TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION(ii).

Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Direct Taxes
.....

New Delhi, the 31st January, 1985.

NOTIFICATION No. 6120
INCOME-TAX

S.O. - Whereas certain draft rules further to amend the Income-tax Rules, 1962, were published with the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.S.O. 687(E), dated the 6th September, 1984, in the Gazette of India, Extraordinary, Part II Section 3, Sub-section(ii), dated the 6th September, 1984, at pages 1-11, inviting objections and suggestions from all persons likely to be affected thereby before the expiry of a period of thirty days from the date on which copies of the Gazette in which the said rules were published were made available to the public;

And whereas the copies of the said Gazette were made available to the public on the 10th October, 1984;

And whereas the objections and suggestions received from the public on the said draft rules have been considered by the Central Board of Direct

2. In the Income-tax Rules, 1962, -

(a) after rule 6F, the following sub-heading and rule shall be inserted, namely:-

"CCC:- Reports of audit of accounts of persons carrying on business or profession

6G: (1) The report of audit of the accounts of a person required to be furnished under section 44AB shall,-

(a) in the case of a person who carries on business and who is required by or under any other law to get his accounts audited by an accountant, be in Form No.3CA;

(b) in the case of a person who carries on business, but not being a person referred to in clause(a), be in Form No.3CB;

(c) in the case of a person who carries on profession, be in Form No.3CC.

(2) The particulars which are required to be furnished under section 44AB shall, -

(a) in the case of a person carrying on business, be in Form No.3CD;

(b) in the case of a person carrying on profession, be in Form No.3CE.";

(b) in Appendix II, after Form No. 3C, the following Forms shall be inserted, namely:-

FORM NO.3CA

[See rule 6G(1)(a)]

Audit Report under section 44AB of the Income-tax Act, 1961 in a case where the accounts of the business of a person have been audited under any law by an accountant.

*I/we have to report that the statutory audit of..... ..... (Permanent Account (name and address of the assessee) No.....) was conducted by *me/us M/s..... ....., chartered accountants/auditors of companies, in pursuance of the provisions of the.....Act, and *I/we annex hereto a copy of *my/our audit report dated..... along with a copy each of the audited profit and loss account for the year ended on.....and a copy of the audited balance sheet as at.....along with the documents declared by the relevant Act to be part of, or annexed to, the profit and loss account and balance sheet.

A further report as required under the proviso to section 44AB ~~prepared by me from the books of account and other documents of M/s.....~~ is furnished in Form No.3CD annexed hereto.

In *my/our opinion and to the best of *my/our information and according to explanations given to me, the particulars given in Form No. 3CD ~~the said annexure~~, are true and correct.

Place.....

Date.....

- - - - -
Signed
** Accountant

Notes:

1. *Delete whichever is not applicable.

2. Where any of the matters stated in this report is answered in the negative or with a qualification, the report shall state the reasons therefor.

3. **This report has to be given by --

   (i) a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or

   (ii) any person who, in relation to any State, is, by virtue of the provisions of sub-section (2), of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of companies registered in that State.

FORM NO.3CB

[See rule 6G(1)(b)]

Audit Report under section 44AB of the Income-tax Act, 1961 in the case of a person carrying on business

* I/we have examined the balance sheet of .....
(name and address of the assessee)

(Permanent Account No.....) as at.....
and the profit and loss account for the year ended on that date which are in agreement with the books of account maintained at the head office at.....and branches at.....

* I/we have obtained all the information and explanations which to the best of my/our knowledge and belief were necessary for the purposes of the audit. In my/our opinion, proper books of account have been kept by the head office and the branches of the assessee so far as appears from

* my/our examination of books, subject to the comments given below:

In *my/our opinion and to the best of *my/our information and according to explanations given to *me/us, the said accounts give a true and fair view--

(i) in the case of the balance sheet, of the state of the abovenamed assessee's affairs as at....., and

(ii) in the case of the profit and loss account, of the profit or loss of the abovenamed assessee for the accounting year ending on.....

The prescribed particulars are furnished in Form No.3CD annexed hereto. In *my/our opinion and to the best of *my/our information and according to explanations given to *me/us, these are true and correct.

Place.....

Date.....

- - - - - -
Signed
* *Accountant

Notes:
1. * Delete whichever is not applicable.
2. Where any of the matters stated in this report is answered in the negative or with a qualification, the

report shall state the reasons therefor.

*This report has to be given by --

(i) a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or

(ii) any person who, in relation to any State, is, by virtue of the provisions of sub-section(2) of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of companies registered in that State.

FORM NO. 3CC

[See rule 6G(1)(c)]

Audit Report under section 44AB of the Income-tax Act, 1961 in the case of a person carrying on profession

* I/we have examined the balance sheet of.....
(name and address of the assessee)

(Permanent Account No.....) as at.....
and the profit and loss account/the income and expenditure statement for the year ended on that date which are in agreement with the books of account maintained at the head office at..... and branches at.....

