

CA Manoj Fadnis

President

14 SEP 2015

ICAI/DTC/2015-16/Rep - 24

Shri Arun Jaitley,
Hon'ble Finance Minister,
Ministry of Finance,
Government of India,
North Block,
New Delhi-110001

Hon'ble Sir,

Sub: Request for extension of the due date of filing tax audit report and income-tax return for the AY 2015-16 for assesseees referred to in clause (a) of Explanation 2 to section 139(1)

This has reference to the Press Release dated 9-9-2015 conveying the Government's decision not to extend the last date of filing of returns required to be filed on or before 30th September, 2015. The reason for non-extension stated in the Press Release is that the forms were e-enabled and were available on the e-filing website of the Department from 7.8.2015 giving enough time for compliance. Another reason cited is that the changes made in the forms are not extensive as compared to the earlier years.

In this regard, we would like to bring to your kind attention that due to delay in notification of forms, the last date for filing of returns required to be filed on or before 31st July, 2015 was extended to 31st August, 2015 and further to 7th September, 2015. The Government has appreciated the need for extension of due date and accordingly, proactively extended the due date for such assesseees. Consequent to such extension, the members of our profession were engaged in full swing in preparing and filing the returns of such assesseees. Resultantly, they could effectively concentrate on the work of conducting tax audit only after 7th September, 2015. This leaves them with a very less time of only 23 days for completion of tax audit of their clients (companies and other assesseees subject to tax audit) and filing of their returns.

As per section 139 (1) of the Income-tax Act, 1961, the return of income of the previous year ending on 31st March, should be filed on or before the following dates of the corresponding assessment year:

14th September, 2015



S. No	Category of Assessee	Due date for filing Return of Income
1	Companies, persons (other than companies) whose accounts are required to be audited under Income-tax Act, 1961 or any other law for the time being in force and working partners of a firm whose accounts are required to be so audited.	30th September of the assessment year
2	Assesseees required to furnish a report referred to in section 92E	30 th November of the assessment year
3	All other assesseees	31 st July of the assessment year

However, this year, consequent to the delay in notification and e-enabling of return forms, the effective time available for filing of return of income is very less, causing genuine hardship to the assesseees and members of the profession. The table below shows the effective time available for filing return of income of A.Y.2015-16 in case of assesseees falling under Sl. No.1 in the table above whose last date for filing return of income falls due on 30th September, 2015:

S. No	ITR Forms	Time available for filing return of income (from the end of the relevant financial year)	Date of Notification	Date of enabling E-Filing	Delay in release of enabling e-filing utility	Effective time available for filing of return of income (from the date of e-nabling)
1	ITR 3, 4 & 7	183 days	29.07.2015	01.08.2015	122 days	61 days
2	ITR 5	183 days	29.07.2015	02.08.2015	123 days	60 days
3	ITR 6	183 days	29.07.2015	07.08.2015	128 days	55 days

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It can be seen that the effective number of days for filing return of income for assesseees whose last date of filing of return of income falls due on 30th September, 2015 is only 55 to 61 days *vis-à-vis* the intended period of 183 days as per the provisions of the Act. In this context, the Government will surely appreciate the fact that our members would also be engaged in finalizing the annual accounts of the companies during the months of September and October. It is also pertinent to mention that various notifications/ clarifications regarding the provisions of the Companies Act, 2013 having direct implications on the filing of income tax return and the audit of the companies under Income-tax Act, 1961 have also been issued and the provisions of the said enactment are being made applicable for the first time, while preparing the annual accounts of the corporate entities. **The main cause of concern for our members is that they need sufficient time to discharge all their professional obligations in an effective manner.** Particularly, the quality of audit conducted by them should not be compromised in any manner due to lack of sufficient time.

The Government is well aware that the Institute has the onerous responsibility of ensuring the quality of service provided by its members to clients and other stakeholders. It is also aware of the Institute's firm belief that the members of the profession have to continuously maintain and strive to enhance the standard of services provided by them, which includes the quality of audit conducted by them. This is very necessary not only to maintain the credibility of the profession, but more importantly to protect the interest of the Revenue. **Conducting the tax audit in an effective manner is therefore necessary to ensure that there is no loss to the Revenue.** Therefore, it is requested that the last date of completion of tax audit and filing of tax audit report and income-tax returns, falling due on 30th September be suitably extended.

In this regard, the data provided by the CBDT to ICAI on the number of tax audit reports submitted in the last few assessment years is a pointer that the number of tax audit reports to be filed in the current assessment year is likely to be around 20 lakh, taking into consideration the annual increase. This indicates the massive number of tax audit reports and related income-tax returns which have to be filed on or before 30th September, 2015. It also reflects the magnitude of the concern faced by the assesseees and members of the profession in having to comply with the statutory obligation of conducting tax audit, filing tax audit report and return of income on or

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before 30th September, 2015, in a year when there has been a significant delay in notification and e-enabling of return forms.

The Institute, being a partner to the Government in nation building, has always supported the efforts of the government to ensure timely compliance of statutory obligations. However, at the same time, care must be taken to make sure that the tax payers and members of the profession are given adequate time to ensure due compliance in an effective manner. Therefore, the last date of filing the tax audit report and return of income falling due on 30th September, 2015 may be suitably extended to give sufficient time to the assesseees and members of the profession to comply with this statutory obligation. It may be noted that there would be no loss of revenue to the Government on account of interest if the due date is extended since interest under section 234B would, in any case, be payable for the extended period.

Further, in order to achieve the twin objective of the Government to optimize tax collection and prevent tax avoidance/evasion and at the same time ensure that tax payers do not face undue hardship on account of increased compliance burden, it is once again suggested that in future, the ITR forms may be notified and e-enabled well in advance in the month of April, which would obviate the need for seeking extension of time for filing return of income in future.

Suggestion:

The 'specified date' for the purpose of audit of accounts and furnishing report of such audit under section 44AB is the due date of filing return of income under section 139(1). Therefore, in the interest of the stakeholders and the Revenue, the said date for A.Y. 2015-16 for assesseees mentioned under clause (a) of Explanation 2 to section 139(1) be extended from 30th September, 2015 to atleast 31st October, 2015 .

Warm Regards,
Manoj Fadnis
CA. Manoj Fadnis