Important Issues in Tax Audit u/s 44AB

CA. PRAMOD JAIN

B. COM (H), FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

Shared at

Ernakulam Branch of SIRC of ICAI

3rd August 2019

CA. Pramod Jain

LEGISLATION FOR AY 2018-19

S. 44AB	• Business – exceeds Rs. 1 Crore • Profession – exceeds Rs. 50 L • Business u/s 44AE /44BB /44BBB; income < deemed profits; • Profession u/s 44ADA; deemed profit < 50% & TI >ANCT • Business u/s 44AD (4)
Rule 6G	• Prescribing the Forms for Report u/s 44AB
Form 3CA	• Report in case of a person who is required to get his A/cs audited under any law
Form 3CB	• Report in any other case
Form 3CD	• Particulars as required u/F 3CA or 3CB
S. 271B	• Penalty ½% maximum Rs. 1.50 L

CA. Pramod Jain

APPLICABILITY OF 44AD(44ADA) /44AB

Mr. A started mfg – 1st Yr - Turnover – 150L; NP – 10 L; TI - 8.50 L

- AD - No
- AB - Yes

Mr. B - Trading - Turnover – 90L; NP - 10L; Doctor– Fee – 45 L; NP- 25 L; TI -32L

- AD – No
- ADA - Yes
- AB - No

M/s ABC – Trading Turnover – 80L - NP – 1 L; TI- 1 L

- AD – No
- AB - No

Mr. D - Trading; Turnover -120L; Commission - 2L; NP- 15L; TI - 14L

- AD - No
- AB - Yes

CA. Pramod Jain

Qualified
or
Disqualified

WHO CAN CONDUCT AUDIT

- W.e.f. 1st June 2015
- Accountant as defined in Explanation below S. 288 (2)
- A Chartered Accountant as defined in section 2 (1) (b) of the Chartered Accountants Act, 1949 who holds a valid certificate of practice u/s 6 (1) of that Act
- CA in practice (can represent)

CA. Pramod Jain

DISQUALIFICATION - COMPANIES

DISQUALIFICATION – OTHERS

- Assessee himself
- In case of a firm - any partner of the firm
- In case of AOP - member of the association
- In case of HUF - member of the family
- Person referred to in section 13(3)(a),(b),(c), (cc);
- Relative of any of above persons
- Other than above, person who is competent to verify return u/s 139/140;
- Officer or employee of assessee;

RELATIVE – INCOME TAX AUDITOR

- Spouse of the individual;
- Brother or sister of the individual;
- Brother or sister of the spouse of the individual;
- Any lineal ascendant or descendant of the individual;
- Any lineal ascendant or descendant of the spouse of the individual;
- Spouse of a person referred above
- Any lineal descendant of a brother or sister of either the individual or of spouse of individual

DISQUALIFICATIONS - OTHERS

- Who is a partner, or who is in employment, of an officer or employee of assessee;
- Who has been convicted by a court of an offence involving fraud and a period of 10 years has not elapsed from the date of such conviction
- An individual who, or his relative or partner
  - Is holding any security of or interest in assessee– Relative face value - Rs. 1 L
  - Is indebted to the assessee. Relative – Rs. l L
  - Has given a guarantee /provided security . Relative – 1 L

DISQUALIFICATIONS – TAX AUDITOR

- A person or a firm who, whether directly or indirectly, has business relationship with assessee. i.e., any transaction entered into for commercial purpose except:
  - In nature of professional services permitted
  - In the ordinary course of business of co. at ALP like
    - sale of products or
    - services
  - To auditor, as customer, in the ordinary course of business, by companies engaged in business of telecommunications, airlines, hospitals, hotels & such other similar businesses

???

- Can a CA in practice who is giving accounting services to a subsidiary, conduct tax audit of its holding company?
- Can an internal auditor of a company issue Form 15CB certificate for that company?
- Can a CA in practice who is giving accounting services to holding company issue certificate for MAT in Form 29B to its subsidiary company?

FORM 3CB

- Total 5 Paras
- Same as Form 3CA except examination of books
- Opinion subject to observations / qualifications to be given:
  - Financial Statements – 3(a)
  - Form 3CD – 5
- SA 700?

SA 700 – PARA 3

- **Assessee's Responsibility for the Financial Statements and the Statement of Particulars in Form 3CD**
  1. The assessee is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards issued by the ICAI, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
  2. In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.
  3. Those charged with governance are responsible for overseeing the entity's financial reporting process.

