

FORM NO.3CD

[See rule 6G(2)]

Statements of Particulars required to be furnished Under Section 44AB of the

Income-Tax Act, 1961

PART A

1. Name of the Assessee : National Traders 11-12
2. Address : 80 Feet Road
10th Block, Koramangala
Bengaluru
560068
Karnataka
3. Permanent Account Number : AACCT3705E
4. Status : An Association of Person
5. Previous Year ended : 31-Mar-2012
6. Assessment Year : 2012 - 13

PART B

7. (a) If firm or association of persons, indicate names of partners / members and their profit sharing ratios : As per Annexure
- (b) If there is any change in the partners / members or in their profit sharing ratios since the last Date of the preceding year, the particulars of such change : As per Annexure
8. (a) Nature of business or profession (if there is more than one business or profession is carried on during the previous year, nature of every business or profession) : FMCG
- (b) If there is any change in the nature of business or profession, the particulars of such change : There is No Change
9. (a) Whether book of account are prescribed under Section 44AA, if yes, list of books so prescribed : Not Applicable
- (b) Books of account maintained (in case books of account are maintained in a computer system, mention the books of account generated by such computer system) : Cash Book - Bank Book - Ledger - Journal Register - Purchase Register - Sales Register (in General) in computerised system
- (c) List of books of account examined : Same As Above
10. Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant sections (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section)
11. (a) Method of accounting employed in the previous year : Mercantile System
- (b) Whether there has been any change in the method of accounting employed vis-à-vis the method employed in the immediately preceding previous year : No Change
- (c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss : N/A.
- (d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed Under Section 145 and the effect thereof on the profit or loss : No Deviation
12. (a) Method of valuation of closing stock employed in the previous year :
- (b) Details of deviation, if any, from the method of valuation prescribed Under Section 145A, and the effect thereof on the profit or loss : Nil

continued ...

Latest Changes in Tax Audit Report (Form 3CD)

Section 44AB - Audit of Accounts

Category of person	Threshold
Carrying on business	Total sales, turnover or gross receipts exceeds Rs.1 crore
Carrying on profession	Gross receipts exceeds Rs.50 lakhs
Carrying on business eligible for presumptive taxation u/s 44AE, 44BB and 44BBB	Claims profits or gains lower than the prescribed limit under respective presumptive taxation scheme
Carrying on the profession eligible for presumptive taxation u/s 44ADA	Claims profits or gains lower than the limit prescribed under presumptive taxation scheme & income exceeds maximum amount not chargeable to tax

Category of person

Threshold

Carrying on the business and is not eligible to claim presumptive taxation u/s 44AD due to opting for presumptive taxation in one tax year and not opting for presumptive tax for any of the subsequent 5 consecutive years

If income exceeds maximum amount not chargeable to tax in subsequent 5 consecutive tax years from the tax year where presumptive taxation is not opted for


If the person is required to get his accounts audited under any other law, then it is sufficient if accounts are audited under such other law before the due date of filing the return and prescribed audit report is furnished.

Form 3CD- An Overview

- Every assessee required to obtain audit report in Form 3CA or Form 3CB is further required to obtain the particulars in Form 3CD and the CA is required to comment whether the particulars given therein are true and correct or not.
- Initially Form 3CD has 17 clauses. Thereafter form was amended to have 27 clauses, then 32 clauses and presently it has 41 clauses.
- CBDT vide Notification No.33/2018 dt. 20.07.2018 has notified Income-tax (8th Amendment) Rules, 2018 making substantial changes in the reporting requirement in Form No.3CD (Tax Audit Report particulars), under the powers conferred by section 44AB read with section 295 of the Income-tax Act, 1961.
- Amendment effective from 20.08.2018. Therefore, all forms issued on or after 20th August 2018 shall include the new changes.



It comprises of 6 amendments to existing clauses and introduces 10 new clauses.



Hitherto in Form 3CD there was 41 reporting requirement but now it is 44 but effectively it is 51. Further, clause 28 relating to reporting of sec. 56(2)(viiia) transaction is now redundant with introduction of Clause 29A but the same is not omitted.

