

## CBDT amends tax audit report format

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**T**he Central Board of Direct Taxes (CBDT) recently amended the format of the tax audit report that all auditable companies and professionals whose turnover exceeds the prescribed thresholds under section 44AB of the Income Tax Act, 1961 (ITA), must submit.

The revised tax audit report in form No. 3CD seeks additional details including: (1) those relating to income chargeable under section 56(2)(x) of the ITA (i.e. property received for inadequate consideration); (2) disclosures regarding secondary transfer price adjustments under section 92CE; (3) disclosures regarding interest deduction limitation under section 94B (i.e. thin capitalization rules); (4) details relating to any impermissible avoidance arrangements and quantum of tax benefits arising in the relevant tax year to the taxpayer and any other party through such arrangements (i.e. general anti-avoidance rule [GAAR] reporting); (5) details relating to the furnishing of country-by-country reporting by the taxpayer, or its parent entity, or an alternate reporting entity; (6) details relating to amounts

received and taxable as deemed dividend under section 2(22)(e) (i.e. payment of an advance or loan by closely held companies to substantial shareholders); and (7) information relating to the expenditure incurred by taxpayers registered or not registered for the goods and services tax (GST) in India.

The amendments were introduced through the Income Tax (8th Amendment) Rules, 2018, and came into force with effect from 20 August 2018, except for reporting requirements relating to GAAR and GST, which will come into force with effect from 31 March 2019.

*The business law digest is compiled by **Nishith Desai Associates** (NDA). NDA is a research-based international law firm with offices in Mumbai, New Delhi, Bengaluru, Singapore, Silicon Valley, Munich and New York. It specializes in strategic legal, regulatory and tax advice coupled with industry expertise in an integrated manner.*