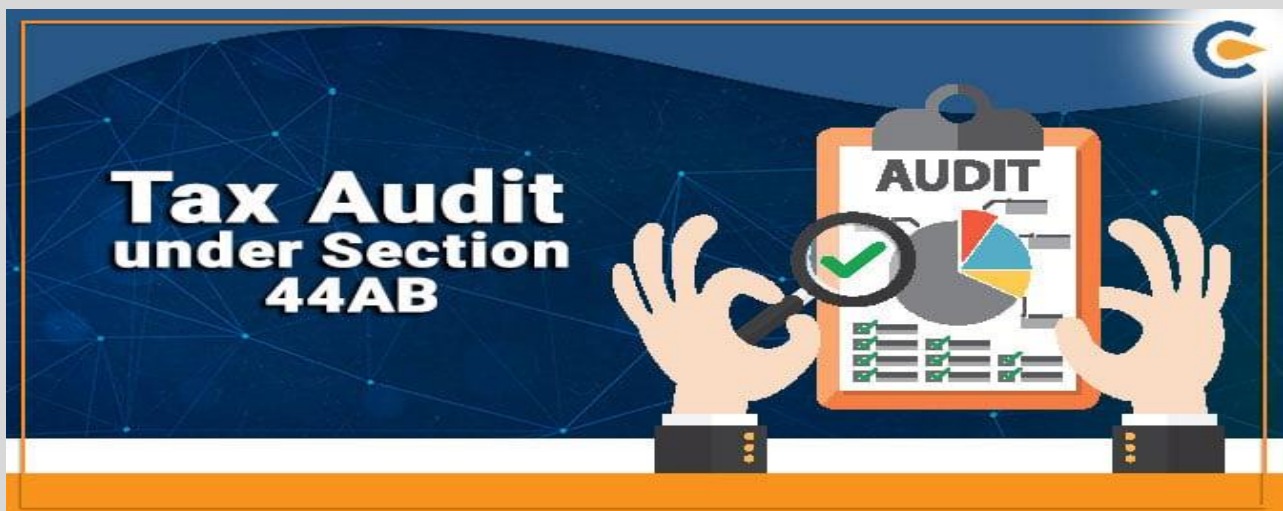


TAX

AUDIT

TAX AUDIT REPORT

Tax Audit as per Sec 44AB of the Income Tax Act is applicable to a business or profession in certain specified situations. Tax Audit Report is the report prepared by a Chartered Accountant in practice after auditing the books of accounts of a business. Under Tax Audit, the CA ensures whether the books of accounts are correctly prepared and the taxable income is accurately calculated as per the provisions of the Income Tax Act.



In the case of an Assesse to whom Tax Audit as per [Section 44AB](#) of the Income Tax Act is applicable, here are the next steps:

- Appoint a Chartered Accountant in practice to audit the books of accounts
- Chartered Accountant files Audit Report in Form 3CB-3CD or Form 3CA-3CD
- Taxpayer files [ITR FORMS](#).

Tax Audit Report – Form 3CA, 3CB, 3CD

The format of the Audit Report is specified by the Income Tax Department with specified particulars. Form 3CA and 3CB is the statement with auditors' information while form 3CD is the statement with details of the tax audit

TAX AUDIT U/s 44AB

There are 3 forms for reporting under section 44AB as follows:

Form 3CA:

- 1.This is the report given by Chartered Accountant Observation related to tax audit.
- 2.3CA Report will be applicable for only Companies.

Form 3CB:

- 1.This is the report given by Chartered Accountant Observation related to tax audit.
- 2.3CB Report will be applicable for Assesses other than Companies.

Form 3CD:

- 1.This is the summary of Tax audit work and related annexures , will be discussed in later slides.
- 2.This is applicable for all assesses.

METHOD TO UPLOAD AND FILE TAX AUDIT REPORT

- Taxpayer adds CA from their Income Tax Account
- CA uploads P&L, Balance Sheet & Tax Audit Report from their income tax account
- Taxpayer approves Tax Audit Report
- Taxpayer files ITR using **Digital Signature Certificate (DSC)**

DUE DATE TO UPLOAD TAX AUDIT REPORT

The due date to file Tax audit report for FY 2023-2024 (AY 2024-2025) is **30th SEP 2024**. And, the due date to file ITR when tax audit is applicable till **31st OCT 2024**.



REMINDER:

**THE DUE DATE IS
EXTENDED TILL OCT 07
2024 FOR THE AY 24-25.**

PENALTY FOR NOT FILING FORM 3CD

- ❖ An Assesse who is liable to get books of accounts audited as per Section 44AB fails to do so, the Assessing Officer i.e. A.O. may impose a penalty under Section 271B. The penalty shall be lower of the following:

**PENALTIES FOR
NOT FILING TAX
AUDIT REPORT IN
INDIA**



- ❖ 0.5% of Total Sales / Turnover of business or 0.5% of Gross Receipts of profession
- ❖ INR 1,50,000. However, If the assessee can prove a reasonable cause for failure to get a tax audit done, the A.O. may not impose the penalty.

DISADVANTAGES OF NOT FILING TAX AUDIT REPORT

Failing to file a tax audit report as required by tax authorities can result in a cascade of penalties and consequences, significantly impacting individuals and businesses. These repercussions, which vary across jurisdictions, underscore the critical importance of adhering to tax compliance regulations.

1. Monetary Penalties.
2. Disallowance of Deductions.
3. Interest Charges.
4. Legal Action.
5. Loss of Tax Benefits.



CONCLUSION

Tax audits play a crucial role in maintaining tax compliance and integrity. While they can be stressful, thorough preparation and organization of financial records can help ensure a smoother audit process. Taxpayers should consider seeking professional assistance to navigate complex situations and to address any findings effectively.