Amendment in Existing Clauses

1. Amendment in Clause 4

Goods and Services Tax registration number (GSTIN) to be mentioned.

2. Amendment in Clause 19 and Clause 24

- Allowance under section 32AD of the Act to be reported in clause 19 and deemed gain on sale of asset on which allowance was claimed u/s 32AD to be reported in Clause 24.
- Section 32AD provides allowance @ 15% of the cost of any new assets acquired and installed in an undertaking or enterprise set up for manufacture or production of any article or thing, on or after 1st April 2015 and before 1st April, 2020 in any backward area notified by the CG in this behalf, in the States of Andhra Pradesh, Bihar, Telangana or West Bengal.

- Section 32AD(2) provides that if the asset acquired as per the provision is sold or transferred within 5 years from the date of installation, then the deduction claimed earlier shall be deemed to be the income of assessee and will be charged under the head 'Profits and Gains of Business or Profession'.

3. Amendment in Clause 26

Clause (g) of section 43B which states that any sum payable by the assessee to Indian Railways for the use of railway assets can be claimed only on payment of the same before the date of filing return needs to be reported.

4. Amendment in Clause 31(c) to 31(e) relating to section 269T

The language is modified in as much as the words take or accepted is replaced by repaid in clause (c) and amount of loan or deposit is replaced by repayment of loan or deposit in clause (d) and clause (e).

5. Amendment in Clause 34(b)

If the assessee is required to furnish statement of tax deducted or tax collected at source as per the provisions of Chapter XVII-B or Chapter XVII-BB, then following details would be required to be reported:

Tax deduction and collection Account Number (TAN)	Type of Form	Due date for furnishing	Date of furnishing, if furnished	Whether the statement of tax deducted or collected contains information about all details/transactions which are required to be reported. If not, furnish list of details/ transactions which are not reported.
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Earlier the reporting was only when the assessee has not furnished the statement within the prescribed time. Now in every case whether he has furnished the statement or not, the reporting is to be made.

Insertion of New Clauses

1. Clause 29A: Reporting of amount chargeable under section 56(2)(ix) as income from other sources

- As per section 56(2)(ix) of the Act, if any sum of money is received as an advance or otherwise in the course of negotiations for transfer of capital asset and if such sum is forfeited or the negotiations do not result in transfer of such capital asset, then the same would be taxable as income under the head 'Income from Other Sources'.
- Under the new clause 29A, tax auditor is required to report the nature of such income and the amount involved.
- Section 56(2)(ix) is effective from AY 2015-16. Earlier as per section 51, such amount was deducted from the cost of asset in computing cost of acquisition.

2. **Clause 29B: Reporting of amount chargeable under section 56(2)(x) as income from other sources**

- As per section 56(2)(x) of the Act, any person receiving:-
 - any sum of money, without consideration, aggregate value of which exceeds Rs.50,000, whole of the aggregate value of such sum
 - any capital asset without consideration, the stamp duty value/ aggregate FMV of which exceeds Rs.50,000/-, the stamp duty value/ aggregate fair market value of such property
 - any capital asset for inadequate consideration, which is less than the stamp duty value/ aggregate FMV of property by an amount exceeding Rs.50,000/-, the stamp duty value/ aggregate FMV of such property as exceeds such consideration

shall be chargeable to tax under the head 'Income from Other Sources'.
- Under the new clause 29B, tax auditor is required to report the nature of such income and the amount involved.

- Section 56(2)(x) is applicable from AY 2018-19 and it covers every person. Earlier section 56(2)(vii) cover individual and HUF for which there was no reporting requirement and section 56(2)(viia) cover receipt of shares by a firm or closely held companies without consideration/ lower then FMV for which reporting requirement is in Clause 28. Therefore, with introduction of Clause 29B, Clause 28 has no relevance.
- The FMV of a property is to be determined as per Rule 11UA. Therefore, for determining FMV of unquoted equity shares, FMV of immovable property, shares & securities and the jewellery has to be considered.
- However, for reporting under Clause 29, i.e. for determination of FMV of shares u/s 56(2)(viib), Rule 11UA(2) would apply and accordingly, book value of shares or FMV determined by merchant banker as per DCF method or such method as can be substantiated to the satisfaction of AO can be adopted.
- Form 3CD presently do not provide any reporting requirement for section 50CA effective from AY 2018-19.

