



Sambalpur Branch of EIRC – E-Newsletter

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Branch Chairman's Message



Dear Professional Colleagues

True leadership fosters a culture of self-reliance by encouraging individuals to harmonize

innovation with tradition, ensuring everyone participates in shaping a sustainable and thriving future. The realm of revolution and transformation which is revolving around the globe has created an atmosphere of rapid changes and tough challenges.

In the journey of making India a global leader, the Chartered Accountancy (CA) profession stands at the forefront, playing a pivotal role in navigating the complexities of a rapidly changing world. Chartered Accountants are not merely financial experts, we are strategic leaders and trusted advisors who uphold the pillars of transparency, accountability and ethical governance. Our path ahead requires collaboration, innovation and a commitment to excellence. With vision and leadership, we can ensure that India not only sustains its growth but becomes a beacon of progress, setting global standards for financial leadership and ethical practices.

Leadership: Core of Professional Excellence & Sustainable Growth

Leadership, at its core, is more than being about influence or decision-making, — it is about values. True leadership arises from a resolute commitment to core principles that guide behaviour, inform decisions, and inspire others. As Chartered Accountants, we stand as guardians of integrity, custodians of accountability, and champions of transparency. These values are the bedrock of our profession and they must serve as the foundation of leadership at every level.

Leadership, in all its forms, has become a defining feature of our profession. But beyond individual leadership lies a broader responsibility: building a culture grounded in core values that fosters leadership across every level— individual, organizational, and national. Today, as India takes its place as a global economic powerhouse, ICAI is uniquely positioned to support the nation not just through technical expertise, but by nurturing an ecosystem where values-based leadership can thrive and sustain the country's ascent.

ICAI: Nurturing the Financial Leaders of Tomorrow

Over the last 75 years, ICAI has evolved as the symbol of resilience, growth, and transformation. The core values of courage, trust, and commitment inspire our mission. The Profession flourishes in diverse environments, with expertise across diverse landscapes, inspiring positive change. We

promote professional excellence by fostering a culture of lifelong learning amongst members and students, cultivating responsible citizens through a holistic education and skill development that nurtures talent and upholds the principles of excellence, independence, and integrity.

The Institute has been a Partner in Nation-Building, recognizing the critical role of financial leaders in the country's progress and their significance in representing the nation on the global stage. ICAI's role as an institute of eminence is not just about producing excellent accountants—it is about creating global leaders who embody the values of integrity, excellence, and innovation.

Chartered Accountants: Shaping India's Path to Development

Chartered Accountants (CAs) are unsung heroes and leaders in India's journey toward economic development. CAs are instrumental in driving the success of organizations across sectors. The ICAI is committed towards the vision of Atmanirbhar Bharat by fostering self-reliance and economic sovereignty in the nation." The expertise of CAs in financial planning, cost management, and compliance is invaluable, especially for startups seeking sustainability and scalability. By providing essential advisory services, CAs contribute significantly to the startup ecosystem, which is a cornerstone of India's growth narrative.

Moreover, CAs promote financial literacy across various sectors, enhancing public understanding of financial health—a crucial aspect of economic empowerment. Their commitment to maintaining robust financial systems and regulations aligned with

international standards plays a pivotal role in elevating India's status as a global leader. By upholding high standards of corporate governance, optimizing tax strategies, and ensuring compliance with global practices. Chartered Accountants are laying a strong foundation for financial growth and contributing to India's emergence as a global economic leader.

Conclusion

As the world watches India's ascent, driven by professionalism and excellence, leadership will be the cornerstone of its economic growth, social progress, and global influence. We the professionals, are serving as the architects of tomorrow, will lead innovations, foster entrepreneurship, and nurture a culture of excellence. Chartered Accountants, as trusted advisors and strategic leaders will be at the forefront of India's growth story, and we as professionals are ready to build India into a global leader. The leadership, rooted in values of innovation, collaboration, and inclusivity, will shape the industries of the future.

Wishing You Prosperity and Joy I extend warmest wishes to all for the festival season. May these celebrations inspire unity, strengthen bonds, and bring happiness and prosperity into your lives. Wishing you positivity, success, and abundance in all that you do.

Thank you.

CA Rajendra Agrawal

Chairman

Sambalpur Branch of EIRC of ICAI

Clause wise analysis of Form 3CD under Income Tax Act

Form No. 3CA/3CB is a format of audit report, whereas Form 3CD is a Statement of particulars required to be furnished under Section 44AB of the Income-tax Act.

Form 3CD requires detailed and exhaustive reporting, ranging from basic identification information to comprehensive financial disclosures, ensuring transparency and compliance with the Income Tax Act. Misreporting or non-compliance can lead to significant penalties, so it's critical for assesseees and their tax auditors to understand each clause thoroughly.

