

E-filing of audit reports must with tax returns

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The new income-tax forms notified by the government have made it mandatory for many assesseees to file their audit reports in the electronic mode at the time of filing tax returns.

“(The) list of audit reports required to be furnished with return of income has been expanded. As many as 12 audit reports have been electronically enabled against three earlier,” said a finance ministry official.

The filing of audit reports was made mandatory in ITR Form 5, 6 and 7 after the tax department noticed discrepancies in filing of some returns along with audit reports. The Institute of Chartered Accounts of India brought to the notice of the I-T department that some companies were furnishing fake name and registration numbers of auditors in their returns.

“People were not getting their accounts audited to save money. It was found that the name of the chartered accountant furnished in the return belonged to someone who had expired,” the official said.

Since only one per cent of the cases come up for scrutiny, some taxpayers were taking the risk of not actually getting their accounts audited. In the event of their case coming up for scrutiny, the taxpayer would approach a chartered accountant and get the books audited at a higher fee.

“From assessment year 2013-14 onwards, in case an assessee is required to furnish a report of audit under sections 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), 10A, 12A(1)(b), 44AB, 80-IA, 80-IB, 80-IC, 80-ID, 80JJAA, 80LA, 92E or 115JB, he shall file the report electronically on or before the date of filing the return of income. Further, the assessee who is liable to file the above reports electronically shall file the return of income electronically,” said the notification from the tax department.

The new forms—ITR 5 and ITR 6 — will require corporate taxpayers to provide their balance sheets as per revised Schedule 6 of the Companies Act, against as per the I-T Act at present. ITR 5 is used by firms, association of persons, and body of individuals, while ITR-6 is used by companies other than those claiming exemption under Section 11 of the I-T Act.

The department has asked for additional disclosures in balance sheets in case of payment of royalty, bed debt, interest to non-resident, nature of expense/income and amount. For the computation of total income, in the column ‘income from

other sources', taxpayers will have to specify the other source from which the income has come.

In ITR 7 too, which is filled by trusts and political parties, the tax department is seeking more information. Political parties are now required to give their party registration number with the Election Commission of India in the new forms. A column for electoral trusts has been added.

Form 7 has been made annexure-less like ITR 5 and 6, which were made annexure-less in 2007. Earlier attachments like applications for exercising options under section 11(1), income and expenditure account, balance sheet and TDS certificates were required with ITR 7.

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