause 10(b)*
 - a) Any change after balance sheet date.*
 - b) Temporary suspension of business*
 - c) amalgamation/ demerger if there is a similar line of activity (e.g. no new line of activity emerges as a result)*
 - d) CA who was rendering services related to direct taxes starts rendering services related to indirect taxes also*
 - e) Manufacturer and exporter of garments until last financial year does business of high sea sale in current financial year and high sea sale not material in relation to existing business*

Clauses of Form NO. 3CD

Clause No. 11

- **11.** a. Whether books of accounts are prescribed under section 44AA, list of books so prescribed ?

Yes

No

If Yes

SI. NO.

Books prescribed

1



Name

Clauses of Form NO. 3CD

Clause No. 11

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

Same as 11(a) above

OR

Add Details

a) Books maintained

b) Address Line

c) Address Line 2

d) City or Town Or District

e) Zip Code/Pin Code

f) Country

g) State

Clauses of Form NO. 3CD


Clause No. 11

- c. List of books of accounts and nature of relevant documents examined

Same as 11(b) above

OR

Add Details

Sl. No.	Books examined
1	

Clauses of Form NO. 3CD

Clause No.12

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

Yes	No	
	If Yes ↓ Add Details	
SI. NO.	Section	₹ Amounts
1		

Assessee maintains regular books of accounts for the main business but has an additional business , where, no separate books of account are maintained. However, the net income arising from such business is included in the profit and loss account of the main business.: In this situation, the auditor will be unable to find correct income from the presumptive business credited to the profit and loss account. An auditor should state the amount, as appearing, in the profit and loss account, with a suitable observation showing his inability to verify said figure. In the absence of books of account, an auditor is unable to form his opinion as to true and fair view of profit an loss account of the assessee. Hence, it would be necessary for him to qualify his audit report

Clauses of Form NO. 3CD

Clause No. 15

- **15.** Give the following particulars of the capital asset converted into stock-in-trade
 - (a) Description of capital asset**
 - (b) Date of acquisition**
 - (c) Cost of acquisition**
 - (d) Amount at Which the asset is converted into stock-in-Trade**

Clauses of Form NO. 3CD

Clause No. 16

16. Amount not credited to the profit loss account, being,-Where such amounts have not been credited in the profit and loss account but netted against the relevant expenditure/income heads, such fact should be clearly brought out.

a. The items falling within the scope of section 28;

SI. No.	Description	₹ Amount
1		

b. The proforma credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax or Goods & Service Tax, where such credits, drawbacks or refund are admitted as due by the authorised concerned

SI. NO.	Description	₹ Amount
1		

Clauses of Form NO. 3CD

Clause No.16

c. Escalation claims accepted during the previous year;

Sl. No.	Description	₹ Amount
1		

d. Any other item of income;

Sl. No.	Description	₹ Amount
1		

e. Capital receipt, if any.

Sl. No.	Description	₹ Amount
1		

Clauses of Form NO. 3CD

Clause No. 17

- **17.** Where any land or building or both is transferred during the previous year for a consideration less than value adopted or assessed or assessable by any authority of a state Government referred to in section 43CA or 50C, Please furnish:

(a) Details of property

(c) City or Town or District

(e) Country

(b) Address Line 1 , Address Line 2

(d) Zip Code / Pin Code

(f) State

(g) Consideration Received or accrued

(h) Value adopted or assessed or assessable

(i) Whether provisions of second provision to sub-section (1) of section 43CA or fourth provision to clause (x) of sub-section (2) of section 56 applicable ? *Yes or No*

Clauses of Form NO. 3CD

Clause No. 18

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

(a) Description of the Block of Asset/Class of Assets

(b) Rate of Depreciation

(c) Opening WDV / Actual

(d) Adjustment made to written down value under section 115BAC/ 115BAD

(for assessment year 2021-22 only)

(e) Adjustment made to written down value of Intangible asset due to excluding value of goodwill of a business or profession

(f) Adjusted written down value (A)

Details

(Purchase Details)

Continue.....

Clauses of Form NO. 3CD

Clause No. 18

Additions

(1) Purchase Value

Adjustments on Account of

2) CENVAT

3) Change in Rate of Exchange

4) Subsidy or grant or reimbursement, by whatever name called

=Total Value of Purchases **(B) (1+2+3+4)**

Put to use for less than 180 days

Put to use for more than 180 days

Details

Add Deduction Details

Continue.....

Clauses of Form NO. 3CD

Clause No. 18

Deductions

Deletions out of Opening WDV/Purchases put to use for 180 days or more



Deletions out of purchases put to use for less than 180 days



Other Adjustments



Depreciation allowable: *The word “allowable” implies that depreciation should be permissible as a deduction, as per the provisions of the Act and the Rules. This would require exercise of judgement having regard to the facts and circumstances of the case, developments in law from time to time, etc.*



Written down value at the end of the year **(A+B-C-D)**

Clauses of Form NO. 3CD

Clause No. 19

- **19.** Amount Admissible under section-

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

Amount debited to profit and loss account ₹

Amounts admissible as per the provisions of the Income-tax Act, 1961 and also fulfils the conditions, if any specified under the relevant provisions of Income-tax Act, 1961 or Income-tax Rules, 1962 or any other guidelines, circular, etc., issued in this behalf.