The objective of Form 3CD is to provide the Income Tax Department with comprehensive details of the taxpayer's financial situation and compliance with the provisions of the Income Tax Act. It aids in ensuring transparency and accurate reporting of taxable income.

The disclosure and reporting in various clauses of Form 3CD are to be done as under:

Clause 1 to 8: Basic Information

Clause 1 of [Form No. 3CD](#) requires the tax auditor to state the name of the assessee.

Clause 2 of [Form No. 3CD](#) requires the tax auditor to state the address of the assessee.

Clause 3 of [Form No. 3CD](#) requires the tax auditor to state the PAN or Aadhaar Number of the assessee.

Clause 4 of [Form No. 3CD](#) requires the tax auditor to state

- Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, goods and services tax, customs duty, etc.
- If yes, please furnish the registration number or GST number, or any other identification number allotted for the same.

The tax auditor is to state the "status" of the assessee against clause 5. Status here means status in accordance with the definition of 'person' in [section 2\(31\)](#) of the Act. (i.e. Individual / HUF / Firm / LLP / Company / Trust / AOP/BOI / Local Authority / Artificial Juridical Person / Co-operative Society / Co-operative Bank)

The tax auditor is to state the "Previous year" against clause 6.

The tax auditor is to state the "Assessment Year" against clause 7.

Clause 8 requires the tax auditor to indicate the relevant clause of [section 44AB](#) under which the audit has been conducted.

Clause 8A requires the tax auditor to indicate whether the assessee has opted for taxation under [Section 115BA](#) / [115BAA](#) / [115BAB](#) / [115BAC](#) / [115BAD](#).

Clause 9 to 12: Books of Accounts

Clause 9 applies only to firms, LLPs, Association of Persons (AOPs), and Body of Individuals (BOIs). The requirements of clause 9 are as under:

- Clause 9(a) - Names of partners/members of firm/LLP/AOP/BOI and their Profit Sharing Ratio

➤ Clause 9(b) - Changes in partners/members or their Profit Sharing Ratio

Clause 10 is applicable to all assessee covered under tax audit. The requirement of clause 10 is as under:

- Clause 10(a) - Nature of business or profession.
- 10(b) - Clause 10(b) is applicable and question in clause 10(b) is to be answered as "Yes" only if

- There is an addition of a new line of business/profession during the previous year; or
- There is discontinuance of any business/profession during the previous year;

Clause 11(a) - Whether books of account are prescribed under [section 44AA](#), if yes, list of books so prescribed.

Clause 11(b) - List of books of account maintained and the address at which the books of account are kept. (In case books of account are maintained in a computer system, mention the books of account generated by such computer system. If the books of account are not kept at one location, please furnish the addresses of locations along with the details of books of account maintained at each location.)

Clause 11(c) - List of books of account and nature of relevant documents examined.

Clause 11(a) will apply only in respect of the assessee for whom books of account have been prescribed under [section 44AA](#). However, Clause 11(b) and 11(c) shall apply to all assessee, whether or not they are assessee for whom books of account have been prescribed under [section 44AA](#).

The following are the requirements of clause 12 :

Whether the profit and loss account includes any profits and gains assessable on presumptive basis [under [sections 44AD, 44ADA, 44AE, 44AF](#) (non-operative with effect from the assessment year 2011-12), [44B, 44BB, 44BBA, 44BBB](#), Chapter XII-G, First Schedule or Any other relevant section]?

If yes, the following information should be indicated against clause 12 :

The amount; and

The relevant section of the Income-tax Act, 1961.

Clause 13 to 15: Revenue Recognition and Policies

- Clause 13(a) - Method of accounting employed in the previous year.
- Clause 13(b) - Whether there had been any change in the method of accounting employed vis-a-vis the method employed in the immediately preceding previous year.
- Clause 13(c) - If the answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss.
- Clause 13(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\(2\)](#).
- Clause 13(e) - If the answer to (d) above is in the affirmative, give details of such adjustments.
- Clause 13(f) - Disclosure as per ICDS.

Clauses 13(a) to (c) apply to all assessee. However, Clauses 13(d) to (f) apply only to

assessee following the mercantile system of accounting as the ICDs under [section 145\(2\)](#) apply only to assessee following the mercantile system of accounting.

- Clause 14(a) requires the tax auditor to state the method of valuation of closing stock in the previous year.
- Clause 14(b) is applicable in case of deviation from the method of valuation prescribed under [Section 145A](#) and the effect thereof on the profit or loss.

