



Income Tax Department

Ministry of Finance, Government of India

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Items reportable in the Tax Audit Report

Taxpayers are required to maintain books of accounts and get them audited if their gross turnover or receipts during the previous year exceed the prescribed threshold limit. The requirement to keep the books of accounts is specified under Section 44AA, and to get them audited is mentioned in Section 44AB of the Income-tax Act. The purpose of a tax audit is to ensure that the taxpayer maintains proper books of account and complies with the provisions of the Income-tax Act.

The audit report under Section 44AB shall be furnished electronically at the e-filing portal in Form No. 3CA/3CB-3CD. The tax audit report has to be furnished in the forms prescribed below:

Category of Taxpayer	Form for Audit Report	Annexure to Audit Report
If the books of account of the assessee are required to be audited under any other law	Form 3CA	Form 3CD
In any other case	Form 3CB	Form 3CD

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.

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

Clauses	Description
Clause 1	Clause 1 of Form No. 3CD requires the tax auditor to state the name of the assessee.
Clause 2	Clause 2 of Form No. 3CD requires the tax auditor to state the address of the assessee.
Clause 3	Clause 3 of Form No. 3CD requires the tax auditor to state the PAN or Aadhaar Number of the assessee.
Clause 4	Clause 4 of Form No. 3CD requires the tax auditor to state <ul style="list-style-type: none"> 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.
Clause 5	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)
Clause 6	The tax auditor is to state the "Previous year" against clause 6.
Clause 7	The tax auditor is to state the "Assessment Year" against clause 7.
Clause 8	Clause 8 requires the tax auditor to indicate the relevant clause of section 44AB under which the audit has been conducted.
Clause 8A	Clause 8A requires the tax auditor to indicate whether the assessee has opted for taxation under Section 115BA / 115BAA / 115BAB / 115BAC / 115BAD/115BAE
Clause 9	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	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 Clause 10(b) - Clause 10(b) is applicable and question in clause 10(b) is to be answered as "Yes" only if <ul style="list-style-type: none"> 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	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.



Income Tax Department

Ministry of Finance, Government of India

Clause 12	<p>The following are the requirements of clause 12 :</p> <ul style="list-style-type: none">• 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, 44BBC , Chapter XII-G, First Schedule or Any other relevant section]?• If yes, the following information should be indicated against clause 12 :<ul style="list-style-type: none">■ The amount; and■ The relevant section of the Income-tax Act, 1961.
Clause 13	<p>Clause 13(a) - Method of accounting employed in the previous year.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>Clause 13(e) - If the answer to (d) above is in the affirmative, give details of such adjustments.</p> <p>Clause 13(f) - Disclosure as per ICDS.</p> <p>Clauses 13(a) to (c) apply to all assessees. However, Clauses 13(d) to (f) apply only to assessees following the mercantile system of accounting as the ICDSs under section 145(2) apply only to assessees following the mercantile system of accounting.</p>
Clause 14	<p>Clause 14(a) requires the tax auditor to state the method of valuation of closing stock in the previous year.</p> <p>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.</p>
Clause 15	<p>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)</p>
Clause 16	<p>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.</p> <p>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.</p> <p>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.</p> <p>Clause 16(c) requires the tax auditor to report 'escalation claims' not credited to the profit and loss account.</p> <p>Clause 16(d) requires the tax auditor to report 'any other income' not credited to the profit and loss account.</p> <p>Clause 16(e) requires the tax auditor to report capital receipts not credited to the profit and loss account.</p> <p>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.</p>
Clause 17	<p>Reporting obligations under clause 17 apply when the following conditions are satisfied:</p> <ul style="list-style-type: none">■ 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	<p>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:-</p> <p>(a) Description of asset/block of assets.</p> <p>(b) Rate of depreciation.</p> <p>(c) Actual cost of written down value, as the case may be.</p> <p>(ca) Adjustment made to the written down value under -</p> <p>(i) under the proviso to section 115BAA(3) (for assessment year 2020-21 only);</p> <p>(ii) under the first proviso to section 115BAC(3) or the proviso to section 115BAD(3) (for assessment year 2021-22 only);</p> <p>(iii) under the second proviso to section 115BAC(3) (for assessment year 2024-25 only).</p> <p>(cb) Adjustment made to the written down value of Intangible asset due to excluding the value of goodwill of a business or profession.</p> <p>(cc) Adjusted written-down value.</p> <p>(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 -</p> <ul style="list-style-type: none">■ 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. <p>(e) Depreciation allowable.</p> <p>(f) Written down value at the end of the year.</p>



