

## HC Defers Plea on Tax Audit, Leaves CAs Edgy

Accountants feel any change in the middle of the year could affect them badly

Kolkata: Chartered accountants (CAs) went into a tizzy on Monday with the Delhi High Court adjourning the writ petition which challenged the Central Board of Direct Taxes (CBDT) directive extending deadline for furnishing tax audit report (TAR) till Thursday. Accounting professionals apprehend that the petition will become irrelevant if the court does not give its ruling on Thursday as the deadline for filing returns is September 30, 2014.

The high court has directed CBDT to file an affidavit stating that returns filed without tax audit reports should not be treated as defective. It has also directed CBDT to state the consequences of filing income tax reports (ITRs) without TARs as per the new directive. When contacted by ET, chartered accountant Mahesh Kumar said: "An assessee's ITR computed after the TAR is finalised will always differ from ITR finalised before TAR is computed because we incorporate deductions and disallowances based on TARs before finalising ITRs."

The CBDT directive will cause inconvenience, raise tax payers expenses incurred for filing revised returns as well as increase litigation between a tax payer and the IT department, he added. The country's accounting professionals have been up in arms against CBDT extending the deadline for furnishing tax audit report. Tax consultants are of the view that the due date for furnishing TAR as 44AB and the due date for filing ITR in case where the assessee is required to get their accounts audited as 139(1) cannot be detached from each other. There cannot be an amendment of the deadline for filing TAR without a corresponding amendment of the due date for filing ITR, was the universal refrain of the professionals, they claim.

Accounting firms like Mahesh Kumar & Co and Rajni Shah & Associates filed two separate writ petitions in the Delhi High Court and the Gujarat High Court, respectively, challenging the directive as it has added to the confusion rather than providing any relief. A third one was filed in the Gujarat High Court by the All Gujarat Federation of Tax Consultants. Similar petitions have also been filed in other courts across the country.

Apart from the confusion, CAs feel that the practice of introducing fresh formats for filing TARs in the middle of a financial year would affect their functioning. CBDT, consultants claimed, had withdrawn the old tax audit format (or utility as it is popularly known in taxation language) on July 24, and reintroduced the same on August 20. "We could not upload TAR during this period as the necessary format was not available on income tax website, causing hardships to tax payers and consultants. This apart, the new format of TAR is very exhaustive and requires details for which we need time to collate before submitting the same after due verification," said chartered accountant Rajni Shah of Rajni Shah & Associates.

Consultants argued that "while CBDT has inherent powers to introduce new forms and amend existing ones, it is not a good practice to dump the new forms suddenly and revise the same once

defects are observed. The practice is undesirable and creates confusion". Last minute rush, they feel, will give rise to errors in ITRs.

*(Economic Times)*