Clause 15: Particulars of capital asset converted into stock-in-trade has to be reported against this clause. (i.e. Description of capital asset, Date of acquisition, Cost of acquisition, and Amount)

Clause 16 to 21: Compliance and Tax Deductions

Clause 16 requires the tax auditor to report the items covered by sub-clauses (a) to (e) which have not been credited to the profit and loss account. The tax auditor is required to report under this clause only those items that can be found from a scrutiny of the books and other information made available for a tax audit. The tax auditor has no obligation to report those items which are outside the books of account and which cannot be found by normal audit procedures.

Clause 16(a) requires the tax auditor to report items falling within the scope of [section 28](#) which have not been credited to the profit and loss account.

Clause 16(b) refers to refunds, proforma credits, and drawbacks of excise duty, customs duty, sales tax, VAT, service tax, GST, and other indirect taxes.

Clause 16(c) requires the tax auditor to report 'escalation claims' not credited to the profit and loss account.

Clause 16(d) requires the tax auditor to report 'any other income' not credited to the profit and loss account.

Clause 16(e) requires the tax auditor to report capital receipts not credited to the profit and loss account.

Here, sub-clauses (b) and (c) will not apply to an assessee following the cash basis of accounting. However, Other sub-clauses of clause 16 - sub-clauses (a), (d), and (e) will apply irrespective of the method of accounting followed by the assessee.

Reporting obligations under clause 17 apply when the following conditions are satisfied:

- There is a transfer by the assessee.
- Transfer is of land or building or both. It does not matter whether such land or building or both is held as a capital asset or stock in trade as clause 17 refers to both [section 50C](#) and [section 43CA](#).
- Transfer is for consideration.
- Such consideration is less than the stamp duty value.
- Transfer is during the previous year.

Clause 18 requires particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form: -

- (a) Description of asset/block of assets.
- (b) Rate of depreciation.
- (c) Actual cost of written down value, as the case may be.
- (ca) Adjustment made to the written down value under [section 115BAC/115BAD](#) (for the assessment year 2021-22 only).

(cb) Adjustment made to the written down value of Intangible asset due to excluding the value of goodwill of a business or profession.

(cc) Adjusted written-down value.

(d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of –

- Central Value Added Tax credits claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1st March, 1994,
- change in the rate of exchange of currency, and
- subsidy or grant or reimbursement, by whatever name called.

(e) Depreciation allowable.

(f) Written down value at the end of the year.

Clause 19 required particulars of the amount debited to the profit and loss account and the amount admissible as per the provisions of the Income-tax Act, 1961 under [Section 32AC](#), [32AD](#), [33AB](#), [33ABA](#), [35\(1\)\(i\)](#), [35\(1\)\(ii\)](#), [35\(1\)\(iia\)](#), [35\(1\)\(iii\)](#), [35\(1\)\(iv\)](#), [35\(2AA\)](#), [35\(2AB\)](#), [35ABA](#), [35ABB](#), [35AC](#), [35AD](#), [35CCA](#), [35CCB](#), [35CCC](#), [35CCD](#), [35D](#), [35DD](#), [35DDA](#), [35E](#).

- Clause 20(a) - Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend. [[Section 36\(1\)\(ii\)](#)]
- Clause 20(b) - Details of contributions received from employees for various funds as referred to in [section 36\(1\)\(va\)](#).

Clause 21(a) - This clause requires details of the amount debited to the profit and loss account, being in the nature of capital expenditure, personal expenditure, advertisement expenditure, etc.

Clause 21(b) - Clause 21(b) sets out a format to present information of inadmissible expenses under clause (a) of [section 40](#) sub-clause-wise.

Clause 21(c) - Amounts debited to profit and loss account being, interest, salary bonus, commission, or remuneration inadmissible under [section 40\(b\)/40\(ba\)](#) and computation thereof. This clause applies only to partnership firms/Limited Liability Partnerships (LLPs)/AOPs/BOIs.

Clause 21(d) -

Clause 21(d)(A) requires the tax auditor to state "On the basis of the examination of books of account and other relevant documents/evidence, whether the expenditure covered under [section 40A\(3\)](#) read with rule 6DD were made by account payee cheque drawn on a bank or account payee bank draft".

Clause 21(d)(B) of Form No.3CD requires the tax auditor to state "on the basis of the examination of books of account and other relevant documents/evidence, whether the payment referred to in [section 40A\(3A\)](#)

read with rule 6DD were made by account payee cheque drawn on a bank or account payee bank draft".

Clause 21(e) - This clause requires reporting of "provision for payment of gratuity not allowable under [section 40A\(7\)](#)". This clause is relevant only in the context of assessee's following mercantile system of accounting.

