

Form No. 26 – Frequently Asked Questions (FAQs)

Audit Report and Statement of particulars required to be furnished under section 63 read with Rule 47

Name of Form as per I.T.Rules, 1962	Form 3CA, 3CB, 3CD	Name of Form as per I.T.Rules, 2026	Form No. 26
Corresponding Section of I.T.Act, 1961	44AB	Corresponding section of I.T.Act, 2025	63
Corresponding Rule of I.T.Rules, 1962	Rule 6G	Corresponding Rules of I.T.Rules, 2026	Rule 47

FAQ 1. What is Form No. 26?

Ans: Form No. 26 is the prescribed Report of Audit of Accounts and Statement of Particulars required to be furnished under Section 63 of the Income-tax Act, 2025, in accordance with Rule 47 of the Income-tax Rules, 2026.

FAQ 2. From which tax year is Form No. 26 applicable?

Ans: Form No. 26 is applicable for tax years commencing on or after 1st April, 2026.

FAQ 3. Who is required to furnish Form No. 26?

Ans: Form No. 26 is required to be furnished by a person carrying on business or profession whose accounts are required to be audited under Section 63 of the Income-tax Act, 2025. This includes:

- (a) Business cases where total sales, turnover or gross receipts exceed ₹1 crore (threshold increases to ₹10 crore where cash receipts and cash payments each do not exceed 5% of total receipts and payments respectively);
- (b) Profession cases where gross receipts exceed ₹50 lakh;
- (c) Presumptive taxation cases under sections 58(2) or 61(2) (Table: Sl. Nos. 4 and 5) where income declared is lower than the deemed income.

(d) Presumptive Taxation cases: When a taxpayer opts out of a presumptive scheme in any of the five consecutive years (the "lock-in period"), and their income exceeds the basic exemption limit.

FAQ 4. Is furnishing of Form No. 26 compulsory?

Ans: Yes. Furnishing of Form No. 26 is mandatory for all persons carrying on business or profession who fulfil the conditions specified in Section 63 of the Income-tax Act, 2025.

FAQ 5. What is the due date for furnishing Form No. 26?

Ans: Form No. 26 is required to be furnished annually, by the specified date, which is

one month prior to the due date for furnishing the return of income under Section 263(1) of the Income-tax Act, 2025. Accordingly, where due date for furnishing return of income under section 263(1) is 31 October / 30 November, Form No. 26 shall be filed on or before 30 September / 31 October respectively.

FAQ 6. Whether Forms 3CA and 3CB (including Annexure in Form 3CD) prescribed under the Income-tax Act, 1961 continue to apply?

Ans: Forms 3CA, 3CB and 3CD continue for tax audits for previous years relevant to assessment years up to 2026-27. However, from tax year 2026-27, tax audit has to be furnished in Form No. 26.

FAQ 7. Whether section references in Form No. 26 correspond to the Income-tax Act, 1961?

Ans: No. All references in Form No. 26 correspond exclusively to the Income-tax Act, 2025 and the Income-tax Rules, 2026.

FAQ 8. What is the structure of Form No. 26?

Ans: Form No. 26 consists of the following parts:

- Part A – Particulars of the Assessee
- Part B – Statement of Particulars required under Section 63
- Part C – Audit Report where accounts are audited under any other law (corresponding to erstwhile Form 3CA)
- Part D – Audit Report where accounts are not audited under any other law (corresponding to erstwhile Form 3CB)

FAQ 9. When is Part C of Form No. 26 applicable?

Ans: Part C of Form No. 26 is applicable where the assessee's accounts have been audited under any other law. In such cases, the tax auditor relies on the statutory audit and reports the particulars required under Section 63.

FAQ 10. When is Part D of Form No. 26 applicable?

Ans: Part D of Form No. 26 is applicable where the assessee's accounts are not audited under any other law. An Accountant as defined under Section 515(3)(b) conducts the audit specifically for the purposes of Section 63.

FAQ 11. Who is authorised to sign Form No. 26?

Ans: Form No. 26 must be signed by an Accountant as defined under Section 515(3)(b) of the Income-tax Act, 2025.

FAQ 12. Is UDIN mandatory for Form No. 26?

Ans: Yes. UDIN (Unique Document Identification Number) is mandatory and must be generated by the signing Accountant and quoted in Form No. 26.

FAQ 13. Whether FRN is required to be mentioned in Form No. 26?

Ans: Yes. Where the audit is conducted in the name of a firm, the Firm Registration Number (FRN) is required to be mentioned.

FAQ 14. What is the process flow of filing Form No. 26?

Ans: The process is as follows:

1. The assessee engages an Accountant as defined under Section 515(3)(b).
2. The Accountant fills Form No. 26 on the e-filing portal with Membership Number and FRN, where applicable.
3. UDIN is generated and quoted.
4. The form is digitally signed using the Accountant's DSC and uploaded.
5. The assessee electronically accepts Form No. 26 to complete filing.

FAQ 15. What are Schedules to Form No. 26 and when are they required?

Ans: Schedules are detailed annexures supporting disclosures in Part B. Form No. 26 follows a trigger-based approach, whereby schedules are required only when the corresponding clause is answered "Yes", ensuring proportionate compliance.

- Common schedules include General Information, Accounting Information, Computation of Receipt/Income, Computation of Expenses, Prior Period, Losses/Depreciation/Deductions, International Taxation, TDS/TCS, GST, Quantitative Details, and Other Key Parameters

Schedules are only required when applicable, reducing compliance burden. This approach ensures proportionate compliance - detailed reporting only when necessary.

FAQ 16. Whether schedules referred to in Part B form part of the audit report?

Ans: Yes. All schedules referred to in Part B form an integral part of the audit report and must be duly verified by the auditor.