CA. Pramod Jain

SA 700 PARA 3

- Tax Auditor's Responsibility
- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these FS

CA. Pramod Jain

SA 700 PARA 3

- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.
- We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

CA. Pramod Jain

SA 700 PARA 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

SA 700 PARA 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CA. Pramod Jain

SA 700 – PARA 5

2. The assessee is responsible for the preparation of the statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G(1)(b) of Income Tax Rules, 1962 that give true and correct particulars as per the provisions of the Income-tax Act, 1961 read with Rules, Notifications , circulars etc that are to be included in the Statement.

SA 700 – PARA 5

- We are also responsible for verifying the statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G (1) (b) of Income-tax Rules, 1962. We have conducted my/our verification of the statement in accordance with Guidance Note on Tax Audit under section 44AB of the Income-tax Act, 1961, issued by the Institute of Chartered Accountants of India.

CA. Pramod Jain

Form 3CD Latest Changes in Tax Audit Report

AMENDMENTS W.E.F 20.8.2018

- 7 items amended
- 1 item replaced
- 10 new items – 2 DEFERRED – 31.3.2019 and now 31.3.2020 – 30C & 44

20.8.2018 - AMENDMENTS

- S. No. 4, 19, 24, 26 & 31(c), (d) & (e)
- 4 – GST added
- 19 – Amounts deductible – s. 32AD added
- 24 – Amounts deemed to be profits u/s 32AC, etc.. 32AD added
- 26 – 43B – clause (g) added – railway

S. NO. 31 (C)- S. 269 SS/T – AMENDED W.E.F. 19.7.17

- (c) - Particulars of each repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T made during the previous year
  - New (iv) - whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;
  - New (v) - in case the repayment was made by cheque or bank draft, whether the same was taken or accepted repaid by an account payee cheque or an account payee bank draft.

S. NO. 31(D) - S. 269 SS/T – AMENDED W.E.F. 19.7.17

- New (d) - Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year
  - name, address and PAN (if available with the assessee) of the payer;
  - amount of repayment 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.

S. NO. 31(E) - S. 269 SS/T – AMENDED W.E.F. 19.7.17

- New (e) -Particulars of repayment of loan/deposit or any specified advance in an amt. exceeding limit specified in s. 269T received by cheque / bank draft which is not an account payee cheque / bank draft during PY
  - name, address & PAN (if available with assessee) of payer;
  - amount of repayment of loan or deposit or any specified advance received by a cheque or a bank draft which is not an a/c payee cheque / bank draft during the previous year

34 (B) - SUSBTITUTED

- 34 (b) – If TDS / TCS Statement not furnished within prescribed time, furnish:
- New 34(b) - Whether the assessee is required to furnish the statement of TDS/TCS. If yes, please furnish the details:
  - TAN
  - Type of Form
  - Due date of furnishing
  - Date of furnishing, if furnished
  - Whether the TDS / TCS Statement contains information about all transactions which are required to be reported. If not, please furnish list of details/transactions which are not reported. – Transporters??? – yes / no?? – Could be geniune difference of opinion

29A - INSERTED

- 29A (a) - Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to S. 56(2)(ix) ? [advance forfeited] (Yes/No)
- 29A (b) - If yes, please furnish the following details:
  - (i) Nature of income
  - (ii) Amount thereof

29A - INSERTED

- M/s XYZ receives Rs. 25 Lakhs as advance against property in AY 2017-18 from Mr. B
- As per agreement as the buyer did not comply.. It send forfeiture notice to Mr. B in AY 2019-20 and forfeits the amount but does not entry in books.
- Mr. B confirms that amount is receivable
- M/s XYZ writes off in AY 2020-21.
- When should auditor report?

29B - INSERTED

- 29B (a) - Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in S. 56(2)(x)? (Yes/No)
- 29B (b) - If yes, please furnish the following details:
  - (i) Nature of income
  - (ii) Amount thereof
- How to report on controversial items?

30A - INSERTED

- 30A (a) - Whether primary adjustment to TP, u/s. 92CE(1), has been made during PY? (Yes/No)
- 30A (b) - If yes, please furnish :-
  - (i) Under which clause of s. 92CE(1) primary adjustment is made? (5 clauses)
  - (ii) Amount (in Rs.) of primary adjustment:
  - (iii) Whether the excess money available with AE is required to be repatriated to India as per s.92CE(2)? (Yes/No)
  - (iv) If yes, whether the excess money has been repatriated within the prescribed time (Yes/No) [90 days from due date of filing of ITR] For AY 2018-19 due date – 31st December 2018
  - (v) If no, amount of imputed interest income on such excess money which has not been repatriated within prescribed time