Clause 21(f) - Clause 21(f) requires reporting of amounts covered by [section 40A\(9\)](#).

Clause 21(g) - This clause requires reporting particulars of contingent liabilities.

Clause 21(h) - Clause 21(h) requires reporting of "amount of deduction inadmissible in terms of [section 14A](#) on respect of expenditure incurred in relation to total income which does not form part of total income". This clause applies to all assesseees who have taxable income as well as exempt income.

Clause 21(i) - clause 21(i) requires reporting of amounts inadmissible in terms of proviso to [section 36\(1\)\(iii\)](#).

Clause 22 to 29: Specific Disclosures

Clause 22 requires particulars of the amount of interest inadmissible under Section 23 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Clause 23 requires particulars of payments made to persons specified [under 40A\(2\)\(b\)](#) (i.e. Name, PAN, Relation, Nature of transaction, and Amount)

Clause 24 requires particulars of amounts deemed to be profits and gains under [Section 32AC, 32AD, 33AB, 33ABA, or 33AC](#).

Clause 25 requires particulars of amounts deemed to be profits and gains under [Section 41](#) and computation thereof. (i.e. Name of person, Amount of income, Section, Description of transaction, and Computation if any)

Clause 26 requires disclosures of sums incurred and paid which are referred to in

clauses (a) to (g) [except clause (da) of [section 43B\(1\)](#)].

Clause 26(i)(A) - Information required In respect of any sum referred to in clauses (a),(b),(c),(d),(e),(f), or (g) of [section 43B](#), the liability for which pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was paid during the year, or not paid during the year.

Clause 26(i)(B) - Information required In respect of any sum referred to in clauses (a),(b),(c),(d),(e),(f), or (g) of [section 43B](#), the liability for which was incurred in the previous year and was paid on or before the due date for furnishing the return of income of the previous year under [section 139\(1\)](#), or not paid on or before the aforesaid date.

Clause 26(i)(A) and Clause 26(i)(B) are relevant only for assesseees following the mercantile system of accounting.

Clause 27(a) - Amount of Central Value Added Tax Credits/Input Tax Credit(ITC) availed of or utilized during the previous year and its treatment in profit and loss account and treatment of outstanding Central Value Added Tax Credit/Input Tax Credit(ITC) in accounts. Clause 27(a) will apply to all assesseees registered under GST/Central Excise.

Clause 27(b) - Particulars of income or expenditure of the prior period credited or debited to the profit and loss account. Clause 27(b) dealing with prior period items applies only to assesseees following the mercantile system of accounting.

Clause 28 requires to report whether during the previous year, the assessee received any

consideration for the issue of shares which exceeds the fair market value of the shares as referred to in [section 56\(2\)\(viib\)](#).

Reporting obligation under clause 29 is triggered if the following conditions are satisfied:

- assessee is a closely held company (other than DPIIT - recognised start-up eligible for exemption);
- assessee issues shares at a premium; and
- the consideration received for the issue of shares exceeds the fair market value as referred to in [section 56\(2\)\(viib\)](#)

If the above conditions are not fulfilled, then the tax auditor shall simply state "No" against clause 29. If the above conditions are fulfilled, the tax auditor shall state "Yes" against clause 29 and also furnish details of shares so received.

Clause 29 shall apply only to closely held companies except DPIIT-recognised start-ups which satisfy the condition for exemption.

Clause 29A pertains to the amount received and forfeited which is taxable u/s 56(2)(ix).

Clause 29B pertains to gifts/deemed gifts received which are taxable u/s 56(2)(x). Therefore, reporting in respect of clause 29B which pertains to 'income from other sources' is required only to the extent entries in relation to such income are made in books of business or profession. Tax auditor is not liable to report in respect of income covered by clause 29B if no entries in relation to that are made in books of business or profession.

The reporting requirement is whether any amount is to be included as income chargeable under the head 'Income from other sources'. If the answer is 'yes', the details to be

furnished are (i) Nature of income and (ii) Amount.

Clause 30 to 40: Other Critical Disclosures

Clause 30 requires particulars of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque. [[Section 69D](#)]

Clause 30A requires particulars about whether the primary adjustment to transfer price, as referred to in sub-section (1) of [section 92CE](#), has been made during the previous year.

Clause 30B requires particulars about whether the assessee has incurred expenditure during the previous year by way of interest or of similar nature exceeding one crore rupees as referred to in sub-section (1) of [section 94B](#).