₹

Clauses of Form NO. 3CD

Clause No. 20

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

Sl. No.	Description	₹ Amount
1		

b. Details of contributions received from employees for various funds as referred to in section 36(1)(va):

Sl. No.	Nature of fund	Sum received from employees	Due date for payment	The actual amount paid	The actual date of payment to the concerned authorities
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Clauses of Form NO. 3CD

Clause No. 22 & 23

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

₹



- **23.** Particulars of payments made to persons specified under section 40A(2)(b).
 - a) Name of Related Person.**
 - b) PAN of Related Person.**
 - c) Aadhar Number of the related person, if available.**
 - d) Relation.**
 - e) Nature of Transaction.**
 - f) Payment Made.**

Clauses of Form NO. 3CD

Clause No. 24

- **24.** Amounts deemed to be profits and gains under section 32AC or 32AD or 33AB or 33AC or 33ABA.

Section : **32AC, 32AD, 33AB, 33ABA, 33AC**

Sl. No.	Section	Description	₹ Amount
1			

Clauses of Form NO. 3CD

Clause No. 25

- **25.** Any Amount of profit chargeable to tax under section 41 and computation thereof.

**Section : Sec 41(1)(a), Sec(1)(b), Sec(41)(2), Sec(41)(3), Sec(41)(4),
Sec(41)(4A), Sec(41)(5)**

Sl. No.	Name of person	₹ Amount of income	Section
1			

Description of Transaction Computation if any

Clauses of Form NO. 3CD

Clause No. 26

26. i. In respect of any 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;

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Click the below button to add details to clause 26

[Add Details](#)

b. not paid during the previous year;

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Click the below button to add details to clause 26

23-12-2023 [Add Details](#)

Clauses of Form NO. 3CD

Clause No. 26

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);

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b. not paid on or before aforesaid date.

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[Add details](#)

Clauses of Form NO. 3CD

Clause No. 26

State whether sales tax, goods & services Tax, customs duty, excise duty or any other indirect tax, levy, cess, impost etc.is passed through the profit and loss account ?

Yes

No

If Yes



Clauses of Form NO. 3CD

Clause No. 27

- **27. a.** Amount of Central Value Added Tax Credits/ Input Tax Credit(ITC) availed of or utilised during the previous year and its treatment in profit and loss account and treatment of outstanding Central Value Added Tax Credits/Input Tax Credit(ITC) in accounts.

Yes

No

If Yes



CENVAT/ITC

Amount

Treatment in profit & Loss Accounts

Opening Balance =

Credit Availed =

Credit utilized =

Closing/Outstanding Balance =

Clauses of Form NO. 3CD

Clause No. 27

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

Sl. No.	Type	Particulars	₹ Amount
1.	<input type="text" value="Expenditure Debited"/> or <input type="text" value="Income Credited"/>	<input type="text"/>	<input type="text"/>

Prior period to which it relates
(Year in yyyy-yy Format) From 1980-81 to 2020-21

Clauses of Form NO. 3CD

Clause No. 28

- **28. Whether during the previous year the assessee has received any property, being share of a company in which the public are substantially interested, without consideration or for inadequate consideration as referred to in section 56(2)(viiia)?**

Yes

No

If Yes



Please furnish the details of the same

- (a) Name of the person from which shares received
- (b) PAN of the person, [Aadhar Number of the payee, if available]
- (c) Name of the company whose shares are received, CIN of the company
- (d) No. of Shares Received
- (e) Amount of consideration paid
- (f) Fair market value of the shares

Clauses of Form NO. 3CD

Clause No. 29

- **29.** Whether during the previous year the assessee received any consideration for issue of shares which exceeds the fair market value of the shares as referred to in section 56(2)(viib)?

Yes No

If yes



Please furnish the details of the same

- (a) Name of the person from whom consideration received for issue of shares**
- (b) PAN of the person, if available**
- (c) Aadhar Number of the payee, if available**
- (d) No. of shares issued**
- (e) Amount of consideration received**
- (d) Fair market value of shares**

Clauses of Form NO. 3CD

Clause No. 29

A.a. Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (ix) of sub-section (2) of section 56 ?

Yes

No

If Yes



b. Please furnish the following details:

Sl. No.	Nature of income	₹ Amount
1		

Clauses of Form NO. 3CD

Clause No. 29

B.a. Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (x) of sub-section (2) of section 56 ?

Yes No

If yes



b. Please furnish the following details:

Sl. No.	Nature of Income	₹ Amount
1	<input type="text"/>	<input type="text"/>

Clauses of Form NO. 3CD

Clause No. 30

- **30.** 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]

Yes No

If Yes



furnish the following details

- (a) Name of the person from whom amount borrowed or repaid on hundi**
- (b) PAN of the person, if available**
- (c) Aadhar Number of the person, if available**
- (d) Address Line 1, Address Line 2**

•THANK YOU

• Ashok Bansal