30B - INSERTED

- 30B (a) - Whether the assessee has incurred exp. during PY by way of interest or of similar nature > Rs. 1 Cr u/s. 94B(1)? (Yes/No)
- 30B (b) - If yes, please furnish :-
  - (i) Amount (in Rs.) of expenditure by way of interest or of similar nature incurred – (to AE or all?)
  - (ii) (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 b/f as per s. 94B(4) – NA as 94B inserted w.e.f. AY 2018-19
  - (v) Details of interest expenditure c/f as per s. 94B(4)

30C – INSERTED – DEFERRED TO 31.3.2020

- 30C (a) - Whether the assessee has entered into an impermissible avoidance arrangement (GAAR), as referred to in s. 96, during the PY? (Yes/No) [w.e.f. AY 2018-19] – Tax benefit 3 Crs.
- 30C (b) - If yes, please specify :
  - (i) Nature of the impermissible avoidance arrangement
  - (ii) Amount (in Rs.) of tax benefit in the PY arising, in aggregate, to all the parties to the arrangement

S. NO. 31 (BA) - SECTION 269 ST

- No person to receive an amount ≥ Rs. 2 Lakhs otherwise than by A/c payee cheque/draft or use of electronic clearing using bank a/c (i.e. primarily in cash):
  - 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

31(BA) – INSERTED – 269ST

- 31(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 PY
- where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account

31(BA) – INSERTED – 269ST

- 31(ba) – (i) Name, address and Permanent Account Number (if available with the assessee) of the payer;
- (ii) Nature of transaction;
- (iii) Amount of receipt (in Rs.);
- (iv) Date of receipt;

31(BB) – INSERTED – 269ST

- 31(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, during the PY, where such receipt is by a cheque or bank draft not being an account payee cheque or an account payee bank draft, during the previous year

31(BC) – INSERTED – 269ST

- 31(bc) - Particulars of each payment made 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 PY, where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account

31(BD) – INSERTED – 269ST

- 31(bd) - Particulars of each payment 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 PY, where such receipt is by a cheque or bank draft not being an account payee cheque or an account payee bank draft, during the previous year

31(BD) – INSERTED – 269ST

- Particulars at (ba), (bb), (bc) and (bd) need not be given in the case of receipt by or payment to a Government company, a banking Company, a post office savings bank, a cooperative bank or in the case of transactions referred to in section 269SS or in the case of persons referred to in Notification No. S.O. 2065(E) dated 3rdJuly, 2017

36A - INSERTED

- 36A (a) Whether assessee has received any amount in the nature of dividend as referred to s. 2(22)(e)? (Yes/No)
- 115 O amended w.e.f. AY 2018-19 – 30%
- Would assessee give details??
- How to ascertain accumulated profits of payer?
- S. 41(2) profit is not part of accumulated profits [CIT vs. Urmila Ramesh (1998) 230 ITR 422 (SC)]

36A - INSERTED

- Accumulated profits are revenue profits not capital profits:
  - Tea Estate India Pvt. Ltd. vs. CIT (1976) 103 ITR 785 (SC)]
  - First ITO vs. Short Brothers Pvt. Ltd. (1966) 60 ITR 83 (SC)
  - CIT vs. Mangesh J. Sangiri (1979) 119 ITR 962 (Bom)
- 36A (b) If yes, please furnish the following details:-
  - (i) Amount received (in Rs.):
  - (ii) Date of receipt:"

42 - INSERTED

- 42 (a) - Whether the assessee is required to furnish statement in Form No.61 or Form No. 61A or Form No. 61B? (Yes/No)
- 42 (b) - If yes, please furnish :-
  - ITDREIN
  - Type of Form
  - Due date for furnishing
  - Date of furnishing, if furnished
  - Whether Form contains information about all details / transactions which are required to be reported. If not, furnish list of details/transactions- not reported.

PROVISIONS - SECTIONS

139A(5)(c)	• Quoting of PAN
285BA	• Statement of Specified Financial Transactions
271FA / 271FAA / 272B	• Penalties

CA. Pramod Jain

PROVISIONS - RULES

114B	• Transactions in which PAN is to be quoted
114C	• Verification of PAN
114D	• Furnishing of Form 60
114E	• Furnishing of Statement of Financial Transaction (SFT)
114F – H	• Furnishing of Statement of Reportable Account