Clause 30C requires the tax auditor to report any impermissible avoidance arrangement (IAA) entered into by the assessee (auditee). Tax Auditor is required to report under clause 30C only if the following 4 ingredients are cumulatively satisfied:

- There exists an 'arrangement'
- Main purpose' or sole purpose of 'arrangement' is to obtain a 'tax benefit'
- Such 'Avoidance Arrangement' is 'Impermissible'
- Such arrangement for tax avoidance which is impermissible (Impermissible Avoidance Arrangement or IAA) has been 'entered into' or 'carried out' by the assessee

Clause 31(a) deals with the acceptance of loan or deposit in an amount exceeding the limit specified in [section 269SS](#) (i.e. Rs. 20,000).

Clause 31(a) is not applicable in respect of the following assesseees:

- any banking company;
- any corporation established by a Central, State, or Provincial Act;
- any Government company as defined in section 617 of the Companies Act, 1956 [now section 2(45) of the Companies Act, 2013].

Clause 31(b) deals with the receipt of a specified sum i.e. money receivable as advance or otherwise in relation to the transfer of immovable property whether or not the transfer takes place.

Clause 31(ba) requires reporting of 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 on respect of transactions relating to one event or occasion from a person, during the previous year, where such receipt is otherwise than by a cheque or a bank draft or use of ECS through a bank account.

Clause 31(bb) requires reporting of particulars of each receipt in an amount exceeding the limit specified in [section 269ST](#) as above received by a cheque or bank draft not being an account payee cheque or an account payee bank draft.

Clause 31(bc) requires reporting of particulars of each payment made in an amount exceeding the limit in [section 269ST](#), otherwise than by an account payee cheque or account payee bank draft or use of ECS, during the previous year. Clause 31(bd) requires particulars of each payment exceeding the limit specified in [section 269ST](#), made by a cheque or bank draft, not being an account

payee cheque or an account payee bank draft, during the previous year.

Clause 31(c) pertains to the repayment of loans/deposits/specified advances in an amount exceeding the specified limit of [Section 269T](#).

Clause 31(d) pertains to the repayment of loans/deposits/specified advances which satisfies the following conditions:

- i) Repayment is made during the previous year
- ii) Repayment is made in an amount exceeding the limit in [section 269T](#) (i.e. Rs. 20,000)
- iii) Mode of repayment is immaterial - it does not matter whether the mode of repayment is [section 269T](#) compliant or not.
- iv) Such loans/deposits/advances repaid were received in contravention of [section 269SS](#) in the previous year i.e. these were received otherwise than by specified non-cash modes.

Clause 31(e) pertains to the repayment of loans/deposits/specified advances by cheque or bank draft not crossed at all or crossed without the addition of words "account payee" and which satisfy conditions (i) to (iii) above.

(Particulars at (c), (d), and (e) need not be given in the case of a repayment of any loan or deposit or any specified advance taken or accepted from the Government, Government company, banking company, or a corporation established by the Central, State or Provincial Act)".

Clause 32(a) requires particulars of brought forward loss or depreciation allowance.

Clause 32(b) requires the tax auditor to state whether a change in shareholding of the company has taken place in the previous year due to which the losses incurred prior to the previous year cannot be allowed to be carried forward in terms of [section 79](#).

Clause 32(c) requires the tax auditor to state whether the assessee has incurred any speculation loss referred to in [section 73](#) during the previous year, if yes, then the tax auditor is required to furnish the details of the same against clause 32(c).

Clause 32(d) requires the tax auditor to report whether the assessee has incurred any loss referred to in [section 73A](#) in respect of any specified business in the previous year. If so, the tax auditor shall furnish details of the same.

Clause 32(e) requires the tax auditor to state whether the company is deemed to be carrying on a speculation business as referred to in Explanation to [section 73](#).

If yes, the tax auditor should furnish the details of speculation loss if any incurred during the previous year against clause 32(e).

Clause 33 prescribes a tabular format for reporting admissible deductions section-wise. Clause 33 casts a duty on the tax auditor to verify whether the assessee fulfils the conditions if any specified under the relevant provisions of the Income-tax Act, 1961 or Income-tax Rules, 1962, or any other guidelines, circular, etc., issued in this behalf.

Clause 34(a) requires the tax auditor to state whether the assessee is required to deduct or

collect tax at source, if yes, then the tax auditor is required to furnish the details of the same against clause 34(a).

Clause 34(b) requires the tax auditor to state whether the assessee is required to furnish the statement of tax deducted or tax collected, if yes, then the tax auditor is required to furnish the details of the same against clause 34(b).

Clause 34(c) requires the tax auditor to state Whether the assessee is liable to pay interest under [section 201\(1A\)](#) or [section 206C\(7\)](#), if yes, then the tax auditor is required to furnish the details of the same against clause 34(c).

