

TAX AUDIT

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REQUIREMENTS

- ◆ **DIGITAL SIGNATURES**
- ◆ **FINANCIAL STATEMENTS**
- ◆ **MANAGEMENT REPRESENTATION LETTER**
- ◆ **LATEST UTILITY**



SECTION 44AB

- a) Carrying on business: gross receipts, turnover or sales exceeds 1 Crore**
- b) Profession: gross receipts exceeds 50 Lakhs**
- c) 44AE, 44BB, 44BBB- if income lower than deemed profit**
- d) 44ADA- professional showing less than 50% of receipts**
- e) 44AD- provisions of Section 44AD(4) applicable and his income exceeds the maximum amount**

SECTION 44AB

No Audit if profit declared as per 44AD(1) and turnover, gross receipts does not exceed 2 Crores

Not applicable to the persons covered:

u/s 44B- Income from shipping business in the case of NRI

u/s 44BBA- Income from aircraft business in the case of NRI

**** LLP is required to be audited if its turnover exceed 40 Lakhs or Its contribution exceeds 25 Lakhs= 3CA**

CHANGES

- ❑ Notification no 88/2016 dtd. 29.9.2016
- ❑ Effective from 1.4.2017
- ❑ Clause 13 (d) substituted
- ❑ “(d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)”



CHANGES

☐ *e) If answer to (d) above is in the affirmative, give details of such adjustments:*

Increase in Profit (Rs.)

Decrease in Profit (Rs.)

Net Effect (Rs.)



CHANGES

- ❑ *Advisable to attach a separate sheet disclosing all the ICDS which are applicable on the assessee.*



FORM 3CD

- ◆ All demands/refunds raised or issued during the year pertaining to any period to be reported
- ◆ If there is any adjustment of any demand from the refund issued, mention both demand and refund
- ◆ Also verify whether interest on refund is appropriately disclosed.




CHANGES

- ❑ Notification no 58/2017 dtd. 03.07.2017
- ❑ Effective from 19.07.2017
- ❑ Clause 31 amended
- ❑ **Details of specified sum and Specified Advance to be reported**



CLAUSE 31(a) Old (Amended)

- ☐ (i), (ii), (iii) and (iv) – No change
 - ☐ (v) whether the loan or deposit was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;
 - ☐ (vi) in case the loan or deposit was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.
- 

CLAUSE 31(b) New

Particulars of each **specified sum** in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:—

- (i) name, address and Permanent Account Number (if available with the assessee) of the person from whom specified sum is received;
- (ii) amount of specified sum taken or accepted;



CLAUSE 31(b) New

Specified sum: Any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer took place.

Properties sold or agreed to be sold covered.

Details to be provided party wise.



CLAUSE 31(c) Old - Amended

Repayment of Specified Advance also to be reported

(i), (ii) and (iii) – No change

(iv) whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;

(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.

CLAUSE 31(c) New

Specified Advance: Any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.

Details to be provided party wise.



CLAUSE 31(d) New

Particulars of repayment of loan or deposit or any specified advance u/s 269T received otherwise than by a cheque or bank draft or use of ECS during the previous year:—

- (i) name, address and PAN (if available) of the payer;**
- (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.**

CLAUSE 31(e) New

Particulars of repayment of loan/ deposit/ any specified advance more than 20000/- received by a cheque or bank draft which is not an account payee cheque or account payee bank draft during the previous year:—

- (i) name, address and PAN (if available) of the payer,**
- (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.**

FORM 3CA

- ◆ **Audit report can be for specific period also.**
- ◆ **Space provided for observations/ qualifications for Form 3CD**
- ◆ **Books of Accounts and other relevant documents to be examined**



Audit report under section 44AB of the Income-tax Act, 1961 in a case where the accounts of the business audited under any other law1. * report that the statutory audit of

First Name Middle Name * Last Name

* Address Line1 Address Line2 * City

* * Pincode * PANwas conducted by * Namein pursuance of the provisions of the * Act, and * annex here to a copy of * audated * along with a copy each of(a) the audited * for the period beginning from to ending on (b) the audited balance sheet as at * ;and(c) documents declared by the said act to be part of, or annexed to, the and balance sheet.