* I/we have obtained all the information and explanations which to the best of my/our knowledge and belief were necessary for the purposes of the audit. In my/our opinion, proper books of account have been kept by the head office and

the branches of the assessee so far as appears from *my/our examination of books, subject to the comments given below:

In *my/our opinion and to the best of *my/our information and according to explanations given to me, the said accounts give a true and fair view --

(i) in the case of the balance sheet, of the state of the abovenamed assessee's affairs as at....., and

(ii) in the case of *the profit and loss account/the *income and expenditure statement, of *the profit or the income or the loss of the abovenamed assessee for the accounting year ending on.....

The prescribed particulars are furnished in Form No.3CE annexed hereto. In *my/our opinion and to the best of *my/our information and according to explanations given to *me/us these are true and correct.

- - - - - - - -
Signed
*Accountant

Place.....

Date.....

2. *This report has to be given by --

(i) a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or

(ii) any person who, in relation to any State, is, by virtue of the provisions of sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of companies registered in that State.

----~~III~~----

Contd.

Form No.3CD
[see rule 6G(2)(a)]

STATEMENT OF PARTICULARS IN THE
CASE OF A PERSON CARRYING ON BUSINESS

1. Books of account ~~maintained~~ examined.

2. Method of accounting employed. Indicate whether there is any change from the method of accounting employed in the immediately preceding previous year.

3. (i) Method of valuation of opening and closing stock-in-trade

(ii) State whether there is any change in the method of valuation of any of the aforesaid items as compared to the method employed in the immediately preceding previous year

(iii) If the answer to (ii) above is in the affirmative, specify the amount by which the profit or loss for the year has been affected by such change.

Note: In case of a dealer in goods, give quantitative details on the lines specified under the heading Finished Products in item 12 below

4. Amount of expenditure incurred by the assessee by way of, or on, -

(i) Capital expenditure debited to the profit and loss account

(iii) Advertisement, publicity and sales promotion outside India in respect of the goods, services or facilities which the assessee deals in or provides in the course of his business but excluding expenditure covered by items (v) and (vi) below

(iv) Other advertisement, publicity and sales promotion

(v) Articles presented or intended for presentation where expenditure on each such article is in excess of fifty rupees.

(vi) Advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party

(vii) Running and maintenance of motor cars in any branch, office or agency maintained outside India for promotion of the sale outside India of goods, services or facilities which the assessee deals in or provides in the course of his business

(viii) Other expenditure on running and maintenance of aircraft and motor cars including expenditure on chartering any aircraft or on hire charges for engaging cars plied for hire or on conveyance allowance paid to employees and directors

Note:(1) In the case of a person engaged in the business of operation of aircraft, information in respect

of such aircraft need not be given.

(2) In the case of a person engaged in the business of running motor cars on hire, information in respect of expenditure incurred in running and maintenance of such motor cars need not be given.

(ix) Payments to hotels

(x) Travelling including foreign travel. Indicate separately the expenditure in excess of the limits laid down in rule 6D of the Income-tax Rules,1962 and attach a statement showing how such expenditure has been arrived at. Also, attach a list of names of persons in case of foreign travel.

(xi) Maintenance of accommodation in the nature of guest house. Indicate the depreciation in respect of the building used as a guest house and in respect of the assets in the guest house. Also indicate separately the amount received from persons using the guest house

(xii) Entertainment (including the amount of entertainment allowance paid to any employee or other person)

(xiii) Scientific research - Indicate separately expenditure of capital nature

(xiv) Bonus or commission paid to employees. In respect of bonus paid to an employee employed in a factory or other

exceeds the amount of bonus payable under that Act .

(xv) Payments made to clubs

(xvi) Any proceedings before any income-tax authority or the Appellate Tribunal or any court relating to the determination of any liability under the Income-tax Act,1961, in excess of the limit laid down in section 80VV

5. Where the assessee is a firm, details of payments by way of interest, salary, bonus, commission or remuneration to the partners of the firm

6. Details of expenditure referred to in section 40A:

(a) Particulars of all payments made to persons specified in section 40A(2)(b)

(b) Particulars of payments in excess of Rs.2,500 made otherwise than by a crossed cheque or crossed bank draft - section 40A(3)

(c) Particulars of expenditure or allowance in excess of the limits specified in section 40A(5)(c)

(d) Particulars of expenditure incurred by way of fees and salary to an ex-employee in excess of the limit specified in section 40A(6)

(e) Provision for payment of gratuity - section 40A(7)

(f) Sums paid by the assessee as an employer which are not allowable under section 40A(9)

7. ~~(i)~~ Any tax, duty or other sum (i) debited to the profit and loss account but not paid during the previous year, or (ii) paid during the previous year but allowed as a deduction in any earlier year — Section 43B

~~Section 43B~~

~~(ii) Details of taxes, duties, etc., paid by the assessee during the previous year~~

~~(iii) Whether any discrepancy has been noticed in the respective dates of payments and the entries in the books of account? If so, give particulars thereof~~

8. Whether any amount is borrowed on a hundi form, or any amount due thereon (including interest on the amount borrowed) is repaid to, any person otherwise than ~~through an account payee~~ by cheque? If so, give details

9 (a) Particulars of proforma credits/drawback/refund of duties of customs or excise or both/refund of sales tax where such credits, drawbacks or refunds are admitted as due the concerned authorities but are not credited to the profit and loss account ~~Whether they have been credited to the profit and loss account?~~

(b) Particulars of expenditure/income of any earlier year debited/credited to the profit and loss account of the relevant previous year.