Clause 35(a) requires the quantitative details of principal items of goods traded, in case of trading concern.

Clause 35(b) requires the quantitative details of the principal items of raw materials, finished products, and by-products, in case of manufacturing concern.

Clause 36- This clause is redundant with effect from the assessment year 2021-22 as the Finance Act, 2020 has abolished DDT.

Clause 36A requires the tax auditor to state whether the assessee has received any amount on the nature of dividend as referred to in sub-clause (e) of [clause \(22\) of section 2](#), if yes, then the tax auditor is required to furnish the details of the same.

Clause 37 requires the tax auditor to state whether any cost audit was carried out, if yes, give the details, if any, of disqualification or disagreement on any matter/item/value/quantity as may be reported/identified by the cost auditor.

Clause 38 requires the tax auditor to state whether any audit was conducted under the Central Excise Act, 1944, if yes, give the details, if any, of disqualification or disagreement on any matter/ item/ value/ quantity as may be reported/identified by the auditor.

Clause 39 requires the tax auditor to state whether any audit was conducted under section 72A of the Finance Act, 1994 in relation to the valuation of taxable services, if yes, give the details, if any, of disqualification or disagreement on any matter/item/value/quantity as may be reported/identified by the auditor.

Clause 40 requires the details regarding total turnover, gross profit/turnover, net profit/turnover, stock-in-trade/turnover, and material consumed/finished goods produced for the previous year and the preceding previous year. The details required to be furnished for principal items of goods traded or manufactured or services rendered.

Clause 41 to 44: Final Disclosures

Clause 41 requires the details of demand raised or refund issued during the previous year under any tax laws other than the Income-tax Act, 1961 and Wealth-tax Act, 1957 along with details of relevant proceedings.

Clause 42(a) requires the tax auditor to state whether the assessee is required to furnish a statement in [Form No. 61](#) or [Form No. 61A](#) or [Form No. 61B](#). If yes, then the status of furnishing the forms by the due date, whether forms contain all details required to be reported, list of required details not included

in forms are to be reported in clause 42(b) in Tabular Format.

Clause 43 requires the tax auditor to state whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in sub-section (2) of [section 286](#), if yes, then the tax auditor is required to furnish the details of the same.

Clause 44 of [Form 3CD](#) seeks details of the total expenditure incurred during the year. The break-up needs to be given for the expenditure in respect of entities registered under GST and relating to entities not registered under GST.

Non-compliance with the filing of Form 3CD or any errors can lead to penalties under Section 271B. If a tax audit is not conducted when required, or if Form 3CD is not filed on time, the penalty could be 0.5% of turnover or a maximum of Rs. 1.5 lakh.

CA. Yogesh Agrawal

Recent Updates on GST Portal Functionalities: July-August 2024

The GST portal has undergone several significant updates recently, aiming to enhance user experience and streamline various functionalities. These updates, implemented from July to August 2024, address key areas such as GST registration, size of documents uploaded, refunds, e-invoicing, tax collection at source (TCS), and Aadhaar-based authentication. Below is a detailed overview of each update and its implications for taxpayers.

1. Enhancements to Address-Related Fields in GST Registration Functionalities

On July 4th, 2024, GSTN introduced enhancements to the address-related fields in various GST registration functionalities. These changes impact the New Registration process, Amendment Applications (both Core and Non-Core), and the geocoding of business addresses. The updates were made in response to user feedback and issues reported through support tickets, focusing on improving data accuracy and user compliance.

Key Enhancements:

➔ Address In India:

The fields for PIN Code, State, District, and City/Town/Village are now interlinked, ensuring consistency and accuracy through autosuggestions.

Taxpayers can now include certain special characters (e.g., Hyphen (-), Forward Slash (/), Ampersand (&), Comma (,), Apostrophes ('), Hash (#), Period(.), Small Brackets (), Inverted Commas (""), Colon (:), Semi Colon (;), Underscore (_) and Space) in address fields, though special characters cannot start the entry. Other Special Characters are not allowed.

Address Outside India:

Similar enhancements apply, with more flexibility for Zip Code, State, and District entries while still restricting certain special characters.

Instructions and Validations:

Clear instructions have been added to the address fields, guiding taxpayers on permissible input formats.

The new rules do not affect previously saved data but will be enforced during any amendments to the address fields.

These changes are particularly relevant to taxpayers categorized as Normal Taxpayers, SEZ Units, SEZ Developers, Composition Taxpayers, Input Service Distributors, and Casual Taxpayers. Additionally, the Locality/Sub-locality field has been made optional, with a warning message prompting users if this field is left blank or mismatched with the PIN code.

