

Form No. 26 is the prescribed Audit Report and Statement of Particulars under Section 63 of the Income-tax Act, 2025 read with Rule 47 of the Income-tax Rules, 2026, consisting of Parts A to D, which cover the statement of particulars and audit-related information for assessees whose accounts are audited or not audited under any other law.

Parts A & B of Form No. 26 [corresponding to erstwhile Form 3CD] – Statement of Particulars Required to Be Furnished under Section 63

Part C of Form No. 26 [corresponding to erstwhile Form 3CA] [e-Form] – As prescribed under Rule 47, the audit report under Section 63 for Assessee's Whose Accounts Are Audited Under Any Other Law

Part D of Form No. 26 [corresponding to erstwhile Form 3CB] [e-Form] – As prescribed under Rule 47, the audit report under Section 63 where Assessee's Accounts Are *Not* Audited Under Any Other Law

Purpose of Part C of Form No. 26

Part C of Form No. 26 is applicable where the assessee's books of account have already been audited under any other statute. The primary purpose of this Part C is to link the statutory audit conducted under another law with the tax audit under section 63 of the Income-tax Act, 2025 enabling the tax auditor to place reliance on the audited financial statements prepared in accordance with the applicable statute and to confirm that such accounts have been duly examined.

Purpose of Part C of Form No. 26 Ensures That

- An audit has been conducted under another law, and the same audited books of account form the basis of the tax audit.
- The statutory audit report is annexed to Form No. 26 where applicable and forms an integral part of the tax audit documentation.
- Audit observations, qualifications, adverse remarks, disclaimers or emphasis of matters, if any, shall be reported clause-wise and mandatorily categorised as (i) test-check basis, (ii) based on management representation, or (iii) unable to verify. The auditor shall report the impact, if any, on the profit/loss or book profit arising from such observations.
- The tax auditor verifies and reports all tax-specific particulars in Parts A & B along with schedules which are to be read together with Part C of the Form.

Purpose of Part D of Form No. 26

Part D of Form No. 26 is applicable where the assessee's accounts are not required to be audited under any other law. The auditor conducts an audit specifically for the purposes of

section 63 and expresses an opinion on the financial statements whether the financial statements give a true and fair view.

Part D of Form No. 26 Ensures That

- The tax auditor examines the books of account and financial statements in accordance with the provisions of the Income-tax Act, 2025.
- The auditor expresses an opinion on the Profit & Loss Account / Income & Expenditure Account and Balance Sheet.
- The tax auditor verifies and reports all tax-specific particulars in Parts A & B along with schedules which are to be read together with Part D of the Form

Parts A & B of Form No. 26 constitute the substantive factual disclosure component of the tax audit. They contain quantitative and qualitative particulars required for computing taxable income and facilitating computation and compliance verification with the Income-tax Act, 2025. It includes detailed reporting on subpart:

- i. General Information
- ii. Particulars of Books of Account and Method of Accounting
- iii. Particulars of Receipt / Income
- iv. Particulars of Expenses
- v. Particulars of Prior Period Items
- vi. Particulars of Losses, Depreciation and Deductions
- vii. International Taxation
- viii. Other Key Parameters
- ix. Particulars of TDS / TCS
- x. Particulars of Indirect Taxation
- xi. Quantitative Details

Who Should File Form No. 26

The requirement to furnish **Form No. 26 [corresponding to erstwhile Forms 3CA/3CB read with 3CD]** is applicable when a business entity or professional meets the specified limits or conditions that make a tax audit mandatory under section 63 of the Income-tax Act, 2025.

For Businesses

A tax audit is required if the total sales, turnover, or gross receipts of the business exceed:

- ₹1 crore during the tax year; or
- ₹10 crore in the tax year, provided that
 - cash receipts do not exceed 5% of the total receipts and payments, respectively

- cash payments do not exceed 5% of the total payments

For Professions

A tax audit is required if the gross receipts from the profession exceed ₹50 lakh during the tax year.