2. The statement of particulars required to be furnished under section 44AB is annexed herewith in Form No. 3CD.

3. In opinion and to the best of information and according to examination of books of account including other relevant documents and explanations given to , the particulars given in the said Form No. 3CD are true and correct subject to the following observations/qualifications, if any.

S.No.	Qualification Type	Observations/Qualifications

CONTD....

- ◆ **Utility contains year dropdown up to 2020.**
- ◆ **Name of assessee to be mentioned**
- ◆ **No ceiling limit in case of observations**
- ◆ **Qualifications in Point 5 in dropdown list.**
- ◆ **Total 17 qualifications including one as “Other”**




3CD Part A(1-8)

3CD Part B(9-20)

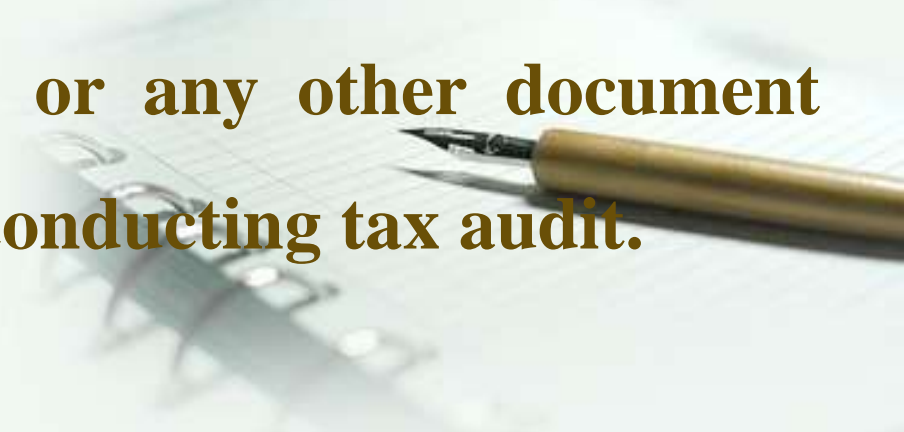
3CD Part B(21-41)

on and to the best of our information and according to the explanations given to us, the particulars
3CD are true and correct, subject to following observations/qualifications, if any:

Qualification Type		Observations/Qualifications
<div>Select</div> <div>Select</div> <div> Delete</div> <div>Name</div> <div>Membership</div> <div>Form Registra</div> <div>Address</div> <div>Place</div> <div>Date</div> <div>Others</div>	<div>Select</div> <div>Proper books of account, to enable reporting in form 3CD, have not been maintained by the assessee.</div> <div>All the information and explanations which to the best of my/our knowledge and belief were necessary for the purpose of my/our audit has not been provided by the ass</div> <div>Documents necessary to verify the reportable transaction were not made available.</div> <div>Proper stock records are not maintained by the assessee.</div> <div>Valuation of closing stock is not possible.</div> <div>Yield/percentage of wastage is not ascertainable.</div> <div>Records necessary to verify personal nature of expenses not maintained by the assessee.</div> <div>TDS returns could not be verified with the books of account.</div> <div>Records produced for verification of payments through account payee cheque were not sufficient</div> <div>Amount of expense related to exempt income u/s 14A of Income-tax Act, 1961 could not be ascertained</div> <div>Creditors under Micro, Small and Medium Enterprises Development Act, 2006 are not ascertainable</div> <div>Prior period expenses are not ascertainable from books of account.</div> <div>Fair market value of shares u/s 56 (2) (viiia)/(viib) is not ascertainable</div> <div>Reports of audits carried by Excise/Service tax Department were not made available</div> <div>GP ratio is not ascertainable from the financial statements prepared by the assessee.</div> <div>Information regarding demand raised or refund issued during the previous year under any tax laws other than Income-tax Act, 1961 and Wealth tax Act, 1957 was not ma</div> <div>Others</div>	

