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**SUB.: EXTENSION OF TAX AUDIT FILING DATE FOR**  
**ASSESSMENT YEAR 2021-22**

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Hon'ble Madam

This Government's Motto has always been "Ease of Doing Business" specifically for Small & Medium Enterprises and (SME) and in this regard; May I take leave to share with you an important concern raised to me from all across India relating to tax compliance of furnishing of Income tax audit report u/s 44AB of Income Tax Act 1961 (Commonly known as Tax Audit Report). The tax audit report if not furnished within the prescribed due date, then SMEs may be subjected to penal consequences under the Income Tax Act, 1961.

For the assessment year 2021-22, the due date of filing of Tax Audit Report was 30<sup>th</sup> September 2021 which was extended to 31<sup>st</sup> October 2021 vide Circular No. 9/2021 dated 20.05.2021 and further extended to 15<sup>th</sup> January 2022 vide Circular No. 17/2021 dated 09.09.2021. As such the prescribed due date for the assessment year 2021-22, happens to be 15<sup>th</sup> January 2022. I have been made to understand that first extension on 20.05.2021 was given due to unprecedented Covid-19 situation and second extension on 09.09.2021 was given due to Income Tax website software glitches.

The Tax Audit Report consists of 44 clauses which provides necessary information required for proper computation of taxable income of the SMEs. The information is to be provided by Tax Auditor after carrying out substantive checks as financial information to be furnished w.r.t said clauses is exhaustive.

In this background, the common concern escalated to me by SMEs is that the Central Board of Direct Taxes (CBDT) carried out changes in the application for filing the audited information i.e. Form 3CD- Schema ("Tax Audit Schema") in which Tax Audit Report is required to be filed electronically. The Tax Audit Schema was changed thrice in last two months i.e. on 03<sup>rd</sup> November 2021 , 2<sup>nd</sup>

December 2021 and latest on 06<sup>th</sup> January 2022. Due to this sudden last minute changes, information furnished in old Tax Audit Schema is required to rechecked and reverified in latest Tax Audit Schema. This cautious approach of SMEs is needed as any error in the information submitted in Tax Audit Report would subject those SMEs to penal provisions under Income Tax Act, 1961.

Madam, I may further bring to your kind knowledge, since I am also a Chartered Accountant with professional practice experience of last more than 50 years, that such changes in reports formats & schema, at the last minute always bring more difficulty for already stretched Tax Auditor Community.

India is facing acute third wave of Covid-19 and has witnessed substantial growth of Covid-19 cases from active cases of 77002 with positivity rate of 0.79% on 29<sup>th</sup> December 2021 to current active cases of 590611 with positivity rate of 10.21% on 9<sup>th</sup> January 2022 (*Source : Covid-19 update , Ministry of Health and Family Welfare*). This shows an increase of more than 667% in number of cases and 1192% in positivity rate. Such exponential increase is a matter of concern for all of us. Several State Governments have imposed partial or weekend curfew to contain growth of Covid-19 cases in last one week. The present compliance anxiety among the SMEs & SMPs Tax Auditor will expose them and our Country to deadly Covid-19 virus.

Therefore, in view of unprecedented surge in Covid-19 situation and facts and circumstances explained above, I personally request you to kindly extend the date of filing Tax Audit report u/s. 44AB of Income Tax Act 1961 to another date based on advise from NITI AAYOG/Health Ministry. Extension in time limit will not lead to any loss of revenue to the government and taxpayers will make perfect compliances as far as audit report and return is concerned.

Yours sincerely,



(N. D. Gupta)

Shrimati Nirmala Sitharaman  
Hon'ble Minister of Finance,  
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