FAQ 17. Whether reporting is required even where the answer to a clause is "No"?

Ans: Yes. Each clause in Part B requires a mandatory Yes/No response to ensure completeness and uniformity.

FAQ 18. Whether disclosure of accounting software and electronic storage is mandatory?

Ans: Yes. Under Rule 46, where the books of account or other documents are maintained electronically, they shall mandatorily remain accessible in India at all times, and a daily backup shall be maintained in India-located servers. In consonance with this Rule, Form No. 26 requires the IP address and country of location of server on which such accounting information is maintained, as well as the address of the India-located backup server to be furnished by the auditor.

FAQ 19. Whether journal entries are covered while reporting loans, deposits or specified sums?

Ans: Yes. Reporting covers all modes including journal entries, conversion of assets or liabilities and other non-cash modes, using prescribed mode codes.

FAQ 20. Whether reporting of indirect taxes such as GST is mandatory?

Ans: Where the assessee is liable to indirect taxes such as GST, excise duty or customs duty, the prescribed particulars must be furnished. The scope of indirect tax reporting has been rationalised compared to earlier forms. Details of total expenditure now no longer need be reconciled with the various entries of expenditure under GST reporting.

FAQ 21. Whether international taxation reporting is restricted only to transfer pricing cases?

Ans: No. Reporting is required in respect of secondary adjustments, interest limitation provisions, remittances reported in Form No. 145 (erstwhile Form 15CA) and other applicable international tax provisions.

FAQ 22. What is the objective of introducing clause-wise schedules in Part B?

Ans: Clause-wise schedules ensure standardised disclosures, reduction of subjective narration, technology-driven risk assessment and consistency between audit reporting and return of income.

FAQ 23. How does Form No. 26 benefit compliant taxpayers?

Ans: Form No. 26 reduces interpretational ambiguity, limits discretionary adjustments and enables faster, data-backed assessments, thereby lowering litigation risk.

FAQ 24. Does Form No. 26 increase compliance burden?

Ans: While initial familiarisation is required, Form No. 26 avoids repetitive information requests, improves audit-return alignment and reduces future compliance friction. Overall compliance cost is expected to reduce over time.

FAQ 25. How does Yes/No based reporting with schedules protect taxpayers?

Ans: This approach ensures completeness, enables automated validation and reduces subjective interpretation, enhancing certainty and transparency.

FAQ 26. Whether Clause 36 relating to depreciation and brought forward losses has undergone any change?

Ans: Clause 36 corresponds to Clause 18 of the erstwhile Form 3CD. A material change relates to explicit segregation between assets used for less than 180 days and 180 days or more without requirement of specific dates. This would lead to substantial reduction in compliance burden.

FAQ 27. Whether Clause 43 relating to Form 15CA remittances represents a change?

Ans: Yes. Clause 43 is restricted to remittances actually reported in Part-D of Form

No. 145 during the tax year and is integrated into international taxation reporting, thereby narrowing scope and avoiding duplication.

FAQ 28. Whether Clause 53 relating to quantitative details has changed?

Ans: Yes. Clause 53 introduces a structural change. Quantitative reporting is required only where the assessee has a trading unit or manufacturing concern and is furnished through a dedicated schedule segregating raw materials, finished goods, by-products and scrap.

FAQ 29. Why has Part B been segregated into General Information and clause-wise schedules?

Ans: To ensure clear identification of core business information, standardised reporting, reduction in narrative disclosures and alignment with automated assessment systems.

FAQ 30. Whether Part B replaces narrative disclosures under erstwhile Form 3CD?

Ans: Yes. Information earlier scattered across clauses has been consolidated into Part B – General Information.

FAQ 31. What is the objective of separating Part B from Part C / Part D?

Ans: To clearly distinguish factual disclosures from audit opinion, reduce overlap and enhance accountability.

FAQ 32. Whether Part B applies irrespective of Part C or Part D?

Ans: Yes. Part B applies uniformly in all cases.

FAQ 33. Why are Yes/No responses mandatory in Part B?

Ans: To ensure completeness, enable automated validation and reduce subjective interpretation.

FAQ 34. Whether schedule-based reporting increases compliance burden?

Ans: No. It is trigger-based and proportionate.

FAQ 35. What are the changes in the certification by the auditor regarding various observations/qualifications on the audit report (Parts C and D of Form No. 26)?

Ans: The audit observations/qualifications (if any) by auditors will have to be mandatorily categorised clause-wise into one of the following three categories:

- Test-check basis, applying the principle of materiality
- Based on management representation
- Unable to verify

This will help the Department in analysing the audit observations/qualifications in an automated/standardized way, and will help in deciding the remedial course of action, including selecting the cases for further scrutiny.

FAQ 36. What is the reporting requirement in paragraph 3 of Parts C and D of Form No. 26?

Ans. The auditor will now be required to provide the impact (if any) on the profit/loss/book profit of any observations, qualifications, adverse remarks, disclaimers, or emphasis of matters, in the statutory audit. This will enable the department to ensure that statutory audit findings are also incorporated into the computation of income, if so required.

FAQ 37. What would be the alignment between the return of income and Form No. 26?

Ans. An endeavour has been made to align the data required in Form No. 26 with that in the ITR Form, so that, going forward, the taxpayer/department can populate the data provided in Form No. 26 in the ITR. This would also reduce mismatches between the ITR and Form No. 26 which could potentially trigger adjustments under section 270(1), consequently also reducing rectifications, appeals, grievances, etc.

FAQ 38. What is the new reporting requirement regarding statement of tax deducted or tax collected?

Ans. The auditor will have to provide the total number of transactions reported and those not reported in the TDS/TCS return, as it stands after the latest correction statement. Further, the total amount in relation to transactions not reported in the TDS/TCS return, will also have to be furnished.