OTHER RELEVANT DOCUMENTS

◆ May be: Bank Statements, TDS/VAT/Excise/Service Tax Returns, sale/purchase deeds, Cost/Excise/Service Audit Reports, Minutes Book, Asstt Orders of various authorities, Branch Auditor's Report, Management Representation Letter, ESI/PF Challans & Returns, SAD Refund Papers, Partnership Deed or any other document which is considered while conducting tax audit.

A close-up photograph of a wooden pen with a silver nib resting on a document. The document features a large, circular official stamp with text in a non-Latin script, likely Hindi, and a grid pattern. The background is slightly blurred, showing more of the document and the pen.

FORM 3-CB

◆ In 3 CB form, two columns for observations-

a) observations/comments/discrepancies/ inconsistencies
(as earlier)

b) observations/qualifications subject to which Form
3CD issued



FORM 3 CD

- ◆ To be filled and compiled by the assessee
- ◆ All negative comments /observations/qualifications relating to **Financial Statements** to be reported in Point 3(b) of Form 3CB
- ◆ All negative comments /observations/qualifications relating to **Form 3CD** to be reported in Point 5 of Form 3CB




FORM 3 CD

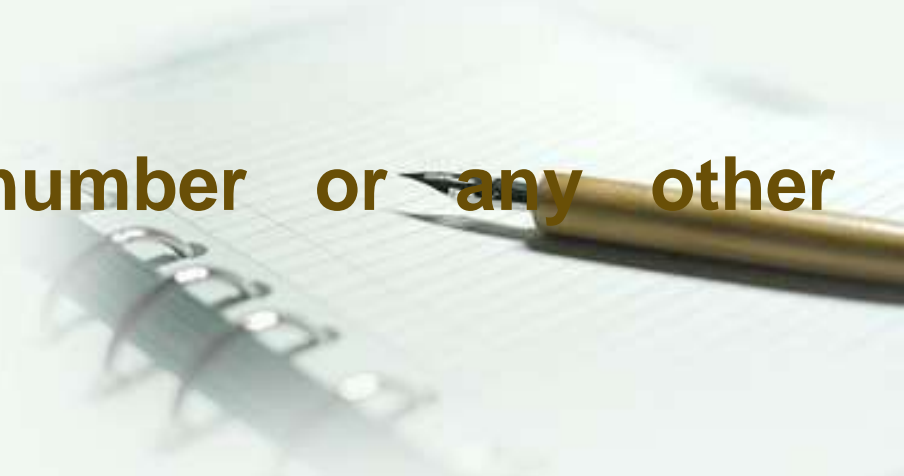
- ◆ **Judicial pronouncements can be relied upon, if relied ,
the same to be disclosed.**
- ◆ **Cross reference between two clauses, ITR-OI and ICDS**
- ◆ **Don't hesitate in making a qualification, if information
not provided or not convinced.**



FORM 3CD, CLAUSE-1

- ◆ Name of proprietorship concern to be mentioned.
 - ◆ In other case, if accounts of individual assessee also verified then his name to be mentioned.
 - ◆ In case assessee has two business- mention the name which is audited.
- 

FORM 3CD, CLAUSE-4

- ◆ May be a good move to catch non return filers (indirect tax), GSTIN- no need
 - ◆ Collect information from assessee in Management Representation Letter (Refer Standard on Auditing 580- “written Representation”)
 - ◆ Mention registration number or any other identification no.
- 

