



## CBDT draft notification - mechanism proposed for self-reporting of estimation of income and tax liability by companies and person to whom tax audit is applicable

### Background

Recently, the Central Board of Direct Taxes (CBDT) has issued draft Notification<sup>1</sup> proposing a mechanism for self-reporting of estimates of current income, tax payments and advance tax liability by companies and person to whom tax audit is applicable<sup>2</sup>, on voluntary compliance basis. It is proposed to introduce a new Rule 39A and Form No.28AA in the Income-tax Rules, 1962 (the Rules). The draft notification states as follows:

The taxpayer being a company and person to whom tax audit is applicable shall furnish an intimation of estimated income and payment of taxes as on 30 September of the previous year, on or before 15 November of the previous year.

If the income estimated as on 30 September of the previous year is less than the income of the corresponding period of the immediately preceding previous year by an amount of INR5 Lakh or 10 per cent, whichever is higher, then the taxpayer shall be required to furnish an intimation of estimated income and payment of taxes as on 31 December of the previous year, on or before 31 January of the previous year.

The CBDT has invited the comments and suggestions of stakeholders and general public on the draft notification<sup>3</sup>.

### Our comments

Currently, the taxpayers are complying with the advance tax provisions and are depositing such advance tax on an estimated basis with the government. The proposed reporting requirements will impose an additional burden on the taxpayers. Further the taxpayers have to comply with other reporting like transfer pricing, TDS,

Goods and Services Tax, etc. The new reporting mechanism would unnecessarily increase the compliance cost of the taxpayer.

Under the proposed Form 28AA, the taxpayers are required to furnish information relating to income/tax liability upto 30 September to 31 December of previous year and year immediately preceding the previous year. For turnover/profits, the taxpayers are required to furnish details upto 31 March of the previous year and year immediately preceding the previous year. However, the proposed Rule 39A does not deal with reporting requirements for turnover/profits.



<sup>1</sup> Draft Notification, dated 19 September 2017

<sup>2</sup> A person (other than a company), to whom the provisions of Section 44AB are applicable

<sup>3</sup> The same may be sent electronically at the email address, [dirtp14@nic.in](mailto:dirtp14@nic.in)

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