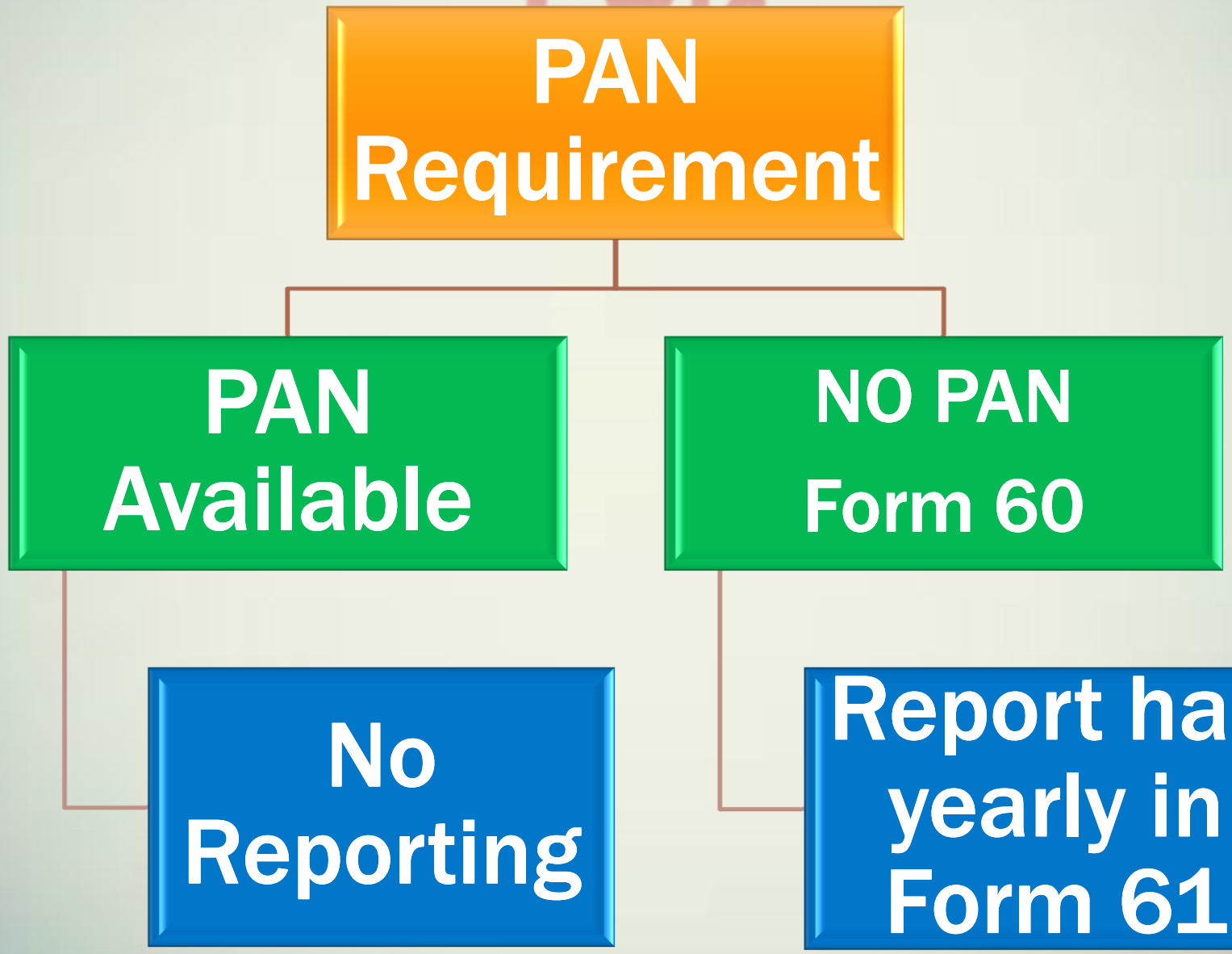
CA. Pramod Jain

PROVISIONS - FORMS

60	• Declaration from persons who do not have PAN
61	• Statement containing particulars of declaration received in Form No. 60
61A	• Statement of Specified Financial Transactions (SFT)
61B	• Furnishing of Statement of Reportable Account

CA. Pramod Jain

PAN



CA. Pramod Jain

PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
1	Sale / Purchase of Motor Vehicle or Vehicle other than 2 Wheeler	All
2	Opening an Bank A/c other than time-deposit referred to at Sl. No.12 and Basic Savings Bank Deposit A/c	All
3	Application for Debit / Credit Card	All
4	Opening of Demat A/c	All
5	Payment to Hotel / Restaurant at any one time (earlier 25K)	Cash > 50000/-

