

## Understanding Important Tax Audit Reporting Clauses with Funny QAs

After hectic Tax Audit times, for AY 2022-23, now it's time for some Tax Audit Fun Moments. So, in this Blog I am presenting some hilarious Tax Audit QAs/visualisations conceived and visualised by me, which will help You in understanding all important reporting clauses in the Form 3CD Annexure in the Tax Audit Report (TAR), in a funny yet purposeful and useful manner.

### 1. Clause 44 of TAR

**Tax Auditor to an 'Expense' head:** Why are you so upset & angry?

**Expense head:** I am upset as earlier we all were united under one head. Now you are trying to break us & divide into GST registered/unregistered/composite dealer/ exempt heads, knowing fully that my breakup will not determine my allowability in ITR.

**Clause 44 of TAR requires Reporting in the below format:**

S.No.	Total amount of Expenditure incurred during the year	Expenditure in respect of entities registered under GST				Expenditure relating to Entities not registered under GST
		Relating to goods or services exempt from GST	Relating to entities falling under Composition Scheme	Relating to Other Registered Entities	Total Payment to Registered Entities	
(1)	(2)	(3)	(4)	(5)	(6)	(7)

### 2. Clause 8 of TAR

**Que:** Why did detective Byomkesh Bakshi get a notice from Income Tax Department?

**Ans.** Because he has not got his books of accounts tax audited for his consultancy receipts. [Section 271B of Income Tax Act & Clause 8 of TAR].

### 3. Clause 8a of TAR

**Que:** Why did Iron Man get a 'New-Pinch' from his Tax Auditor?

**Ans:** Because he has opted for the New Tax Regime [Clause 8a of TAR].

**Clause 8 & 8a of TAR requires reporting in below manner:**

08	Indicate the relevant clause of section 44AB under which the audit has been conducted	Relevant clause of section 44AB under which the audit has been conducted
08a	Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB/115BAC/115BAD?	No

#### 4. Clause 21(b) & 34 of TAR

Que: Why did "Daya-bhav" Foundation, get a qualification in its Tax Audit Report?

Ans: Because guided by its 'daya-bhav' philosophy, it didn't deduct TDS on salary of its employees & other payments. [Clause 21(b) & 34 of TAR].

#### Clause 21(b) of TAR requires reporting in below manner:

21	a) Please furnish the details of amounts debited to the profit and loss account, being
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b) Amounts inadmissible under section 40(a):
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ii	as payment to resident referred to in sub-clause (ia)																
A	Details of payment on which tax is not deducted:																
	Date of payment	Amount of payment	Nature of payment	Name of the payee	PAN of the payee	Aadhaar no	Country	Address Line 1	Address Line 2	Pincode	City or Town or District	Local Area	Post Office	State	Remarks if any:		
B	Details of payment on which tax has been deducted but has not been paid on or before the due date specified in sub-section (1) of section 139.																
	Date of payment	Amount of payment	Nature of payment	Name of the payer	PAN of the Payer	Aadhaar no	Country	Address Line 1	Address Line 2	Pincode	City or Town or District	Local Area	Post Office	State	Amount of tax deducted	Amount of (VI) deposited, if any	Remarks if any:

#### Clause 34 of TAR requires reporting in below manner:

34	a)	Whether the assessee is required to deduct or collect tax as per the provisions of Chapter XVII-B or Chapter XVII-BB, if yes please furnish:									
		Tax deduction and collection Account Number (TAN)	Section	Nature of payment	Total amount of payment or receipt of the nature specified in column (3)	Total amount on which tax was required to be deducted or collected out of (4)	Total amount on which tax Was Deducted or collected at specified rate out of (5)	Amount of tax deducted or collected out of (6)	Total amount on which tax was deducted or collected at less than specified rate out of (7)	Amount of tax deducted or collected on (8)	Amount of tax deducted or collected not deposited to the credit of the Central Government out of (6) and (8)
		1	2	3	4	5	6	7	8	9	10
	b)	Whether the assessee is required to furnish the statement of tax deducted or tax collected. If yes please furnish the details									

	Tax deduction and collection Account Number (TAN)	Type of Form	Due date for furnishing	Date of furnishing, if furnished	Whether the statement of tax deducted or collected contains information about all transactions which are required to be reported	If not, please furnish list of details/transactions which are not reported
c)	whether the assessee is liable to pay interest under section 201(1A) or section 206C(7). If yes, please furnish:					
	Tax deduction and collection Account Number (TAN)	Amount of interest under section 201(1A)/206C(7) is payable	Amount paid out of column (2)	date of payment.		

## 5. Clause 29B of TAR

Que: Why did 'Balveer' get worried about his Tax Audit Report?

Ans: He has received a Gift from 'Santa', which his Tax Auditor has reported in Clause 29B in his TAR. [Section 56(2)(x)].

**Clause 29B requires reporting in below manner:**

29	B	Whether any amount is to be included as income chargeable under the head Income from other sources as referred to in clause (x) of sub section 2 of section 56	
		Nature of Income	Amount
			Remarks if any:

## 6. Clause 30C of TAR

Que: Why did Shah Rukh Khan get furious with his Tax Auditor?

Ans. (strictly fictional) He has received some CCDs from Byju's Singapore based Holding Company, as a free token of love n affection for his "YaadGAAR" contribution in Kids learning and education. [Clause 30C on GAAR].


**Clause 30C of TAR requires reporting in below manner:**

30	C	Whether the assessee has entered into an impermissible avoidance arrangement, as referred to in section 96 during the previous year (This Clause is kept in abeyance till 31st March,2022)	
		Nature of the impermissible avoidance arrangement	Amount (in Rs) of tax benefit in the previous year arising, in aggregate, to all parties to the arrangement
			Remarks if any:

And the final one....

**God to Tax Auditor:** Dear hardworking Soul, I am happy with your devotion. Ask anything & I will grant you the same.

**Tax Auditor:** Dear God, please give me the special power that my digital signature & attachments to my TAR get uploaded glitchfree.


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**God (puzzled):** Vatsa, that is not in my hands, please consult Infosys...

## **About the Author**

**Sh. Mayank Mohanka** is a seasoned Tax Practitioner, a Fellow Member of the Institute of Chartered Accountants of India and a Bachelor of Commerce, in Honours Degree from Shree Ram College of Commerce (SRCC), Delhi University.

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He has authored 'Best Seller' Professional Books titled "Faceless Assessment, Appeals & Penalty Ready Reckoner with Real Time Case Studies" and "Case Studies & Procedures under Direct tax Vivad se Vishwas Act, 2020", with Taxmann Publications, and the Book 'SUPER 21', treasuring his real-life winning representations on Income Tax, GST, PF, ESI, IBC & Banking Regulation Act, in his professional practice.

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