

GCCI/DYSGR-2/DTC/2019-20/

Date: 03/09/2019

**Smt. Nirmala Sitharaman,  
Hon. Finance Minister,  
Govt. of India, North Block,  
New Delhi**

**Sub: Request for Extension of due date for submission of Tax Audit Reports and related returns for A.Y. 2019-20 from 30<sup>th</sup> September, 2019 to 15<sup>th</sup> November, 2019**

Respected Madam,

At the outset, we would like to place on record our sincere appreciation to your good office for having elaborate discussions with the trade and industry representatives and coming out with pro- active measures to revive the economy. We are confident that the slew of measures planned by the government will address several intricate problems being faced by the economy and will help the government to achieve the target of making India a five-trillion-dollar economy in the next five years.

**Gujarat Chamber of Commerce and Industry (“GCCI”)** hereby takes the privilege to address the concern of its members, being members of trade and industry, Chartered Accountants, Advocates and Tax Practitioners, on the extension of due date for submission of tax audit reports and related returns, which needs to be addressed by your good office on utmost priority.

**Role of Gujarat Chamber of Commerce and Industries through its Direct Tax Committee inter alia is to be a bridge between tax payers and tax administration:** The Gujarat Chamber of Commerce & Industry works to create and sustain an environment conducive to the growth of industry and trade in Gujarat, partnering both of them through advisory processes. Founded in 1949, the Chamber has created a niche with the government and other regulatory agencies. It is the one of the leading institution for making effective representation with respect to Income Tax and Allied laws.

With 4000 direct members which include over 200 Trade and Industry Associations and leading Chambers of Commerce of the State, GCCI is growing to serve and serving to grow. It is affiliated with apex bodies like Federation of Indian Chambers of Commerce & Industry [FICCI], Indian National Committee of International Chamber of Commerce [ICC], All India Organization of Employers [AIOE], and the Associated Chambers of Commerce & Industry [ASSOCHAM].

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer



The primary objective of GCCI is not only to work for the cause of the trade but also to educate the public at large and to act as a catalyst between citizens and the government authorities. The Direct Tax Committee of GCCI is one of the most important committees of GCCI which is engaged in the matters related to direct taxes and makes representations to the Government, Central Board of Direct Taxes and at other appropriate forums from time to time on various legislative amendments and issues concerning direct taxes and endeavours to be a bridge between the tax payers and the tax administration.

We are writing this letter to your goodself to extend the due date for submission of Tax Audit Reports and related returns from 30<sup>th</sup> September, 2019 to 15<sup>th</sup> November, 2019 due to the following reasons:

**DUE DATE OF NON-AUDIT RETURNS EXTENDED TILL 31<sup>ST</sup> AUGUST, 2019** As per the order dated 23<sup>rd</sup> July, 2019, issued under section 119 of the Income Tax Act, the due date for filing income tax returns for A.Y. 2019-20 (F.Y. 2018-19) for tax payers not subject to audit was extended from 31<sup>st</sup> July, 2019 to 31<sup>st</sup> August, 2019.

However, the very same extension has also become a reason for extension of due date for tax audits and related returns inter alia for the reasons that in effect, for the month of August, 2019 tax payers and professionals would be busy preparing and filing ITR forms for non-audit assesses. They would be left with hardly a month to file ITR forms of assesses falling under clause (a) of Explanation 2 to section 139(1) of the Income Tax Act, 1961 and Tax Audit Report under section 44AB of the Income Tax Act, 1961. Adequate time needs to be made available for filing of tax audit reports and related returns so that the correct details get filed with the income tax department.

**DELAY IN AVAILABILITY OF ONLINE UTILITY FOR ITR-6 AND ITR-7 AND MAJOR CHANGES IN FORMS FOR AY 2019-20** The release date of online filing schema of ITR-6 and ITR-7 was 8<sup>th</sup> July, 2019 & 4<sup>th</sup> June, 2019 respectively which were last updated on 1<sup>st</sup> August, 2019. The validation rules for ITR-7 were updated on 14<sup>th</sup> August, 2019. Delay in issuing the return utilities and frequent changes thereon hampers the return filing process since the software vendors also take time to incorporate the changes leaving very less time for taxpayers and professionals to file the returns. In a country like ours where there are internet connectivity issues in remote areas and even in large cities, late release of utility leaves very less time to the tax payers and their consultants to prepare and file accurate income tax returns.

