



## Amendments - Tax Audit Report An Analysis

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IBA

CBDT notifies revised Tax Audit Report Forms (3CA, 3CB, 3CD) from time to time. On 20 July 2018, Form 3CD has been further revised (applicable from 20 Aug. 2018) to expand the scope of reporting relating to GST, GAAR, SFT, Cash Transactions, Transfer Pricing, etc., for FY 2017-18/ AY 2018-19.

However, subsequently on 17th August 2018, CBDT partly deferred implementation of revised Form 3CD by keeping Clauses 30C and 44 in abeyance, till 31 March 2019 i.e. the same shall be applicable w.e.f. 1 April, 2019). It is known that this defereement is the result of representations made by various stakeholders such as ICAI etc. Further, Form 3CD that was earlier revised in July 2017, will remain applicable during 19 July 2017 to 19 August 2018.

Overall, there are approx. 8 amendments in the existing clauses of the form 3CD and 13 new insertions/ additional clauses for disclosure purposes which are as under:

### **Part A-Amendments in existing clauses of Income Tax Audit Report Form No. 3CD**

Sr no of Appendix II of Form 3 CD	Existing Clause	Amendment
4	Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, customs duty, etc. if yes, please furnish the registration number or any other identification number allotted for the same	GSTIN & GSTIN number to be mentioned <ul style="list-style-type: none"><li>• after the words “sales tax,” the words “goods and services tax,” shall be inserted;</li><li>• after the words “registration number or”, the words “GST number or” shall be inserted</li></ul>
19	Amounts admissible under sections: 32 AC 33 AB ..... 35 DDA 35 E	Allowances under Section 32 AD to be reported(Additional Depreciation, Investment Allowance etc) <ul style="list-style-type: none"><li>• the row with entry “32AD” shall be inserted</li></ul>
24	Amounts deemed to be profits and gains under section 32AC or 33AB or 33ABA or 33AC.	Deemed Gains under section 32 AD to be reported <ul style="list-style-type: none"><li>• after the words “32AC or”, the words “32AD or” shall be inserted</li></ul>

26	In respect of any sum referred to in clauses (a),(b), (c), (d), (e) or (f) of section 43B	Reporting of any sum payable to Railways under section 43 B(g) which is not allowable as deduction for non payment  • for the words “or (f)”, the words “, (f) or (g)” shall be substituted
31 (c), (d) & (e)	(v) in case the repayment was made by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.	for the words “taken or accepted”, the word “repaid” shall be substituted
	(ii) amount of loan or deposit or any specified advance received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year.	after the words “amount of”, the words “repayment of” shall be inserted
	(ii) amount of loan or deposit or any specified advance received by a cheque or a bank draft which is not an account payee cheque or account payee bank draft during the previous year.	after the words “amount of”, the words “repayment of” shall be inserted
34 (b)	Whether the assessee has furnished the statement of tax deducted or tax collected within the prescribed time. If not, please furnish the details	Reporting details of transactions no disclosed / specified in form 61/ 61 A/ 61 B  (b) whether the assessee is required to furnish the statement of tax deducted or tax collected. If yes, please furnish the details:

### **Part B- Insertion of New Clauses in Income Tax Audit Report Form No. 3CD**

Sr no of Appendix II of Form 3 CD	New Clause
After serial number 29 and entries relating thereto	Reporting of Amount Chargeable under section 56(2)(ix) as income from other sources  (29a) 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) (b) If yes, please furnish the following details: (i) Nature of income: (ii) Amount thereof:
	Reporting of Amount Chargeable under section 56(2)(x) as income from other sources  29B. (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) (b) If yes, please furnish the following details: (i) Nature of income: (ii) Amount (in Rs.) thereof:”;

After serial number 30 and the entries relating thereto

**Reporting details of Primary Adjustment to Transfer Price under Sec 92 CE (1)**

**30A.**

- (a) Whether primary adjustment to transfer price, as referred to in sub-section (1) of section 92CE, has been made during the previous year? (Yes/No)
- (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:
  - (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)
  - (v) If no, the amount (in Rs.) of imputed interest income on such excess money which has not been repatriated within the prescribed time:

**Reporting details of interest expenditure incurred exceeding one crore rupees as referred u/s 94B(1)**

**30B.**

- (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? (Yes/No)
- (b) If yes, please furnish the following details:-
  - (i) Amount (in Rs.) of expenditure by way of interest or of similar nature incurred:
  - (ii) Earnings before interest, tax, depreciation and amortization (EBITDA) during the previous year (in Rs.):
  - (iii) Amount (in Rs.) of expenditure by way of interest or of similar nature as per (i) above which exceeds 30% of EBITDA as per (ii) above:
  - (iv) Details of interest expenditure brought forward as per sub-section (4) of section 94B:

AY	Amount

- (iv) Details of interest expenditure carried forward as per sub-section (4) of section 94B:

AY	Amount

**Reporting of impermissible avoidance arrangements as referred in Section 96**

**30C.**

- (a) Whether the assessee has entered into an impermissible avoidance arrangement, as referred to in section 96, during the previous year? (Yes/No)
- (b) If yes, please specify:-
  - (i) Nature of the impermissible avoidance arrangement:
  - (ii) Amount (in Rs.) of tax benefit in the previous year arising, in aggregate, to all the parties to the arrangement:"

In serial number 31, after clause (b)

Reporting details of each cash receipt or payment in excess of the limit specified under section 269 ST

- (ba) Particulars of each receipt in an amount exceeding the limit specified in section 269ST, in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person, during the previous year, where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account:-
- (bb) Particulars of each receipt in an amount exceeding the limit specified in section 269ST, in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person, received by a cheque or bank draft, not being an account payee cheque or an account payee bank draft, during the previous year:—

	<p>(bc) Particulars of each payment made in an amount exceeding the limit specified in section 269ST, in aggregate to a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion to a person, otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year</p> <p>(bd) Particulars of each payment in an amount exceeding the limit specified in section 269ST, in aggregate to a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion to a person, made by a cheque or bank draft, not being an account payee cheque or an account payee bank draft, during the previous year</p>
<b>Clause 36A</b>	<p>Whether the assessee has received any amount in the nature of dividend as referred to in sub-clause(e) of clause (22) of section 2? (Yes/No.)</p> <p>If yes, please furnish the following details:</p> <p>Amount received (in Rs.):</p> <p>Date of receipt:</p>
<b>Clause 42</b>	<p><b>Reporting details of transactions not disclosed/ specified in Form No. 61/ 61A/ 61B</b></p> <p>(a) Whether the assessee is required to furnish statement in Form No.61 or Form No.61A or Form 61B? (Yes/No)</p> <p>(b) If yes, please furnish:</p>
<b>Clause 43</b>	<p><b>Reporting whether assessee or its parent entity or alternate reporting entity is liable to furnish the report (CBCR) u/s 286(2)</b></p> <p>(a) Whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in sub-section (2) of section 286? (Yes/No)</p> <p>(b) If yes, please furnish:</p> <p>(i) Whether report has been furnished by the assessee or its parent entity or an alternate reporting entity;</p> <p>(ii) Name of parent entity;</p> <p>(iii) Name of alternate reporting entity (if applicable)</p> <p>(iv) Date of furnishing of report</p>
<b>Clause 44</b>	<p>Reporting Break-up of total expenditure into expenditure with registered or not registered entities under the GST</p>