CA. Pramod Jain

PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
6	Payment for Foreign Travel or foreign currency at 1 time (earlier 25K)	Cash > 50000/-
7	Payment to MF for purchase of Units	> 50000/-
8	Payment to Co. or Institution for Debentures / Bonds issued by it	> 50000/-
9	Payment to RBI for Bonds issued by it	> 50000/-
10	Cash Deposit with Bank in any 1 day	> 50000/-
11	Bank Draft / Pay Order / Banker Cheque during one day	Cash > 50000/-

CA. Pramod Jain

PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
12	Time Deposit with 1. Bank, 2. Post Office, 3. Nidhi Co. 4. NBFC	50000/- each transaction or 5 Lacs in aggregate during FY
13	Payment for 1 or more Prepaid Payment Instruments like smart card; magnetic stripe cards; internet a/c; online wallets; mobile a/c; mobile wallets; paper voucher; mass transit system; other	Cash / draft / PO / banker cheque aggregating > 50000/- in FY

CA. Pramod Jain

PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
14	Life Insurance Premium	Aggregating > 50000/- in FY
15	Sale / Purchase of Securities other than Shares per transaction	> 1 Lac
16	Sale / Purchase of unlisted shares per transaction (verification by Co) [E - 50k for issue of shares all Cos]	> 1 Lac
17	Sale / Purchase of Immovable Property (earlier 5 L)	> 10 Lacs Tran. value or 50C value

CA. Pramod Jain

PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
18	Sale / purchase of goods / services (earlier 5 L for bullion or jewellery dealer only)	> 2 Lacs per transaction

- Effective from 1st January 2016
- Concerned person to verify PAN & mention in all documents /invoice/applications
- If no PAN – take Form 60
- If Minor– PAN of Father/Mother/Guardian

PAN QUOTING – NOT REQUIRED

- CG / SG / Consular Offices
- Non-Residents for all except:
  - Application for Debit and Credit Card
  - Payment to a hotel or restaurant against a bill
  - Payment for foreign travel or foreign currency
  - Payment to RBI for acquiring bonds
  - Purchase of DD / PO / Bankers cheque
  - Payment for prepaid instruments
  - Sale/purchase of goods/services exceeding Rs. 2L

CA. Pramod Jain

IMPORTANT FEATURES OF FORM 60

- Applicable to all except companies & firm
- If PAN is applied, then application no. to be filled
- If PAN not applied as income is below taxable limits – give estimate of total income
- If estimated total income exceeds taxable limits - Form 60 cannot be accepted unless PAN applied for acknowledgement no. is not mentioned.

CA. Pramod Jain

IMPORTANT FEATURES OF FORM 60

- Amount & mode of transaction also to be given
- Proof of Identity and address to be furnished along with Form 60
- In case transaction is by HUF, then proof of Karta
- In case transaction is by more than 1 persons, number of persons to be mentioned.
- Wrong verification prosecution u/s 277
  - 3 months to 2 yrs & Fine;
  - If amount > 25 Lacs – 6 months – 7 yrs & Fine

FILING DETAIL OF FORM 60 – FORM 61

- Everyone not to file statement in Form 61 with department for PAN collection
- Only persons who does not take PAN, but take Form 60 have to file half yearly:
  - Received upto 30th September – 31st October
  - Received upto 31st March – 30th April
- Retain Form 60 for 6 years from end of the FY in which the transaction was undertaken. (earlier Form 60 were also to be filed)

CA. Pramod Jain

SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
1(a)	Cash for purchase of bank drafts / pay orders / banker's cheque of aggregate > Rs. 10 Lacs in a FY.	Banks
1(b)	Cash for purchase of pre-paid instruments by RBI aggregate > Rs. 10 Lacs in a FY. [E- 5L bonds all modes]	Banks
1(c)	Cash deposits / withdrawals (including bearer's cheque) aggregating > Rs. 50 Lacs in a FY from 1 or more current account of a person.	Banks

CA. Pramod Jain

SFTS - [1.04.2016]

S. No	Nature & Value of Transaction	Reporting Person
2	Cash deposits agg. > Rs. 10 Lacs in a FY, in 1 or more a/cs (other than current a/c & time deposit) [E- saving A/c]	Banks P.O.
3	One or more time deposits (other than renewals) of a person aggregating > Rs. 10 Lacs in a FY of a person.	Banks P.O. ; Nidhi NBFC
4	Payments aggregating to- (i) > Rs. 1 Lac in cash; or (ii) > Rs. 10 Lacs by any other mode, one or more credit cards in a FY [E – 2L]	Banks issuing Credit Cards

CA. Pramod Jain

SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
5	Receipt from a person aggregating > Rs. 10 Lacs in a FY for acquiring bonds or debentures issued by Co. or institution (other than renewals) [E- 5L]	Company Institution
6	Receipt from a person aggregating > Rs. 10 Lacs in a FY for acquiring shares (including share application money) issued by co. [E- Pub / Rght 1L]	Company
7	Buy back of shares from a person (other than bought in open market) for aggregating > Rs. 10 Lacs in a FY	Listed Co.

