Summary of Changes made in Form 3CD

(Information extracted from the Implementation guide on changes in form 3CD for AY 2024-25)

Relevant clause of Form 3CD	Changes made in Clause	Brief description of changes made	Auditor's responsibilities
Clause 8A	Whether an assessee has opted for special provisions u/s 115BA/115BAA/115BAB/115BAC/115BAD, to include reporting requirement in relation to section 115BAE;	Section 115BAE inserted additionally and related reporting requirement included - Section 115BA – 25% tax plus applicable surcharge and cess from AY 2017-18 - Section 115BAA- 22% tax plus applicable surcharge and cess from AY 2020-21 - Section 115BAB -15% tax applicable surcharge and cess (Companies registered after 1st October 2019 and commenced its production of article before 31.03.2024) - Section 115BAC – New tax slab for Individual / HUF – Now default tax regime w.e.f. AY 2024-25 - Section 115BAD – Cooperative society (22% tax applicable surcharge and cess) from AY 2021-22 - Section 115BAE - Cooperative society - commence production of items on or before 31.03.2024 (15% tax applicable surcharge and cess) The tax rate of 15% on profit from manufacturing activities by Cooperative society inserted w.e.f. 1st April 2024 (effective from AY 2024-25)	Information to check by Auditor - Previous year ITR forms, whether any of the mentioned tax scheme availed by the assessee - To check and confirm from the management, whether Form 10IB, 10IC. 10ID, 10IF, or 10IFA filed by the assessee. - To check whether a comparative analysis being done by the assessee before opting for given tax regime (which one is beneficial)
Clause 12	Whether profit and loss account include profit computed on presumptive basis, to	Here the word, section 44ADA inserted.	The tax auditor is required to check

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	include specific reporting requirement in relation to section 44ADA;	The tax auditor is required to state that the amount included in the profit & loss account is covered by the presumptive taxation and not the amount assessable under section 44ADA. Section 44ADA is applicable to an individual/ firm (not LLP) if gross receipts of the assessee does not exceed 50 lacs rupees or Rs. 75 lakhs (if cash receipt is not more than 5% of total receipt)	- Whether assessee offering income from profession under section 44ADA - If the profit and loss account does not include profit assessable on presumptive basis under section 44ADA, then tax auditor is not required to furnish any information under this clause.
Clause 18	Particulars of depreciation, sub-clause (ca) has been substituted to require adjustment to the WDV under the different provisos to section 115BAA/115BAC/115BAD for the specified assessment years;	Section 115BAA (AY 2020-21) The proviso to sub section 3 of section 115BAA provides that where there is a depreciation allowance in respect of block of asset which has not been given full effect to prior to the AY 2020-21, corresponding adjustment shall be made to WDV of such block of asset as on 1st April 2019. In simple, if there is any unabsorbed loss of the assessee which is attributable to provisions in clause iia of sub section (1) of section 32 (i.e. Additional depreciation allowance), then same required to be adjusted with opening WDV of block as on 1st April 2019. The same provision is required to be complied under the section 115BAC and 115BAD for the respective assessment years	The tax auditor is required to - Whether assessee opting for taxation under the given section and if yes, then whether assessee having any unabsorbed depreciation which is in result of additional depreciation claimed earlier in previous year. - The auditor is required to see the adjustment, the assessee required to make in opening WDV.

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Clause 19	Amounts admissible under different sections, to include reporting requirement in relation to section 35ABA and "any other relevant section";	Section 35ABA – Deduction allowed for payment of spectrum fees for telecommunication services to DOT. - The amount generally capitalized in books of accounts of the assessee and therefore amount debited into P&L account is NIL - Deduction under this section allowed from the year when spectrum amount actually paid by the assessee - In case where assessee transferred spectrum before utilization of complete deduction under this section, the profit from transfer shall be calculated after giving effect of balance unutilized deduction - In the case of amalgamation or demerger, the deduction shall be allowed as it would have applied to the amalgamating company if the latter has not transferred the same. Any other relevant section any other deduction admissible in other sections.	Tax auditor is required to - Specify amount debited to profit & loss account and amount admissible according to section 35ABA - Should examine and kept sanction letter in audit working file - Tax auditor is required to verify that expense for which deduction under this section claimed, then no depreciation u/s 32(1) shall be allowed (refer clause 18 of Form 3CD)
Clause 21(a)	Details of amounts debited to profit and loss account, being in the nature of capital, personal and advertisement expenditure etc., to include specific reference to expenditure incurred to compound an offence under any law for the time being in force, in India or outside India, expenditure incurred to provide any	*Amendment in Bold letters* *"Expenditure for any purpose which is an offence or is prohibited by law or expenditure by way of penalty or fine for violation of any law **(enacted in India or outside India)**"*	Tax auditor is required to - Specify the amount of expenditure for any offence prohibited by law or expenditure by way of penalty or fine for violation of any law **(in India or outside India)** Or expenditure incurred to compound any offence under any law **(in India or outside India).**

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	benefit or perquisite to a person and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline governing the conduct of such person, etc.;	***"Expenditure incurred to compound an offence under any law for the time being in force, in India or outside India".*** ***"Expenditure incurred to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person".*** The condition for reporting under this clause is as under: (a) There has to be any benefit or perquisite to be given either in cash or in kind, in whatever form. The value of benefit or perquisite should be debited to the profit and loss account/income and expenditure account. (b) Such benefit or perquisite is given to a person, whether or not carrying on business or exercising a profession. (c) Acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be for the time being in force.	- Tax auditor needs to take MRL regarding any amount debited in books which is an offence or prohibited by any law outside India or paid any compounding fees outside India. - The auditor is required to report any expense debited into profit & loss account which is not a good business practice and violate any law or regulation or guidelines (like freebees to medical practitioner) - The auditor is required to see the compliance with section 194R and check whether any expense requires disallowance under this section. - The auditor is required to specify the amount in this clause and need not express any opinion on allowability of the expenditure.

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Clause 22	Reporting requirement in respect of any other amount not allowable u/s 43B(h) relating to amount payable to micro and small enterprises	This reporting added in clause 22 considering the amendment in section 43B (h) – disallowance of delay payment to MSME vendors. Section 15 of the MSMED Act mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.	The tax auditor is required - Identification of MSME vendor as per section 15 and their payments within stipulated time limits. - It is required to make sure that the information should be cross verified from the disclosure made in financial statement - The auditor required a list of trade payable, or other liabilities belongs to Micro or small entities from management with proper identification as to credit period agreed, nature as per Udyam registration etc. - It is pertinent to note that traders are not included in MSME list for 43B compliances - Amount of disallowance u/s 43B (h) shall be (i) Amount payable to Micro or small enterprises as on 31^{st} March 2024 beyond specified period (15 days or 45 days, as the case may be) (ii) Amount payable to Micro or small enterprises as on 31^{st} March 2024 but not paid within specified period during next financial year

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Clause 32(a)	Details of brought forward loss/depreciation, to include reference to losses/allowances not allowed under section 115BAE and amount adjusted by way of withdrawal of additional depreciation on account of opting for taxation under section 115BAE.	Co-operative society opting for section 115BAE is not eligible to claim deduction under sections 10AA, 32(1) (iia), 33AB, 33ABA, 35(1)(ii)/(iia)/(iii), 35(2AA), 35AD, 35CCC, and Chapter VI-A (except section 80JJAA) while computing the total income. It cannot set-off loss brought forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to deductions under these sections.	The tax auditor is required to - Report any brought forward losses by the assessee needs to be adjusted on account of opting of tax regime under the section 115BAE.