(c) Particulars of any liability of a contingent nature debited to the profit and loss account

10. Particulars of each loan or deposit of Rs.10,000 or more taken or accepted by the assessee in the following form:

(i) Name and address of the lender/depositor

(ii) Whether amount borrowed on hundi?

(iii) Whether loan/deposit account was squared up during the year?

(iv) Maximum amount outstanding at any time during the year

(v) Whether loan/deposit was taken or accepted in cash?

(vi) Has any loan or deposit of Rs.10,000 or more been repaid in cash?

Note:- The particulars referred to in item 10 need not be furnished in the case of a banking company to which the Banking Regulation Act, 1949 (10 of 1949), applies

11. Whether the assessee has deducted tax at source and paid the amount so deducted to the credit of the Central Government in accordance with the provisions of Chapter XVII-B ? If not, give details

12. In case of manufacturing concerns,

(i) full quantitative details of principal items of raw materials and finished products as indicated below:

Raw Materials

(a) Opening stock

(b) Purchases during the year

(c) Consumption during the year

(d) Sales during the year

(e) Closing stock

(f) Yield of finished products

(g) Percentage of yield

(h) Shortage

Finished Products

(a) Opening stock

(b) Purchases during the year

(c) Quantity manufactured during the year

(d) Sales during the year

(e) Closing stock at the end of the year

(f) Shortage and percentage thereof

*1. Information in regard to these sub-items may be given to the extent available

Note: Separate quantitative details on the above lines should be given in respect of by-products, if any

13. In case of a company, give details of -

(i) Any expenditure which has resulted directly or indirectly in the provision of any remuneration, benefit or amenity to (a) a director; (b) a person who has a substantial interest in the company; and (c) a relative of the director or of such person

(ii) Any expenditure or allowace in respect of assets of the company used wholly or partly for the purposes of benefit of any of the persons referred to in (i) above (State whether any such person is an employee of the assessee or not)

(iii) The amount of interest on deposits not allowable under

Form No. 3CE

[See rule 6C(2)(b)

STATEMENT OF PARTICULARS IN THE CASE OF A PERSON CARRYING ON PROFESSION

1. Books of account ~~maintained~~ examined.

2. Method of accounting employed. Indicate whether there is any change from the method of accounting employed in the immediately preceding previous year.

3. Amount of expenditure incurred by the assessee by way of, or on, -

   (i) Capital expenditure debited to the profit and loss account/the income and expenditure statement.

   (ii) Personal expenses debited to the profit and loss account/the income and expenditure statement.

   (iii) Running and maintenance of aircraft and motor cars including expenditure on chartering any aircraft or on hire charges for engaging cars plied for hire or on conveyance allowance paid to employees.

   (iv) Payments to hotels.

   (v) Travelling including foreign travel. Indicate the expenditure in excess of the limits laid down in rule 6D of the Income-tax Rules, 1962 and attach a statement showing how such expenditure has been arrived at. Also, attach a list of names of persons in case of foreign travel.

   (vi) Entertainment (including the amount of entertainment allowance paid to any employee) or other

(vii) Any proceedings before any income-tax authority or the Appellate Tribunal or any court relating to the determination of any liability under the Income-tax Act, 1961, in excess of the limit laid down in section 80VV.

(viii) Payments made to clubs

4. Where the assessee is a firm, details of payments by way of interest, salary, bonus, commission or remuneration to the partners of the firm.

5. Details of expenditure referred to in section 40-A.

except in the cases and circumstances specified in clause (a) to (i) of rule 6DD of the Income-tax Rules, 1962

(a) Particulars of all payments made to persons specified in section 40A(2)(b).

(b) Particulars of payments in excess of Rs.2,500 made otherwise than by a crossed cheque or crossed bank draft - section 40A(3).

(c) Particulars of expenditure or allowance in excess of the limits specified in section 40A(5)(c).

(d) Provision for payment of gratuity - section 40A (7).

(e) Sums paid by the assessee as an employer which are not allowable under section 40A(9).

6. (i) Any tax, duty or other sum (F) debited to the profit and loss account / the income and expenditure statement but not paid during the previous year ~~section 43B~~ etc

(ii) paid during the previous year but allowed as a deduction in any earlier year — section

~~(ii) Details of Taxes, duties, etc., paid by the assessee during the previous year.~~

~~(iii) Whether any discrepancy has been noticed in the respective dates of payments and the entries in the books of account? If so, give particulars thereof.~~