3. Clause 30A: Reporting details of Primary Adjustment to Transfer Price u/s 92CE

If any primary adjustment to the transfer price has been made as per section 92CE(1) of the Act, then provide

Sub clause under which adjustment has been made

Amount of adjustment

Whether excess money available with the associated enterprise is required to be repatriated to India as per the provisions of section 92CE(2)

Yes, whether the excess money has been repatriated within the prescribed time

No, amount of imputed interest income on such excess money which has not been repatriated

4. Clause 30B: Reporting details of interest expenditure incurred exceeding one crore rupees as referred u/s 94B(1)

As per Section 94B(1) of the Act, if an Indian Company or a Permanent Establishment of a foreign company in India incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head 'Profits and Gains of Business or Profession' in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent it exceeds 30% of earnings before interest, taxes, depreciation and amortisation (EBITDA).

If the assessee has incurred expenditure by way of interest or similar nature exceeding Rs.1 crore as referred to in section 94B(1), then provide

Amount of expenditure by way of interest or of similar nature incurred in INR

Amount of EBITDA in INR

Amount of expenditure by way of interest or of similar nature in INR which exceeds 30% of EBITDA

Details of interest expenditure brought forward u/s 94B(4): AY and amount in INR

Details of interest expenditure carried forward u/s 94B(4): AY and amount in INR

5. Clause 30C: Reporting of impermissible avoidance arrangements as referred in Section 96

- An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it
 - (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
 - (b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;
 - (c) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or
 - (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

- If an assessee has entered into an Impermissible Avoidance Arrangement as defined in section 96 of the Act, then the following details needs to be furnished:-
 - Nature of the impermissible avoidance arrangement.
 - Amount of tax benefit in the previous year arising, in aggregate, to all the parties to the arrangement.

So now, the tax auditor will also have to look into the applicability of GAAR to the assessee and report on the same.

6. Clause 31(ba), (bb), (bc), (bd): Reporting details of each cash receipt or payment in excess of the limit specified under section 269ST

- Section 269ST provides that no person shall receive an amount of Rs.2 lacs or more-
 - (a) in aggregate from a person in a day; or
 - (b) in respect of a single transaction; or
 - (c) in respect of transactions relating to one event or occasion from a person,otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account.

• Reporting Requirement:-

Clause No.	Reporting Requirement
31(ba)	<p>Particulars of each receipt exceeding the limit specified in section 269ST, otherwise than by cheque or bank draft or use of electronic clearing system through bank account:-</p> <ul style="list-style-type: none">(i) Name, address and PAN of the payer(ii) Nature of transaction(iii) Amount of receipt(iv) Date of receipt
31(bb)	<p>Particulars of each receipt exceeding the limit specified in section 269ST, by cheque or bank draft, not being account payee cheque or account payee bank draft:-</p> <ul style="list-style-type: none">(i) Name, address and PAN of the payer(ii) Amount of receipt

Clause No.	Reporting Requirement
31(bc)	<p>Particulars of each payment exceeding the limit specified in section 269ST, otherwise than by cheque or bank draft or use of electronic clearing system through bank account:-</p> <ul style="list-style-type: none"> (i) Name, address and PAN of the payee (ii) Nature of transaction (iii) Amount of payment (iv) Date of payment
31(bd)	<p>Particulars of each payment exceeding the limit specified in section 269ST, by cheque or bank draft, not being account payee cheque or account payee bank draft:-</p> <ul style="list-style-type: none"> (i) Name, address and PAN of the payee (ii) Amount of payment

Special features of Section 269ST



No Distinction between Capital Receipts or Revenue Receipts



No Distinction between taxable income or exempt income or outside the scope of section 4