2. Increase in Size of Documents Upload for GST Registration and Amendments

In response to feedback from the trade, GSTN increased the allowable size for document uploads related to the Principal Place of business and Additional Places of Business. Effective from July 9th, 2024, this change addresses the limitations previously faced by taxpayers in uploading necessary documents during New Registration and Amendment processes.

Document Size Enhancement:

➤ Document Types:

Municipal Khata Copy

Electricity Bill

Consent Letter

Property Tax Receipt

➤ **Size Increase:**

The maximum file size for these documents has been increased from 100 KB to 500 KB, applicable to both JPEG and PDF formats.

This update simplifies the process for taxpayers by allowing them to submit higher-resolution documents, reducing the need for compression and the potential loss of detail in uploaded documents.

3. Refund of Additional IGST Paid Due to Price Revision – Exports

The GST Council approved a mechanism for exporters to claim refunds on additional IGST paid due to price revisions post-export. This development, formalized through Notification No. 12/2024-Central Tax dated July 10th, 2024, is a significant step towards addressing the concerns of exporters who had to pay additional IGST when export prices were revised upwards.

➤ **Refund Process:**

New Refund Category:

GSTN is developing a specific category within FORM GST RFD-01 for such refund claims. Until its rollout, exporters can claim refunds under the "Any other" category, with specific remarks indicating the reason for the refund.

Supporting Documents:

Exporters must submit Statement 9A & 9B along with relevant documentation, as outlined in Circular 226/20/2024-GST dated July 11th, 2024.

Processing:

Tax officers will process these applications based on the submitted documents, ensuring that exporters receive refunds for the additional IGST paid.

This provision is expected to alleviate financial burdens on exporters, promoting smoother international trade transactions.

4. Integrated Services from NIC-IRP e-invoice-1 and e-invoice-2 Portals

GSTN introduced integrated services across NIC's e-invoice-1 and e-invoice-2 portals on 18th July 2024 on sandbox portals and 1st Aug 2024 on the production portals. These portals, which operate in parallel, now offer seamless interoperability, enhancing the user experience.

Key Features:

Unified Access:

Taxpayers can use the same login credentials across both portals, facilitating easy access to e-invoicing services.

API Integration:

The same API token can be used for both e-invoicing and e-waybill services across the two portals.

Criss-Cross Operations:

Users can print, download, and cancel e-invoices across both portals, providing flexibility and reducing downtime during technical issues.

Fallback Mechanism:

In case of technical failures on one portal, taxpayers can switch to the other portal without interrupting their e-invoicing activities.

These integrated services are expected to enhance the reliability and efficiency of e-invoicing, a critical component of the GST framework.

5. GSTN Advisory on Tax Refund by Canteen Store Department (CSD)

On July 22nd, 2024, GSTN released an advisory detailing the new online process for Canteen Store Departments (CSD) to claim refunds on taxes paid on inward supplies. The advisory follows Circular No. [227/21/2024-GST](#), which outlines the procedure for filing refunds in FORM GST [RFD-10A](#).

Filing Process:

Sequential Filing:

CSDs must file refund applications sequentially for each [Tax period](#). If no refund is claimed for a specific period, a NIL refund claim must be filed to proceed.

Historical Claims:

For periods where manual refunds were filed, CSDs need to file NIL refund claims for those periods to enable subsequent online refund claims.

Invoice Upload:

Refund claims require the upload of invoice details, with the system auto-populating the total taxpaid on inward supplies.

This advisory simplifies the refund process for CSDs, ensuring compliance and streamlining the processing of refund applications.

6. New Form GSTR-1A to Amend GSTR-1

As per the Government's directions through Notification No. 12/2024-Central Tax dated July 10th, 2024, Form GSTR-1A has been introduced as an optional facility for taxpayers, effective from the July 2024 Tax period. This form allows taxpayers to add, amend, or rectify any details of supplies reported or missed in the current tax period's GSTR-1 before filing the GSTR-3B return for the same period.

Advisory for FORM GSTR-1A (Issued July 26th, 2024):

Purpose of FORM GSTR-1A:

Form GSTR-1A enables taxpayers to correct or add details related to a supply in the current Tax period, which were either missed or incorrectly reported in Form GSTR-1, before the GSTR-3B return is filed for that period.

Availability:

This form is available starting from August 2024, allowing amendments for the July 2024 Tax period.

Salient Features of FORM GSTR-1A:

Optional Facility:

Form GSTR-1A is optional and can be filed only once for a particular Tax period.

Impact on Liability:

Changes made through Form GSTR-1A will be reflected in Form GSTR-3B for the same Tax period.