Under Presumptive Taxation Schemes

Form No. 26 is required for taxpayers who is eligible to opt for a presumptive taxation scheme but do not meet the specified conditions:

- Section 58(2) or 61(2) (Table: Sl. Nos 4 and 5): If a person who is eligible to opt for the presumptive taxation scheme but claims the profits or gains for such business or profession to be lower than the profit and gains computed as per the presumptive taxation scheme, the requirement to file Form No. 26 becomes applicable .

Opting out of Presumptive Taxation as per section 58(2) (Table: Sl No.1):

If a taxpayer opts out of the presumptive scheme in any of the five consecutive years (the "lock-in period"), they are not eligible for presumptive tax for next 5 years. Further, during such period, the taxpayer shall be required to furnish Form No. 26 under section 63, if the total income exceeds the basic exemption limit.

Frequency & Due Dates:

Form No. 26 is required to be furnished within the time prescribed under the Act, generally one month prior to the due date prescribed under Section 263(1), unless extended by the Board.

Structure of Form No. 26:

Form No. 26 is divided into the following Parts under the new framework

Part A – Particulars of the Assessee

This Part contains the basic particulars of the assessee, including name, address, PAN, status, tax year, residential status, and contact details.

Part B – Statement of Particulars under Section 63

This Part contains the detailed statement of particulars and disclosures required to be furnished under section 63, covering general information, books of account, method of accounting, income and receipts, expenses and disallowances, prior period items, losses, depreciation and deductions, international taxation, TDS/TCS, indirect taxation, quantitative details, and other key statutory parameters.

Part C – Audit Report under Section 63 (where accounts are audited under any other law). This Part is applicable where the accounts of the assessee have been audited under any other law and contains particulars relating to such statutory audit and is read together with Parts A and B.

Part D – Audit Report under Section 63 (where accounts are not audited under any other law)

This Part is applicable in cases where the accounts of the assessee have not been audited under any other law and contains the audit-related particulars, including observations and qualifications, if any, read with Parts A and B of the Form

Following documents may be required to file the Form No. 26

1. Books of account and relevant financial statements of the assessee (Balance Sheet, Profit & Loss Account / Income & Expenditure Account and Notes to Accounts).
2. Audit report and audited financial statements, where the accounts are audited under any other law.
3. Supporting documents and workings for particulars and disclosures required under Part A & B of Form No. 26.
4. TDS/TCS and indirect tax (GST) records, returns, challans and reconciliations, as applicable.
5. Quantitative and inventory records for trading, manufacturing, raw materials, finished goods, by-products and scrap, wherever applicable.

What is the process flow of filing Form No. 26?

The process flow includes following steps

1. Audit by Accountant under any other law or under section 63
2. Preparation of Part A & B to Form No. 26
3. Furnishing of Form No. 26 online by Chartered Accountant (e-form)
4. E-verification of Form via DSC of auditor
5. Acceptance of Form by taxpayer

Outcome of Processed Form No. 26:

1. Various fields of the tax audit report are validated against the ITR of the taxpayer. Discrepancies, if any, are brought to the notice of the taxpayer for revision.
2. If required, system-driven discrepancies may trigger system-driven action where applicable under the provisions of the Act, as applicable, e.g. Adjustment u/s 270(1)(a)

Common Changes Made Across Forms:

1. To enhance system compatibility and facilitate e-filing, fields such as Name, Designation, Address, PAN, have been separated into individual boxes to address earlier grouping issues.
2. References to Assessment/Financial/Previous Year(s) have been updated to "Tax Year(s)" throughout the Form and its Annexures.
3. Sections, Clauses, and Schedules have been revised in accordance with the provisions of the Income-tax Act, 2025.
4. The currency symbol "Rs." has been replaced with "₹" for standardization.
5. Uniform adoption of Yes / No response format across the form.
6. Mandatory schedule-based reporting wherever the response is "Yes"
7. Increased use of tabular and structured disclosures instead of narrative reporting
8. Separate identification of items chargeable to tax but not credited/debited to the profit and loss account
9. Consolidation of repetitive disclosures into common schedules referenced throughout the form
10. Standardisation of language, formats and response patterns across all parts of the form