No distinction between transaction for business purpose or personal purpose



No exemption in respect of transaction with close



relatives

No exemption for agriculturalist

- Invoice of Rs. 2 Lacs issued on 02/04/2017 and entire amount of Rs. 2 Lacs received in cash on same date.
- Invoice issued for Rs. 2 Lac on 07/04/2017 and Cash Rs. 1 Lac received on 07/04/2017 and Rs. 1 Lac on 08/04/2017.
- Cash received Rs. 2 Lac on 05.04.2017 and bill issued on various dates.
- Amount Received Rs. 2.25 Lac in a day against two invoices
 - Rs. 1.25 Lac for bill no. 5 dt. 05.04.2017
 - Rs. 1 Lac for bill no. 6 dt. 07.04.2017
- Single Invoice No. 5 issued on 05.04.2017 for Rs. 3.10 Lac
 - Rs. 1.50 Lac Received on 05.04.2017
 - Rs. 1.60 Lac received on 10.04.2017



Payment received of Rs. 2.25 Lac on 05.04.2017 against bill of March 2017



Advance of Rs. 3 Lac Received in Cash in March 2017 & Bill issued in April 2017 for Rs. 3 Lac



Bill issued for Rs. 3.50 Lac in March 2017



Part payment of Rs. 2 Lac received in March 2017



Balance Payment of Rs. 1.50 Lac received in April 2017



Advance Received in Cash in March 2017 & April 2017 & Bill issued in April 2017 for Rs. 4 Lac



Part payment of Rs. 3 Lac received in March 2017 &



Balance Payment of Rs. 1 Lac received in April 2017 at the time of issuing of bill

Section - 269ST – Issues

Mr. X engaged following persons on the occasion of marriage of his son and made following payments : -

- i. Mr. Caterer has received payment of Rs. 1.50 Lac against his invoice No. 5 for engagement ceremony on 15.04.2017
- ii. He has further raised invoice of Rs. 1.75 Lac in respect of dinner at wedding celebration on 16.04.2017 received the entire payment in cash on same day.
- iii. Mr. event manager has arranged following services
 - Theme decoration bill of M/s D & Co of Rs. 1 Lac
 - Photography & videography bill of M/s P & V of Rs. 1.25 Lac
 - Music party invoice of Rs. 1.75 Lac on M & P party
 - He has also raised his invoice of Rs. 51,000/- towards his service chain

- Cash gift of Rs. 6.60 Lac received by Chirag Kumar on the function of Sagai of his son on 15-Apr-17
 - From Ram Rs. 1.50 Lac
 - From Dinesh Rs. 1 Lac
 - From Ramesh Rs.1.99 Lac
 - From Hasmukh Rs. 2.11 Lac
- Cash gift of Rs. 2.92 Lac received by Chirag Kumar on the marriage of his Son on 16Apr-2017 at Reception
 - From Dinesh Rs. 1.50 Lac
 - From Ram Rs. 41000
 - From Karan Rs. 1.01 Lac



Imprest advance given to Ram of Rs. 3 Lac by M/s ICICI Bank for organising Board meeting at Mumbai :



He has made payment of Rs. 1 Lac towards room charges of Hotel X.



He has paid Rs. 1,25,000/- towards Hall & Food Charges to Hoel X.



He has also incurred Rs. 8,000/- towards other flower & other exp. procured from market



He has paid Rs. 11,000/- to Jain stationery for purchase of stationery.



Receipt of Rs. 5,00,000/- by Arhatia who sells the crop on behalf of farmers in Mandi.



Payment by Arhatia to farmers of Rs. 5 Lac towards sale of agriculture produce in Mandi



Fortis Hospital has received Rs. 2.25 Lac towards treatment of DinaRam from following persons : -



On 25.05.2017 Rs. 100000 by Dinesh



On 26.05.2017 Rs. 50000 by Karan



On 27.05.2017 Rs. 75000 by Mahendra

Transactions between Firm / AOP / LLP with its partners / Members

- Capital contribution by Mr. X Rs. 1.75 Lac in cash and Rs. 2 Lac in stock.
- Cash withdrawal exceeding Rs. 2 Lac by partner from its capital account in single day.
- Conversion of proprietorship concern into partnership firm having cash balance & other assets exceeding Rs. 2 Lac
- Cash balance of Rs. 10 Lac of Firm lying with partner Mr. X
- Cash remitted to partner at Ganganagar for site Expenses of Rs. 2.50 Lac.