CA. Pramod Jain

SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
8	> Rs. 10 Lacs in a FY for acquiring units of 1 or more schemes of a MF (except switching) [E- 2L]	MF
9	Sale of foreign currency including through debit /credit card or traveller chq. or draft etc agg. > Rs. 10 L in a FY	Authorised Dealer
10	Purchase or sale of immovable property value > Rs. 30 L or valued u/s 50C	Registrar

SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
11	Receipt of cash payment Rs. 2 Lacs for sale, by any person, of goods or services of any nature (other than above mentioned items).	If liable to Tax Audit u/s 44AB
12	Cash Deposit from 9.11.16 to 30.12.16 aggregating: • ≥ 12.50 Lacs in 1 or more Current account of a person • ≥ 2.50 Lacs in other than current account	Bank / PO (inserted by 15.11.16)
13	Cash Deposited from 1.4.16 to 9.11.16 in respect of accounts reportable under S. No. 12	Bank / PO (Inserted by 6.1.17)

SFT??

- A Pvt. Ltd. issues following invoices:
  - 1.4.18 – Rs. 1 Lakh
  - 1.5. 18 – Rs. 1.50 Lakhs
  - 2.6.18 – Rs. 1 Lakh
  - It receives Rs. 3.50 Lakhs in cash on 15.6.18. Is this a reportable SFT?
    - No, Take care of 269ST
- M/s ABC issues an invoice of Rs. 3 Lakhs. Receives Rs. 1.50 Lakhs by Cheque and balance by Cash. Is it reportable SFT?
  - No

SFT??

- XYZ Pvt. Ltd. issues following invoices:
  - 1.7.18 – Rs. 2.50 Lakh
  - 1.8.18 – Rs. 1.50 Lakhs
  - It receives amounts in cash as under:
    - Rs. 1.50 Lakh on 15.6.18.
    - Rs. 1.50 Lakh on 16.8.18
    - Rs. 1.00 Lakh on 10.9.18
    - Is this a reportable SFT? If yes on which amount?
      - Yes, 2.50 reportable

SFT REPORTING

- Report annually by 31st May in Form 61A
- For 12th item before 31st January 2017
- Is Nil Form 61A required to be file mandatorily?
  - No
- Is filing Preliminary Response to Form 61A mandatory?
  - No

HOW TO DETERMINE THRESHOLD LIMITS

- Take into account all the accounts of the same nature in respect of that person;
- Aggregate all the transactions of the same nature in respect of that person (except S. No. 10 & 11) (amended w.e.f. 6.10.16);
- Attribute entire value of transaction or the aggregated value of all transactions to all persons, in a case more than 1 person;
- Apply threshold limit separately to deposits & withdrawals in respect of Current a/c

PRESS RELEASE DT. 23.12.2016

- CBDT vide Notification No. 91/2016 dated 6th October, 2016 has amended Sub-Rule 3 of Rule 114E clearly indicating that
- The said transactions did not require aggregation and
- The reporting requirement under SFT for this purpose is on receipt of cash payment exceeding Rs. 2 Lakh for sale of goods or services per transaction.

PENALTY U/S 271FA

- Failure to furnish Form 61A
  - Rs. 500 per day
  - In case notice issued u/s 285BA(5) – Rs. 1000 per day after 30 days

43 - INSERTED

- 43 (a) - Whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in s. 286(2)? (Yes/No)
- 43 (b) - If yes, please furnish :-
  - Whether report has been furnished by the assessee or its parent entity or an alternate reporting entity Name of parent entity. [For FY 2017-18 due date is 31.3.2019]??
  - Name of alternate reporting entity (if applicable) Date of furnishing of report

44 – INSERTED – DEFERRED TO 31.3.2019

- 44 - Break-up of total expenditure of entities registered or not registered under the GST. Total amount of Expenditure incurred during the year
- Expenditure in respect of entities registered under GST
  - Relating to goods or services exempt from GST
  - Relating to entities falling under composition scheme
  - Relating to other registered entities
  - Total payment to registered entities
- Expenditure relating to entities not rgd. in GST