S:NO		Type	Registration /Identification Number
1	<input type="checkbox"/>	<div> <div>Select ▼</div> <div> <div>Select</div> <div>Central Excise Duty</div> <div>Central Custom Duty</div> <div>Service Tax</div> <div>Sales Tax/VAT</div> <div>State Excise Duty</div> <div>Other Indirect Tax/duty</div> </div> </div>	<input type="text"/>
<div> <div>+ Add</div> <div>- Delete</div> </div>			
		<div> <div>Select ▼</div> </div>	
		<div> <div>01/04/2013</div> <div>to</div> <div>31/03/2014</div> </div>	
		<div> <div>2014-15</div> </div>	
<div> <div>the relevant clause of section 44AB under which the audit has been conducted *</div> </div>			

FORM 3CD, CLAUSE-8

- ◆ **Clause (a):** for persons carrying on business if total sales exceeds 1 Crore
 - ◆ **Clause (b):** For persons carrying on profession if total receipts exceeds 50 Lakh
 - ◆ **Clause (c):** For Audits u/s 44AE, 44BB & 44BBB
 - ◆ **Clause (d):** for audits u/s 44ADA
 - ◆ **Clause (e):** for audits u/s 44AD
- ** Partners salary more than 1 Crore to be audited.**

FORM 3CD, CLAUSE-9

- ◆ In case of Firm/AOP, indicate names and profit ratio
- ◆ In case of AOP, whether the share of members are indeterminable or unknown
- ◆ Loss sharing ratio, if different, also to be mentioned.
- ◆ All changes during the year to be reported.
- ◆ Keep- P/ deed, in case of LLP- Agreement, Form 3, 4, 4A as working paper



FORM 3CD, CLAUSE-11(a)

- ◆ S. 44AA prescribes books for professionals only. In other cases, such books of accounts may be maintained which enable the AO to compute income.
- ◆ Section 2(12A) is inclusive definition, Stock register not mentioned.
- ◆ In case assessee covered u/s 44AD, he shall keep books when Section 44AD(4) is applicable and his income exceeds the maximum amount.

FORM 3CD, CLAUSE-11(b)


- ◆ List of Books of accounts maintained *and the address at which the books of accounts are kept*
- ◆ Obtain list of address and books of account kept at each address from assessee
- ◆ Branch Auditors: only details of branch audited to be given



S.No.		Books maintained	Address Line 1	Address Line 2	City or Town or District	State	PinCode
1	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Select ▼	<input type="text"/>



ISSUES

- ◆ In case the Books of Accounts are kept on Cloud, then mention the name of the company
 - ◆ In case of Assessee having ERP, Address of Server and terminals to be given.
 - ◆ Local Laws of a State prescribe to maintain books of accounts, hence necessary to mention each terminal also
 - ◆ Petty cash book, Manual Registers maintained also to be reported
- 

ISSUES

- ◆ If a branch office closed during the year whether the same is also to be reported?
- ◆ Books maintained in “State outside India” also to be reported
- ◆ Auditor need not visit all addresses
- ◆ Check whether informed to AO, useful for survey/search.



FORM 3CD, CLAUSE-11 (c)

List of Books of account and *Nature of relevant documents* examined

- ◆ Nature of relevant documents examined to be reported
- ◆ Also mention the books of accounts examined
- ◆ If an Auditor examines any document other than Books prescribed u/s 2(12A), it may be Other Relevant Document.



FORM 3CD, CLAUSE- 13(c) & 14(b)

◆ Table added in both clauses

a) S. No.

b) Particulars

c) Increase in Profit

d) Decrease in Profit

Deviation in every case



FORM 3CD, CLAUSE- 13(c)

- ◆ Contravention in respect of DVAT, excise duty, if exclusive method followed.
- ◆ However, no impact on Income (Guidance note by ICAI)



FORM 3CD (CLAUSE-17)

- a) Details of property**
- b) Consideration received or accrued**
- c) Value adopted or assessed or assessable**
- ◆ **In case of audit of Prop concern, the reporting to be done only for the business transactions**
- ◆ **If consideration is more than assessed value then not to be reported**
- ◆ **Section 43CA w.e.f 2014-15, if land, building is held as inventory then reporting is required.**
- ◆ **Investments held in Business, then 50C**