ITC for Recipients:

At the recipient end, the ITC for the supplies declared or amended by the suppliers through FORM GSTR-1A will be available to the recipient in FORM GSTR-2B generated for the next Tax period.

Filing Process for Monthly Taxpayers:

Form Availability:

Form GSTR-1A will be available from the due date or actual date of filing GSTR-1, whichever is later, until the actual date of filing of Form GSTR-3B for the same Tax period.

Liability Calculation:

The net impact of changes made through Form GSTR-1A will be auto-populated in Form GSTR-3B.

Filing Process for QRMP (Quarterly) Taxpayers:

Form Availability:

For QRMP taxpayers, Form GSTR-1A is available quarterly after filing GSTR-1 or the due date of filing GSTR-1, whichever is later, until the actual date of filing of Form GSTR-3B for the same Tax period.

Impact on Supplies:

Supplies reported in the GSTR-1 of the current Tax period, including those declared in the Invoice Furnishing Facility (IFF) for the first two months (M1 and M2) of a quarter, can be amended through the corresponding Quarterly GSTR-1A.

Liability Calculation:

The net impact of changes made in GSTR-1A, along with details in GSTR-1 (or IFF for M1 and M2, if filed), will be auto-populated in GSTR-3B for the same period.

Restrictions:

No separate amendment facility is available for records furnished through IFF during M1 and M2.

6. GSTIN Correction:

Any required changes in the GSTIN of a recipient for a supply reported in GSTR-1 of a Tax period can only be rectified through GSTR-1 of the subsequent Tax period.

This new form provides taxpayers with greater flexibility and accuracy in reporting their GST liabilities, ensuring that any discrepancies can be corrected before the finalization of the tax returns for the period.

7. Changes in GSTR-8 (TCS)

In line with the GST Council's decision, the TCS rate has been reduced from 1% to 0.5% effective from July 10th, 2024, as per Notification No. 15/2024. This reduction applies to all transactions from July 10th onwards, with specific reporting

requirements for transactions occurring between July 1st and 9th.

Important Aspects:

Rate Change:

Transactions from July 10th, 2024, should reflect the reduced TCS rate of 0.5%.

Validation Issues:

Some taxpayers reported errors while filing GSTR-8 for July 2024. GSTN is addressing these issues, and the portal is expected to be fully operational from August 6th, 2024.

This change is significant for e-commerce operators and other entities responsible for collecting TCS, ensuring compliance with the new rate structure.

8. Biometric-Based Aadhaar Authentication and Document Verification for GST Registration

GSTN has introduced biometric-based Aadhaar authentication and document verification for GST registration applicants in specific states. This new process, rolled out in Uttarakhand, Jammu & Kashmir, and West Bengal, is aimed at enhancing security and reducing fraudulent registrations.

Key Features:

Biometric Authentication:

Applicants identified through data analysis and risk parameters may be required to undergo biometric-based Aadhaar

authentication at designated GST Suvidha Kendras (GSKs).

Document Verification:

The original documents uploaded with the GST registration application must be verified in person at the GSKs.

Appointment Booking:

Applicants will receive an email to book an appointment for biometric authentication and document verification, ensuring a structured and efficient process.

Implementation Dates:

This functionality was rolled out in Uttarakhand on July 28th, 2024, and in Jammu & Kashmir and West Bengal on August 2nd, 2024.

This development is part of GSTN's efforts to enhance the integrity of the GST registration process, ensuring that only legitimate businesses are registered under the GST regime.

Conclusion

The updates implemented on the GST portal from July to August 2024 represent significant advancements in GST administration, enhancing compliance, and improving the user experience.

CA. Komal Agrawal

Glimpses of Events, Celebrations and competition of August 2024



Career Counselling on 26/10/2024



Indoor Games on 06/10/2024

Important Links and Announcements and Notifications of ICAI

[Announcement for Extension of Last Date for Submitting MEF 2024-25 from 07th October to 21st October, 2024 - \(03-10-2024\)](#)

[Important Announcement - Self-Paced Module Test - \(09-10-2024\)](#)

[Issuance of SQM 1, SQM 2 - \(14-10-2024\)](#)

[Inviting nomination for ICAI 40 under 40: CA Business Leader Award in association with Business Standard - \(19-10-2024\)](#)

[Empanelment of Members to act as Observers at the Examination Centres for the Chartered Accountants Examinations January, 2025 - \(21-10-2024\)](#)

[Announcement - Extension of MEF 2024-25 upto 25th October 2024 - \(23-10-2024\)](#)

[Results of the Chartered Accountants Intermediate and Foundation Examinations held in September 2024 declared. - \(30-10-2024\)](#)