CA. Pramod Jain

AUDIT

AUDITING STANDARDS

- Auditor to comply with auditing standards
- NFRA to notify auditing standards. Till NFRA does – as by ICAI
- Total 38 SAs

SA. No.	Sub-division	No.
100-199	Introductory Matters	0
200-299	General Principles & Responsibilities	9
300-499	Risk Assessment and Response to Assessed Risks	6
500-599	Audit Evidence	11
600-699	Using Work of Others	3
700-799	Audit Conclusions and Reporting	6
800-899	Specialized Areas	3

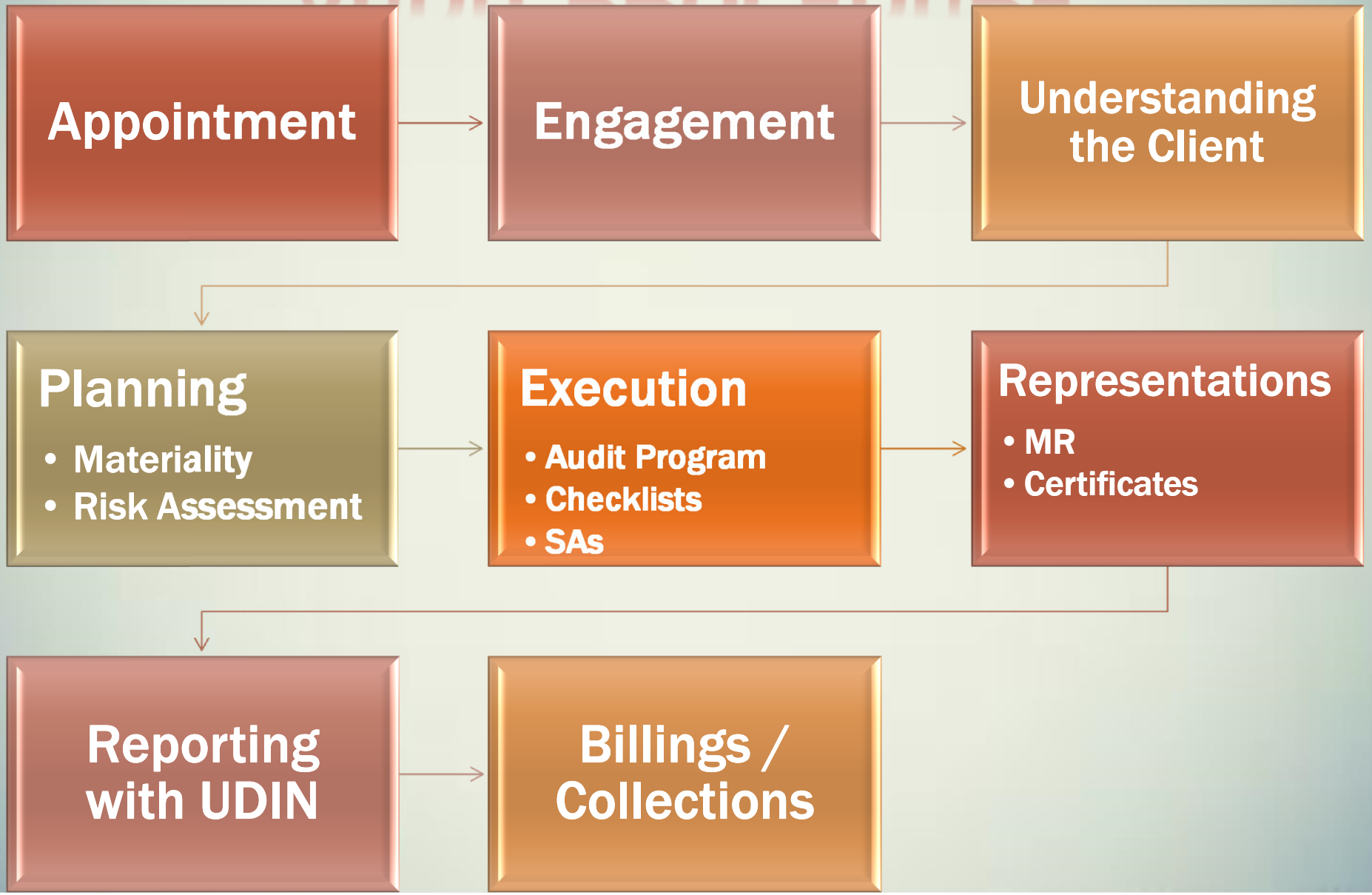
OTHER IMPORTANT POINTS

No.	Standard
SAE 3400	The Examination of Prospective Financial Information
SRS 4410	Compilation Engagements