FORM 3CD (CLAUSE-17)

- ◆ Obtain a list of all properties transferred during the P.Y. & verify from the Financial Statements.
- ◆ If the property is registered, obtain a copy of sale deed
- ◆ If not registered, verify relevant documents to satisfy the compliance
- ◆ If not satisfied, report the same.
- ◆ Where assessee engaged in Real Estate business and construction is carried out in more than one year, reporting to be made in the year of transfer

FORM 3CD (CLAUSE-17)

- ◆ Where consideration received in installments, reporting in the year when transfer took place.
- ◆ Cross verify from 26AS and ITR –TDS and Clause 31
- ◆ In case of POA transactions- obtain valuation certificate or MR from assessee or give observation.



FORM 3CD (CLAUSE-18)


- ◆ Rate of Computer & Software – 40%
- ◆ Rate of 40% substituted in place of 50,60, 80 and 100%
- ◆ AS-10 Revised w.e.f. 1.4.17 named as Property, Plant and Equipment.
- ◆ Keep in mind the ICDS
- ◆ Depreciation is mandatory – Explanation 5 to Section 32



FORM 3CD, CLAUSE- 19

- ◆ The amounts debited and admissible to be reported
- ◆ Admissibility of an amount to be as per the provisions of the Act, and also fulfills the conditions, if any specified, or Income Tax Rules or any other guidelines, circulars etc issued.
- ◆ Auditor is also required to report whether the conditions specified have been followed or not.

FORM 3CD, CLAUSE-20(b)

- ◆ Month wise details of contributions received from employees to be reported
 - ◆ ESI, PF, Professional Tax, Superannuation fund, Gratuity Fund, Any other welfare fund
 - ◆ All 12 entries to be reported for each fund
 - ◆ Actual amount paid- employee cont. only
 - ◆ Grace period withdrawn w.e.f. February, 2016
- 
- A fountain pen with a gold-colored barrel and a silver-colored nib is lying diagonally across the bottom right of the slide. Below the pen is a spiral-bound notebook with a light-colored cover and a grid pattern on the pages.

FORM 3CD, CLAUSE-21(a)

- ◆ Particulars and amount of each such amount to be reported
- ◆ Entrance fees and subscription incurred at clubs not to be reported- **Clarification required**
- ◆ Capital expenses as per ICDS



CLAUSE 21(b)- 40(a)(i)- Non residents

(A)-Details of payments on which tax is not deducted

Date of payment; amount of payment; Nature of payment; Name & address of the payee

No reporting for expenses which are capitalized



CONTD....

(B): Cases where tax deducted but has not been paid

I. Date of payment

II. Amount of payment

III. Nature of payment

IV. Name & address of payee

V. Amount of tax deducted



CONTD....

- ◆ **40(a)(ia):** same reporting except in case where TDS not been paid on or before the due date amount of TDS deposited also to be reported
- ◆ **40(a)(ic):** Fringe Benefit tax , wherever applicable
- ◆ **40(a)(iia):** any sum paid on account of wealth tax
- ◆ **40(a)(iib):** any amount paid as Royalty, fee etc levied exclusively on or appropriated from a State Govt Undertaking by the State Govt.

CONTD.....

- ◆ 40(a)(iii): Any payment as Salary to NRI or paid outside India where tax has not been deducted or paid report:
- ◆ Date of Payment, Amount of payment and name & address of payee
- ◆ 40(a)(iv): Any payment to PF or other fund.....
- ◆ 40(a)(v): any tax actually paid by an employer as referred in Section 10(10CC)

CONTD.....

- ◆ In case the date of tax audit report is before the due date as specified u/s 139(1), then give a note regarding non payment of TDS in Point no 5 of Form 3CB



FORM 3CD, CLAUSE-21(d)

◆ Now following details to be reported both u/s
40A(3) & 40A(3A)

a) Date of Payment

b) Nature of Payment

c) Amount to be disallowed

d) Name and PAN of the payee, if available



CONTD....