Further, new ITR forms for A.Y. 2019-20 were notified in first week of April, 2019 and with such increased disclosures, ITR forms have turned into scrutiny forms. There are major changes in ITR-6 for A.Y. 2019-20 which requires sufficient time



to understand and digest the changes before filing the returns. Some of the major changes are reproduced below:

- Detailed reporting of shareholding by start-ups and closely held companies
- Elaborate reporting of assets and liabilities by start-ups and unlisted companies.
- Schedule P&L has been enlarged to seek more information
- Details of unlisted shares acquired before six years

Since ITR – 6 was notified on 6<sup>th</sup> April, 2019 wherein details were sought for Financial year 2018-19, it is now difficult to go back and collate such details. The auditors are now required to revisit their audit planning & procedures and have to employ and train additional resources to see that all the requirements, per the new form, are complied with in true spirit. If these comprehensive disclosures were required by the department, then the same should have been communicated before the start of the financial year 2018-19. This view is also supported by Hon'ble Gujarat High Court in response to writ petitions filed by various tax associations. Now giving merely 6 months to compile the same is not appropriate. Further it appears that the focus of the tax department is in compilation of data which is not pertaining to computation of income. Had it been limited to computation of income only none of the assesses would require extension of time.

All of the above-mentioned reasons have resulted in extremely low-income tax return filings till July, 2019 of income tax returns in general and ITR-5, 6 and 7 in particular. The screenshot for the comparison from Income tax website is enclosed herewith on next page,



ITR Wise receipt of e-Return July,2019				
S.No.	ITR	FY 2017-18	FY 2018-19	FY 2019-20
1	ITR-1	2,90,67,029	3,17,00,240	1,63,37,557
2	ITR-2(Till AY 2016-17)	3,76,948	43,752	14,404
3	ITR-2(From AY 2017-18)	46,65,177	47,77,808	20,02,244
4	ITR-2A(For AY 2016-16 & 2016-17)	3,13,934	5,460	233
5	ITR-3(Till AY 2016-17)	1,75,896	9,584	3,016
6	ITR-3(From AY 2017-18)	99,00,934	1,25,11,740	27,59,072
7	ITR-4S(Till AY 2016-17)	44,95,327	77,283	6,065
8	ITR-4(Till AY 2016-17)	29,65,995	1,21,011	20,109
9	ITR-4(From AY 2017-18)	1,27,61,551	1,47,73,246	47,90,834
10	ITR-5	15,12,496	15,57,596	1,85,177
11	ITR-6	9,38,620	9,62,573	27,860
12	ITR-7	2,62,997	2,68,836	18,182
Total		6,74,74,904	6,68,09,129	2,66,63,743

FY 2017-18 => From 01/04/2017 to 31/03/2018    FY 2018-19 => From 01/04/2018 to 31/03/2019    FY 2019-20 => From 01/04/2019 to 31/07/2019

**EXTENSION OF DUE DATE OF TDS RETURN AND ENHANCED DISCLOSURE REQUIREMENTS FOR AY 2019-20** The CBDT had extended the due date of filing of Form 24Q, i.e., TDS return in respect of salary for the financial year 2018-19, from 31<sup>st</sup> May, 2019 to 30<sup>th</sup> June, 2019. The due date had been extended considering the latest changes made by the tax department in Form 24Q and to redress genuine hardship of employers in timely filing of TDS return in revised format of Form 24Q. The due date of issue of Form 16 had consequently been extended to 10<sup>th</sup> July, 2019.

In Income tax returns for A.Y. 2019-20, various new disclosure requirements have been added for salaried individuals and non-audit tax payers like detailed disclosures of residential status, details of directorship in companies, investments in unlisted shares, additional disclosures for agriculture income, to name a few.

Further, CBDT has issued two clarifications vide circular no. 18 of 2019 dt. 8<sup>th</sup> August, 2019 and recent circular no. 21 of 2019 dt. 27<sup>th</sup> August, 2019 in respect of filling-up of the ITR forms for the Assessment Year 2019-20, wherein various clarifications are issued that would assist in tax payers in filing their income tax returns.

**Majority of the tax payers and professionals are busy filing the returns for non-audit assesses in the month of August, 2019 leaving very less time for undertaking the tax audit and preparing returns for assesses having due date of 30<sup>th</sup> September, 2019.**

Historically it has been observed that an additional time gap of minimum 2 months is given between the due date for filing income tax returns for non-audit assesses and for submission of Tax Audit Reports and related returns. Considering this, the due date for submission of tax audits and return filing for assesses subject to audit, should be extended to 15<sup>th</sup> November, 2019.



