

Changes in Tax audit Form 3CD

CBDT amends Form 3CD of Tax Audit Report w.e.f. Assessment Year 2025-26.

CBDT has revised Form 3CD of Tax Audit Report for AY 2025-26 by notifying the Income-tax (Eighth Amendment) Rules, 2025 vide Notification No. 23/2025 dated 28.03.2025 effective from 1st day of April 2025. The following changes are amends by CBDT in tax audit form 3CD.

1. Insertion of Section 44BBC in Clause (12) of Form No. 3CD.

Does the profit and loss account include any presumptive profits and gains?

If yes, specify the amount and relevant section (e.g., 44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB, Chapter XII-G, First Schedule, or other applicable sections)."

2. Omission of certain deductions under Clause (19),

References to Sections 32AC, 32AD, 35AC, and 35CCB has been removed.

3. Modification of Clause (21)

To include expenditures related to settlement of legal proceedings for contraventions notified by the Central Government.

4. Replacement of Clause (22) to include:

- Interest inadmissible under Section 23 of MSMED Act, 2006.
- Amounts due to micro or small enterprises under Section 15 of the MSMED Act.

5. Changes in Clause (26) to modify:

references and wording related to tax allowances.

6. Omission of Clauses (28) and (29)

7. Changes in Clause (31):

- New codes for types of transactions (e.g., Cash payments/receipts, non-account payee cheques, Journal entries, etc.).

- Requirement to specify the nature of each loan or deposit transaction.

8. Insertion of Clause (36B) requiring details about buyback of shares.

Source: Source: CBDT Notification No 23/2025 dated March 28, 2025

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