

# TAX FLASH NEWS

28 April 2020



## CBDT defers reporting of GAAR and GST under the Tax Audit Report till 31 March 2021

As per relevant provisions of the Income-tax Act<sup>1</sup>, specified persons are required to furnish the Tax Audit Report (TAR) along with the prescribed particulars in Form No. 3CD.

In July 2018, the Central Board of Direct Taxes (CBDT)<sup>2</sup> had amended Form No. 3CD to widen the scope of reporting. The additional reporting, *inter alia*, includes disclosure of nature of the impermissible avoidance arrangement and its quantification under the General Anti Avoidance Rule (GAAR) provisions<sup>3</sup> and break-up of total expenditure of entities registered or non-registered under GST<sup>4</sup>.

Representations were made to CBDT that the implementation of above reporting requirements may be deferred.

In August 2018, CBDT issued a Circular<sup>5</sup> where the reporting with respect to GAAR and GST compliance under Form No. 3CD was kept in abeyance till 31 March 2019. Subsequently, it was extended to 31 March 2020<sup>6</sup>.

Various representations were made with regard to difficulty in implementation of such reporting in view of the global pandemic due to COVID-19 virus. Request was to defer the reporting under the above clauses.

Recently, CBDT has clarified<sup>7</sup> that in view of the prevailing situation due to COVID-19 pandemic across the country, the above reporting shall be kept in abeyance till 31 March 2021.

### Our comments

In line with various relief provided by the government to taxpayers from reporting/compliance under the relevant provisions of Income-tax Act due to outbreak of Covid 19, CBDT has deferred the reporting of impermissible avoidance arrangements under the provisions of GAAR and reporting of break-up of total expenditure of entities registered or non-registered under GST in Form No. 3CD.

This will provide relief to taxpayers from reporting these complex provisions at the time of global pandemic due to COVID-19 virus.

<sup>1</sup> Section 44AB of the Income-tax Act, 1961 read with Rule 6G of the Income-tax Rules, 1962

<sup>2</sup> Notification No. GSR 666, dated 20 July 2018

<sup>3</sup> Clause 30

<sup>4</sup> Clause 40

<sup>5</sup> CBDT Circular No. 6/2018, dated 17 August 2018

<sup>6</sup> CBDT Circular No. 9/2019, dated 14 May 2019

<sup>7</sup> Circular No. 10/2020, dated 24 April 2020

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