**HEAVY RAINS AND FLOOD LIKE SITUATION** Heavy rains and flood like situation is prevalent in various parts of India (Kerala, Karnataka, Western Maharashtra, Gujarat, Himachal Pradesh, Uttarakhand etc.). It has brought the life of affected people at standstill and has hampered communication adversely. The tax payers located in such areas would not be in a position to get required information such as TDS details, statements and other financial information required for audit and for filing income tax returns on or before the due date. It will expose them to penalties for delay in filing returns and tax audit reports.

### **FIRST YEAR OF FILING ANNUAL RETURN AND AUDIT UNDER GST**

The Government recently extended the due date for filing of Annual return (GSTR-9) and reconciliation statement/ audit report (GSTR-9C) till 30<sup>th</sup> November, 2019 and taxpayers would now use the additional three months to address their concerns and ensure the correct returns are filled on time.

For financial year 2017-18, being the first year of implementation of GST law, said filing is bound to throw up many discrepancies when a professional will verify the correctness of the claims or omissions made by a taxpayer as part of reconciliation statement. You will appreciate that doing such exercise, being for the first time, requires substantial time. **The extension for filing GST annual return and audit for 2017-18 came on 26<sup>th</sup> August, 2019.** It is pertinent to note that due to substantial occupation of time with the filing of GST returns till 26<sup>th</sup> August, 2019, tax payers and professionals did not spend much time in finalising the tax audits reports and income tax returns of tax payers having due date as 30<sup>th</sup> September, 2019.

Moreover, under GST law, any unclaimed eligible input for the previous financial year 2018-19 has to be claimed in the GST return for any month not later than September 2019. After which, the unclaimed input shall lapse, which would be a permanent loss to the assessee. Many business houses, particularly, SMEs might not have claimed eligible inputs properly. Tax auditors have to devote more time to ascertain such lapses and suggest corrective actions.

**OTHER STATUTORY OBLIGATIONS** Members of Trade & Industry and Chartered Accountants are also engaged in finalising the annual accounts of the companies and conducting statutory audits during the month of September. The last date for filing form 5 (Annual Report under RERA) is also 30<sup>th</sup> September, 2019. Moreover, the due date of deposit of second instalment of advance tax is 15<sup>th</sup> September, 2019. Hence work pressure on companies and their consultants in September would be incomprehensible and they need adequate time to discharge their obligations and at the same time, ensure that the quality of the work is not compromised.

**Further, many major Indian festivals are falling in the month of October this year starting with Dussehra , Durga Puja and Diwali.**

Prime objective of filing income tax returns and tax audit under the Income Tax Act, 1961 will be better served if sufficient time is given to disseminate understanding and to digest the changes before application. As the date for filing the tax audit report and income tax returns for assesses having due date as 30<sup>th</sup> September, 2019 is fast approaching, members of trade and industry are raising their concerns/hardships being faced by them in complying the statutory obligations in a timely and effective manner.

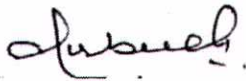
Due to far-reaching changes made in ITR forms and other statutory obligations, incl. GST as mentioned above, the tax payers and auditors are working over-time and most of the CA offices engaged in audits are functioning overtime till very late evenings and are working even on Sundays and holidays. This can be easily verified as the uploading details are completely available in the E- based transparent system introduced by the Income Tax Department. However, the increased workload is such that the same cannot be coped up even by such overtime work.

We fully respect and support the efforts of the Government to capture all the relevant information in the income tax returns. However, at the same time, it must be ensured that the members of the trade and members of the profession are given adequate time to ensure due compliance in an effective manner.

We would be very grateful if your good self would take an early action in this regard and have a positive consideration of our requests. This will be very useful for the taxation fraternity and also for the trade and industry. In conclusion, we request that a suitable order may be issued to this effect at the earliest.

With warm regards,

Yours Sincerely,



**Durgesh Buch**  
President



**CA Jainik Vakil**  
Chairman,  
GCCCI Direct Tax Committee

CC:

1. **Shri Pramod Chandra Mody – IRS, Chairperson – Central Board of Direct Taxes, New Delhi.**
2. **Shri Ajay Das Mehrotra – Principal Chief Commissioner of Income Tax, Gujarat Region, Ahmedabad.**