◆ When there was no requirement to obtain the certificate in this regard, ICAI in its Guidance Note on 44AB observed and suggested that:

“There may be practical difficulties in verifying payments made through crossed..... If no proper evidence for such verification of the payments made by crossedis available such a fact could be brought out by appropriate comments in following manner”

CONTD....

- ◆ “It is not possible for us to verify whether the payments in excess of Rs. 20000/-.....”
- ◆ In current Forms we may report as under:
 - “ Documents necessary to verify the reportable transactions were not made available”



FORM 3CD, CLAUSE-22

- ◆ **Micro:** any enterprise(s) if its investment in plant & machinery does not exceed 25 Lakhs if it is engaged in mfr or production of goods pertaining to any industry specified in First Sch. to the Industries Development and Regulation Act, 1951. When providing services, the investment in equipment should not exceed 10 Lakhs

FORM 3CD, CLAUSE-22

- ◆ **Small: Limit of investment between 25 Lakhs to 5 Crores for manufacturing and for servicing should not exceed 2 Crores.**



FORM 3CD, CLAUSE-22

- ◆ **Date of Payment:** date agreed upon which can not travel beyond 45 days
- ◆ **Interest:** Monthly compounded interest from the appointed day (from 16th day of the date of acceptance of goods/services) at three times of the Bank rate notified by RBI.



FORM 3CD, CLAUSE-22

- ◆ **Section 23 of MSMED Act: any interest payable shall be disallowed.**
- ◆ **Obtain MR in respect of MSME entities and interest paid to them.**
- ◆ **Report interest inadmissible whether debited to P & L or not**
- ◆ **Also verify the TDS applicability**

FORM 3CD, CLAUSE-23

- ◆ **PAN mandatory as per Schema**
- ◆ **Related Parties: Section 2(41): Spouse, brother, sister, lineal ascendant and lineal descendent.**



FORM 3CD, CLAUSE-26


- ◆ **43B: any sum payable to the Indian Railways for the use of railway assets. W.e.f. 1.4.17**
- ◆ **Applicable only in case of mercantile system.**



FORM 3CD, CLAUSE-28

- ◆ Details to be given if amount in excess of Rs. 50,000/-
- ◆ Receiver is Partnership firm or company
- ◆ Received asset is shares of closely held company
- ◆ Received without or inadequate consideration


FORM 3CD, CLAUSE-28

- **Name of Person from whom Shares Received**
 - **Pan, if available**
 - **Name of the Company whose shares are received**
 - **CIN**
 - **No. of Shares received**
 - **Amount of Consideration paid**
 - **Fair Market Value of Shares**
- 

FORM 3CD, CLAUSE-29

- ◆ The tax auditor is required to either check the fair market value of the shares provided by the assessee or calculate the same.
- ◆ Relevant Registers , Returns filed with MCA will form other Relevant Documents

FORM 3CD, CLAUSE-29

- **Name of Person from whom consideration received for issue of Shares**
 - **Pan, if available**
 - **No. of Shares issued**
 - **Amount of Consideration received**
 - **Fair Market Value of Shares**
- 

FORM 3CD, CLAUSE-31

- ◆ **Disclaimer**
- ◆ **Same Observation as in case of 40A(3) to be given**
- ◆ **Security deposits against contract are “deposits”**
- ◆ **Accepting/Repaying by Journal Entries: CIT Vs. Worldwide Township Projects Ltd 367 ITR 433 (Del)**



FORM 3CD, CLAUSE-33

- ◆ Deductions under Chapter VI A or Chapter III
- ◆ Deduction claimed under Chapter III also to be reported such as Section 10A and 10AA
- ◆ Admissibility of an amount to be as per the provisions of the Act, and also fulfills the conditions, if any specified, or Income Tax Rules or any other guidelines, circulars etc issued.




