

Tax Audit Series – 3 – S. Nos. 1 to 8



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Namaste

In series - 3 we would discuss the Particulars of Form 3CD – Part A – S. Nos. 1 to 8.

PART A

Form 3 CD is divided into two parts:

- Part A containing S. Nos. 1 to 8
- Part B containing S. Nos. 9 to 44 (As amended by CBDT vide notification dated 20th July 2018)

In this series we would be discussing Part -A - S. Nos. 1 to 8

Serial No. 1: Name of the assessee

- In case of audit of a branch or proprietary concern, the name of the branch/proprietary firm respectively should be stated along with the name of the assessee/proprietor.
- Ensure that name as given under match with the income tax records especially PAN card, wherever feasible.
- If there is any change in the name of the assessee between the last day of the previous year and the date of tax audit report then both the names should be stated in the tax audit report.
- In case of change in name of the company, eg, conversion into public Ltd co or vice versa, state both names and also state the fact of change by way of a note.

Serial No. 2 : Address

- Mention the address which should be same as the one communicated by the assessee to the Income Tax Department and the same should be verified from registration certificates allotted under various tax laws.
- In case of a branch, the address of the branch should be stated.
- In case of a company, the address of the registered office should also be stated along with the principle place of business, if any.
- In case of a new assessee, the address should be that of the principal place of business.
- In case of change in address after the end of the financial year and before the date of tax audit, the fact may be brought on form 3CD.

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Serial No. 3 : Permanent Account Number

- Quoting of PAN is mandatory hence, obtain the copy of PAN card.

Serial No. 4 : Registration numbers under applicable indirect taxes

- This S. No. has been amended vide CBDT notification dated 20th July 2018 to include GST.
- The auditor is required to mention the registration number or any other identification number or GST Number, if any, allotted, in case the assessee is liable to pay indirect taxes (CUSTOM, GSTIN, ETC)
- The auditor should obtain from the assessee the list of indirect taxes applicable to him.
- The auditor is required to obtain a copy of the registration certificate clearly mentioning the registration number under that relevant law.
- If the registration has not been obtained or the assessee is in process of obtaining the registration, then the said fact should be mentioned.
- In case the auditor prima facie is 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, **report** the same appropriately.
- Obtain written representation from the assessee regarding his registration in any of the indirect tax laws.

Serial No. 5 : Status

- The status does not refer to the residential status, It means status of the person who is defined as per section 2(31) [i.e Individual, HUF, Company, Firm, etc.]
- Firm for the purpose of this clause also includes Limited Liability Partnership (LLP).
- Foreign LLP would be covered under the category of “Company” as body corporate.
- If status of the assessee have been changed during the year (eg. Conversion of partnership firm into LLP). In such cases, the status which is on the last date of the previous year should be considered for the purpose of reporting and mention the fact by way of note against the clause.

Serial No. 6 : Previous year

- Previous year for which the Tax Audit is carried out should be stated here.

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- An assessee may follow any financial year; however for the purpose of Income-tax, uniform previous year of 12 months ended 31st March of each year is required to be followed.
- The starting date and ending date of the previous year should be given. In case business commenced during the year, the starting date should be given to the end of financial year.

Serial No. 7 : Assessment Year

- Assessment year in relation to the Previous Year as stated under S. No. 6 needs to be mentioned. For example if PY is 2017-18, AY would be AY 2018-19.

Serial No. 8 : Applicable tax laws triggering the tax audit

- Auditor has to report the relevant clause of the section 44AB under which the Audit has been conducted
- Here the relevant clauses of s. 44AB accordingly must be mentioned:
 - Clause (a) – If total sales, turnover or gross receipt in business exceeds Rs. 1 Crore
 - Clause (b) – If gross receipts in profession exceed Rs.50 lakhs
 - Clause (c) – If Profits u/s 44AE, 44BB or 44BBB claimed to be lower than the presumptive profits and gains.
 - Clause (d) – If Profits u/s 44ADA claimed to be lower than the presumptive profits and gains and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year.
 - Clause (e) – If section 44AD(4) is applicable and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year.

I hope this document is of use to you. I thank *Ms. Alisha* in assisting me to compile this part of the series. Your suggestions and comments would be highly appreciated

Best Regards

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