- Receipts on Holiday i.e. 15th Aug/Sunday/Any other national Holiday, when bank are closed.
- Receipts by Person who is not having any bank account.
- Bank account is non-operational and require time to activate
- Receipts of Rs. 2.50 Lac from trader due to sale of : -
 - Agriculture Commodity of Rs. 1.90 Lac
 - Handicraft items of Rs. 0.60 Lac



Receipts on sale of personal effects by individual which is not chargeable to tax as it is not a capital asset under section 2(14) of the Act.



Sale of Motor Car which is used for personal purposes.



Sale of Computers which is used for personal purposes.



Mutuality Transactions i.e.



Capital Contribution by members of AOP more than Rs. 2 Lac to apply for any contract / tender etc. even prior to formation of AOP.



Contributions by member to society.



Loan in Cash by co-operative society to its members.



Cash Repayment of Loan by member to Society.

7. **Clause 36A: Deemed Dividend under section 2(22)(e) required to be reported**

- Deemed dividend means any payment by a company, not being a company in which the public are substantially interested, of any sum, by way of advance or loan
 - to a shareholder, being a person who is the beneficial owner of shares holding not less than ten per cent of the voting power, or
 - to any concern in which such shareholder is a member or a partner and in which he has a substantial interest, or
 - to any person on behalf, or for the individual benefit, of any such shareholder

to the extent to which the company in either case possesses accumulated profits

- If the assessee has received any amount in the nature of dividend under section 2(22)(e), then the amount received and the date of receipt are required to be disclosed.
- From AY 2019-20, the applicability of deemed dividend has been shifted from the recipients to the company and the tax rate is 30%..

8. Clause 42: Details with respect to Form No. 61, Form No. 61A and Form No. 61B to be provided

Form No.61:- Statement containing particulars of declaration received in Form No.60

- Rule 114D(1)- Half yearly statement containing particulars of declaration in Form No.60 to be furnished in Form No.61 through online to DIT(Intelligence and Criminal Investigation) or JDIT(Intelligence and Criminal Investigation).
- Form No.60- Form for declaration to be filed by an individual or a person (not being a company or firm) who does not have PAN and who enters into any transaction specified in rule 114B.
- Rule 114B- Transactions in relation to which PAN is to be quoted in all documents for the purpose of section 139A(5A). One of such transaction is sale or purchase, by any person of goods or services of any nature for an amount exceeding Rs.2 lacs per transaction.

Form No.61A: - Statement of Specified Financial Transaction u/s 285BA(1) of IT Act

- Section 285BA- Any specified person who is responsible for registering or maintaining books of accounts or other document containing record of any specified financial transaction (SFT) or any reportable account as may be prescribed shall furnish a statement in respect of such SFT or such reportable account to income tax authority or other authority as may be prescribed.
- Rule 114E- Every person in respect of the transaction of specified nature and value entered on or after 01.04.2016 in respect of FY has to furnish a statement in Form No.61A through online. One of such transaction is receipt of cash payment exceeding Rs.2 lacs for sale of goods or services of any nature by any person who is liable for audit u/s 44AB. Such person shall take into account all accounts of same nature and aggregate all transactions of same nature in respect of that person during the FY.

Form No.61B:- Statement of Reportable Account u/s 285BA(1) of IT Act

- Rule 114G- Every reporting financial institution shall furnish the statement of reportable account in Form No.61B in respect of each account which has been identified as a reportable account in pursuant to due diligence procedure specified in Rule 114H. Where no account has been identified as a reportable account, a nil statement shall be furnished by reporting financial institution.
- Reporting financial institution means:-
 - (a) a financial institution which is resident in India but excludes any branch of such institution that is located outside India, and
 - (b) any branch, of a financial institution which is not resident in India, if that branch is located in India.