FORM 3CD, CLAUSE-34(a)

- ◆ Details of Tax Collected at Source also to be reported
- ◆ Inbuilt checks not provided
- ◆ Also report TDS u/s 194IA



CONTD....

◆ Following details to be reported

1. **TAN- Tax deduction or collection Account Number**
(if TAN not available: **DTAN99999T**)
 2. **Section- Section under which tax deducted or collected**
 3. **Nature of Payment- Whether rent, contractual payments, salary etc. (will appear automatically)**
- 

CONTD....

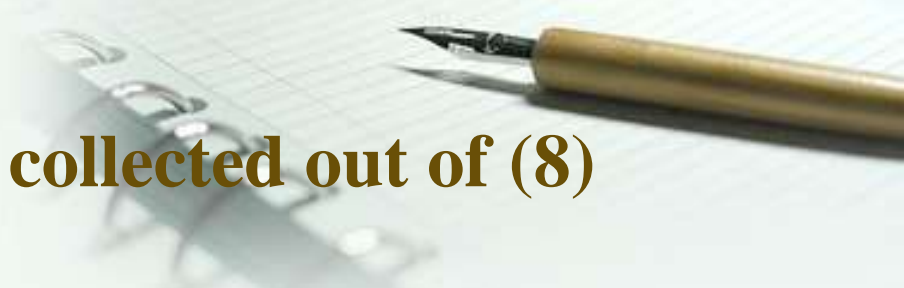
4. Total amount of payment or receipt of the nature specified in Coloumn (3)- Aggregate amount of payment made or collected to be reported e.g. if there are ten payments of contract payments (whether tax deductible or not) total to be reported. Details to be reported as per Profit & Loss account and not as per TDS/TCS return. Also include exempted payments.

CONTD....

5. Total amount on which tax was required to be deducted or collected out of (4)

In this Coloumn, there may be difference of opinion between the assessee an auditor e.g. the assessee deducted TDS u/s 194C while the auditor is of the opinion that TDS should be u/s 194I. There may also be significant difference between column 4 & 5.

CONTD.....

6. Total amount on which tax was deducted or collected at specified rate
 7. Amount of tax deducted or collected out of (6)
 8. *Total amount on which tax was deducted or collected at less than specified rate* e.g. cases where Form 15G/H issued, lower deduction certificate issued by AO, freight paid on which no tax deducted, shortfall in TDS etc.
 9. Amount of tax deducted or collected out of (8)
- 

CONTD....

10. Amount of tax deducted or collected not deposited out of (6) or (8)-Match with clause 21(b)

- ◆ **The details to be reported only when the assessee is liable to deduct or collect**
- ◆ **Section wise total amount to be reported**



ISSUE....

- ◆ As per the clause, **if an assessee is required to deduct or collect tax** as per the provisions of Chapter XVII-B/BB, if yes then furnish:
- ◆ Every assessee is required to deduct tax on salary
- ◆ Details are required to be provided irrespective of any default



FORM 3CD, CLAUSE-34(b)

◆ Details in this clause to be provided if the assessee has either not filed or late filed the TDS/TCS returns.

1. TAN
2. Type of Form- Form 24Q, 26Q etc.
3. Due date for furnishing- If holiday, benefit of doubt can be taken as per General clauses Act.

CONTD....

4. Date of Furnishing, if furnished
 5. Whether the statement of TDS or TCS contains information about all transactions which are required to be reported- **Only “Yes/No”**
- ◆ Auditor has to certify as to all transactions reported in the TDS/TCS returns. Again there may be difference of opinion.

CONTD....

