

Clamour grows for extended deadline for tax audit, income-tax returns

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- **The deadlines for tax audit and income tax return filing stand at October 31 and November 30, respectively.**

Citing operational and practical difficulties faced by firms and tax professionals because of the Covid-19 pandemic, tax practitioner bodies have demanded extension in the timeline for tax audit, transfer pricing audit, and income-tax return filing to sometime early next year.

With the last date of holding the annual general meeting for corporates extended by three months to December 31 by the Ministry of Company Affairs, the return filing process will automatically get delayed, several chartered accountants associations have flagged in their letters to Finance Minister Nirmala Sitharaman ahead of the return filing deadline.

The deadlines for tax audit and income tax return filing stands at October 31 and November 30, respectively. Tax practitioners have argued statutory audit can be concluded even beyond November 30 and tax audit can be conducted only after the completion of statutory audit. Only after that the income tax return can be filed by companies, making the return filing date of November 30 “improbable”. The transfer pricing audit is also applicable; the return can be filed only after the filing of the transfer pricing report, therefore complying with the tax audit and transfer pricing report due date of October 31, 2020, is difficult, they argued.

The Chamber of Tax Consultants, one of the oldest organisations of tax practitioners of Mumbai, in a letter to Sitharaman has urged for the extension of due dates for tax audit and transfer pricing audit to January 31 and that for the income-tax return filing to February 28. “...Since the date of AGM is extended, annual returns by the companies will be filed only subsequently. This will lead to a delay in getting a database for the purpose of comparable for the transfer pricing audits. Adequate time must be provided to comply with the audit and return filing timelines in order to maintain the quality of work,” it stated.

It is compulsory for businesses with an annual turnover exceeding Rs.1 crore or value of services rendered greater than Rs.50 lakh to file tax audit reports and file returns. The All Gujarat Federation of Tax Consultants (AGFTC) has also demanded an extension to file tax audit reports and income tax returns. “The statutory dates for filing of return of income for various categories of assesseees are extended to November 30, 2020. However, the due date of filing tax audit report for assesseees, whose accounts are required to be audited, is extended just for one month (September 30 to October 31),” its representation to the finance ministry said. The Karnataka State Chartered Accountants Association has also requested for the extension of due dates for the assessment year 2020-21 for filing tax audit reports from October 30 to February 28 and that for filing of return of income November 30 to March 31. “The non-extension of due date in income tax would only prove that the extension provided by the MCA is futile and of no relevance to companies,” it said. The Tax Bar Association, Bhilwara, has also urged Sitharaman for an extension, underlining several industries and private offices have been working with limited staff. “Due to this, the details required to carry on tax audit and filing of the tax return of income are not being received promptly. Also travelling to the place of audit is very difficult for professionals and their staff,” it said in the letter.

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