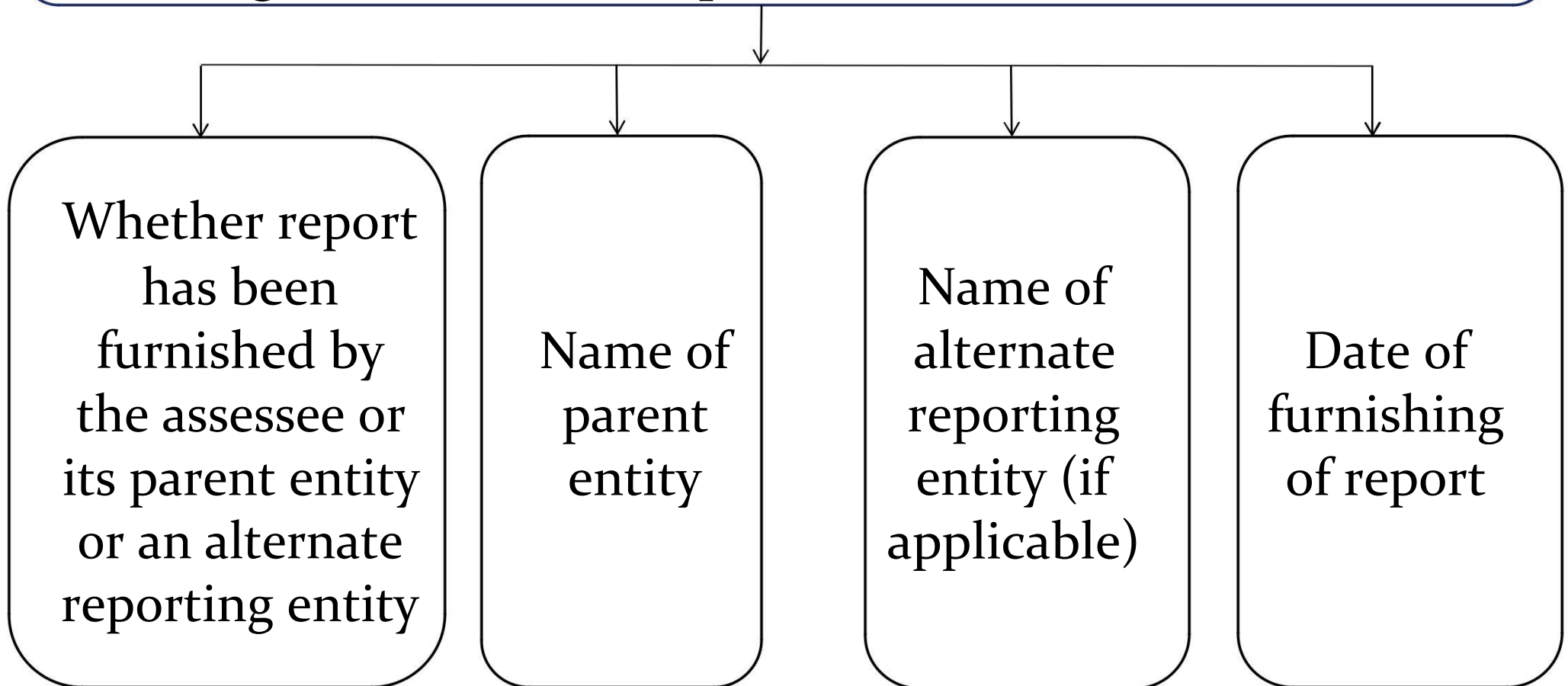
Reporting Requirement

The following details of Form 61, Form 61A and Form 61B, if submitted, are to be disclosed:

Income tax Department Reporting Entity Identification Number	Type of Form	Due date for furnishing	Date of furnishing, if furnished	Whether the form contains information about all details/ transactions which are required to be reported. If not, furnish list of details/ transactions which are not reported.

9. Clause 43: Furnishing of report in respect of international group u/s 286

If the assessee or its parent entity or alternate reporting entity is liable to furnish the report u/s 286(2), then the following details are to be provided:



10. Clause 44: Break up of total expenditure of entities registered or not registered under GST

Sl No	Total amount of expenditure incurred during the year	Expenditure in respect of entities registered under GST				Expenditure relating to entities not 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		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	