- ◆ If original return does not contain all transactions to be reported but the assessee revised the return
- ◆ Details of revised returns to be given or not- **No**
- ◆ The assessee has not reported the freight paid or Form 15G/H cases
- ◆ Even if fee paid u/s 234E, reporting to be done
- ◆ Don't just rely upon the assessee, verify all transactions from books of accounts

FORM 3CD, CLAUSE-34(c)

◆ *Whether the assessee is liable to pay interest u/s 201(1A) or 206C(7), if yes please furnish:*

1. TAN
2. Amount of interest payable
3. Amount paid along with date of payment


◆ Interest paid during the year also to be reported

◆ Interest on interest not to be reported

CONTD.....

- ◆ Retain the screen shot or print out of the demand of interest as working paper
- ◆ Also reconcile the interest payable as per Form 26AS
- ◆ Even if no order received from CPC regarding interest, if as per provisions, interest is payable, then report

FORM 3CD, CLAUSE-35

- ◆ In view of GST, stock register to be maintained.
 - ◆ Principal Items: more than 10% of the aggregate value of the purchase, consumption or turnover.
 - ◆ SA-501- Audit Evidence- the tax auditor should attend the physical stock taking
 - ◆ Tally with notes as per ICDS
 - ◆ No space for WIP
- 

FORM 3CD, CLAUSE-37,38 & 39

- ◆ Auditor has to read the report and give the relevant observations
- ◆ Auditor not required to give his opinion/comments
- ◆ Generally no report given by the Excise Department
- ◆ If during 2013-14, cost audit of 2012-13 was conducted then report the same
- ◆ Chances of reopening on the basis of reporting

FORM 3CD, CLAUSE-40


- ◆ Ratios of preceding year also to be given.
- ◆ Ratios as a whole and not product wise.
- ◆ Total turnover of the assessee to be reported
- ◆ Stock does not include raw material and
WIP




Serial Number	Particulars	Previous Year			Preceding previous Year		
(a)	Total turnover of the assessee						
(b)	Gross profit / Turnover	Gross Profit	Turnover	(%)	Gross Profit	Turnover	(%)
(c)	Net profit / Turnover	Net Profit	Turnover	(%)	Net Profit	Turnover	(%)
(d)	Stock-in-Trade / Turnover	Stock-in-Trade	Turnover	(%)	Stock-in-Trade	Turnover	(%)
(e)	Finished goods produced/ Material consumed	Finished Goods P	Materials cons	(%)	Finished Goods P	Materials cons	(%)

(The details required to be furnished for principal items of goods traded or manufactured or services rendered)

FORM 3CD, CLAUSE-41

- ◆ Furnish the details of demand raised or refund issued under any tax laws other than Income/Wealth Tax Act alongwith details of relevant proceedings
 - ◆ Collect the information from the assessee
 - ◆ Demand raised or refund issued: whether paid/received also to be reported
 - ◆ Whether only those cases to be reported where proceedings are there- yes
- 

FORM 3CD, CLAUSE-41

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- 

S.No		Financial year to which demand/refund relates to	Name of other Tax law	Type (Demand raised/Refund received)	Date of demand raised/refund received	Amount	Remarks
1	<input type="checkbox"/>	Select ▼	Select ▼	Select ▼	<input type="text"/>	<input type="text"/>	<input type="text"/>
<div><div><div><div><div></div><div></div></div><div><div></div><div></div></div></div><div><div>+</div><div>Add</div></div><div><div>x</div><div>Delete</div></div></div></div>							

- Select
- Central Excise Duty
- Central Custom Duty
- Service Tax
- Sales Tax/VAT
- State Excise Duty
- Other Indirect Tax/duty

- Select
- Demand raised
- Refund received



FORM 3CD, CLAUSE-41

- ◆ **Intention:** To check whether refund included in incomes or not and in case of demands whether expense claimed in respect of same.
- ◆ **Demands in relation to Octroi, Entry tax, Cess, Mandi Tax etc. not to be reported.**
- ◆ **Obtain copy of all orders from the assessee**



FORM 3CD, CLAUSE-41

◆ Cross verify:

- a) Clause 16(b)
- b) Clause 26
- c) Contingent Liabilities
- d) CARO



THANKS

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