- SREs, SAEs and SRSs
- Guidance Note on Reports or Certificates for Special Purposes
- UDIN

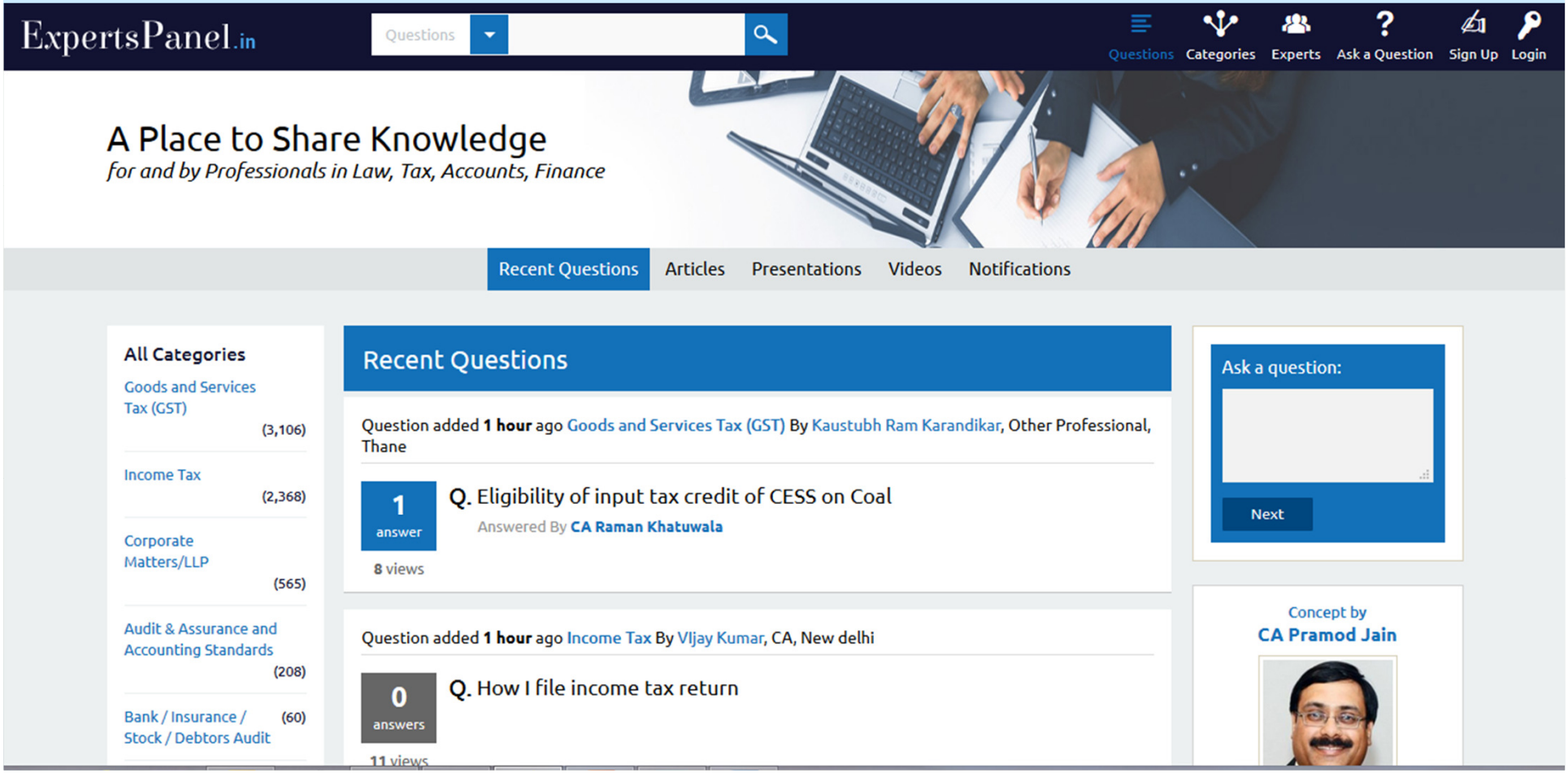
CA. Pramod Jain

AUDIT PROCEDURE



A one stop place where all your Queries can be answered by various Experts throughout the Country

www.expertspanel.in



This Presentation would be available on

www.lunawat.com

Also may download free mobile app

"LUNAWAT"

For all updates & Ready to use Charts since year 2007

Thank You!

CA. Pramod Jain

pramodjain@lunawat.com

+91 9811073867

© 2019 CA. Pramod Jain