TABLE 1: Overall Objective of the Form No. 26 :

Aspect	Earlier Form	New Modified Form	Benefit / Outcome
Compliance approach	Narrative, auditor-driven	Structured, system-driven	Designed to significantly reduce interpretational disputes
Legal alignment	IT Act, 1961	IT Act, 2025	Future-ready compliance
Reporting style	Mixed narrative & tables	Drop-downs, Yes/No, schedules	Faster and uniform reporting

TABLE 2: Benefits to Users (Taxpayers & Auditors)

Area	New Provision	User Benefit
Structured disclosures	Yes/No based triggers	Reduced ambiguity, fewer reporting errors
Section-wise mapping	Each clause mapped to IT Act, 2025	Legal certainty and easier statutory correlation

Area	New Provision	User Benefit
Schedule-based reporting	Detailed info only if applicable	Proportionate compliance and reduced reporting burden
Depreciation	Classification based on usage period (more than 180 days / 180 days or less) instead of asset-wise date of put to use	Simplified reporting, reduced asset-level tracking, and lower compliance effort for auditors
GST	Limited and focused GST break-up instead of exhaustive transaction-wise or tax-component-wise disclosures	Significant reduction in compliance burden and time spent on GST reconciliation
Employees' State Insurance (ESI)	Reporting restricted to disallowable amounts only, instead of detailed employee-wise or month-wise data	Focused compliance, reduced data collation, and clarity on tax impact
E-Form validation	Built-in checks	Fewer defective filings and reduced revision requirements

TABLE 3: How the New Form Curbs Tax Evasion

Risk Area	New Disclosure Requirement	How Evasion is Curbed
Digital data	Accounting software, cloud, IP address	Mitigates risk of post-facto data tampering
Offshore data	Country of data storage	Mitigates concealment via foreign servers
Prior period items	Separate reporting	Prevents timing arbitrage
Foreign Remittance reported in Part-D of Form 15CA during the tax year	Nature of remittance, taxable / non-taxable,	Prevents treaty misuse and revenue leakage through incorrect classification or non-deduction TDS
Mat Credit details	Year-wise MAT credit entitlement, utilization, and carry forward	Prevents excess credit claims, duplicate utilisation, and carry-forward manipulation

TABLE 4: Technology & Data-Driven Advantages

Feature	Earlier Position	New Position	Impact
Accounting software	Not required	Mandatory disclosure	Data authenticity
Cloud storage	Not reported	IP & country mandatory	Traceability
Backup server	Not required	India-located backup server	Data security
Automation	Limited	High	Faster processing
Cross-matching	Manual	System-based	Early detection of mismatch

TABLE 5: User-Friendliness Improvements

Parameter	Earlier Form	New Modified Form	User Advantage
Form structure	Linear & bulky	Modular (Parts A–K)	Easy navigation
Language	Technical narrative	Simplified confirmations	Better understanding
Irrelevant clauses	Mandatory	Trigger-based	Less compliance burden
Data entry	Repetitive	Auto-linked schedules	Time saving

TABLE 6: Alignment with Risk-Based Assessment

Aspect	Earlier System	New System	Result
Department resources	Spread thin	Targeted	Efficient administration
Litigation	High	Likely reduction in litigation	Improved certainty & trust

TABLE 7: Stakeholder-Wise Impact Summary

Stakeholder	Impact
Taxpayers	Simplified compliance, fewer notices
Auditors	Structured responsibility, reduced ambiguity
Tax administration	Better data analytics, targeted scrutiny
Economy	Higher voluntary compliance
Judiciary	Reduced interpretational disputes

TABLE 8: One-Line Presentation Summary (Ready to Use)

Theme	Key Message
User benefit	Less narrative, more certainty
Anti-evasion	Traceable data, targeted scrutiny
User-friendliness	Compliance only when relevant
System reform	Risk-based, technology-driven taxation