Income Tax Department

Ministry of Finance, Government of India

Clause 19	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 33AB, 33ABA, 35(1)(i), 35(1)(ii), 35(1)(ia), 35(1)(iii), 35(1)(iv), 35(2AA), 35(2AB), 35ABA, 35ABB, 35AD, 35CCA, 35CCC, 35CCD, 35D, 35DD, 35DDA, 35E, any other relevant section.
Clause 20	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	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) - <ul style="list-style-type: none">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 6DDA 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 6DDA 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 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 assessee 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	Clause 22 requires particulars of the amount of interest inadmissible under Section 23 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 or total amount payable to micro or small enterprises under Section 15 of the MSMED Act during the previous year, along with a break-up of the amount paid within the prescribed time and the amount not paid within such time and disallowed for the year.
Clause 23	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	Clause 24 requires particulars of amounts deemed to be profits and gains under Section 32AC, 32AD, 33AB, 33ABA, or 33AC.
Clause 25	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	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 section 43B, the liability for which pre-existed on the first day of the previous year but was not allowable in the assessment of any preceding previous year and (for clauses other than clause (h) of section 43B) 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 assessee following the mercantile system of accounting.
Clause 27	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 assessee 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 assessee following the mercantile system of accounting.
Clause 29A	Clause 29A pertains to the amount received and forfeited which is taxable u/s 56(2)(ix).
Clause 29B	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	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	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	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.



Income Tax Department

Ministry of Finance, Government of India

Clause 30C	<p>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:</p> <ul style="list-style-type: none">■ 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	<p>Clause 31(a) deals with the acceptance of loan or deposit in an amount exceeding the limit specified in section 269SS (<i>i.e.</i> Rs. 20,000). Clause 31(a) is not applicable in respect of the following assesseees :</p> <ul style="list-style-type: none">■ 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]. <p>Clause 31(b) deals with the receipt of a specified sum <i>i.e.</i> money receivable as advance or otherwise in relation to the transfer of immovable property whether or not the transfer takes place.</p> <p>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.</p> <p>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.</p> <p>Clause 31(bc) requires reporting of particulars of <i>each payment</i> 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.</p> <p>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.</p> <p>Clause 31(c) pertains to the repayment of loans/deposits/specified advances in an amount exceeding the specified limit of Section 269T.</p> <p>Clause 31(d) pertains to the repayment of loans/deposits/specified advances which satisfies the following conditions :</p> <ol style="list-style-type: none">Repayment is made during the previous yearRepayment is made in an amount exceeding the limit in section 269T (<i>i.e.</i> Rs. 20,000)Mode of repayment is immaterial - it does not matter whether the mode of repayment is section 269T compliant or not.Such loans/deposits/advances repaid were received in contravention of section 269SS in the previous year <i>i.e.</i> these were received otherwise than by specified non-cash modes. <p>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.</p> <p>(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)".</p> <p>Note: The relevant code indicating the nature of the amount/receipt/repayment is also required to be specified, where applicable.</p>
Clause 32	<p>Clause 32(a) requires particulars of brought forward loss or depreciation allowance.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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).</p>
Clause 33	<p>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.</p>
Clause 34	<p>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).</p> <p>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).</p> <p>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).</p>
Clause 35	<p>Clause 35(a) requires the quantitative details of principal items of goods traded, in case of trading concern.</p> <p>Clause 35(b) requires the quantitative details of the principal items of raw materials, finished products, and by-products, in case of manufacturing concern.</p>
Clause 36	<p>This clause is redundant with effect from the assessment year 2021-22 as the Finance Act, 2020 has abolished DDT.</p>
Clause 36A	<p>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.</p>
Clause 36B	<p>Clause 36B requires the assessee to state whether any amount has been received for buyback of shares as referred to in sub-clause (f) of clause (22) of section 2, and if yes, to furnish the amount received and the cost of acquisition of the shares bought back.</p>



Income Tax Department

Ministry of Finance, Government of India

Clause 37	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	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	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	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	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	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	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	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.

[As amended by Finance Act, 2025]



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INCOME TAX DEPARTMENT