**Management Representation Letter (MRL)**

**for Tax Audit**

**(Illustrative)**

To

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Chartered Accountants

Address: \_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_)

**Sub: Representation from Management for the purpose of Tax Audit under section 44AB of the Income Tax Act, 1961 (The “Act”) for the year ended on 31st March, 20XX.**

Respected Sir/ Madam,

This representation letter is provided in connection with the tax audit u/s 44AB of the Income Tax Act of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the year ended 31st March, 20XX for the purpose of expressing an opinion as to whether the Form 3CD along with the annexure thereto gives a true and correct view of the facts mentioned therein. We acknowledge our responsibility to keep and maintain such books of account and other documents as may enable tax auditor to complete tax audit u/s 44AB, in accordance with the provisions of the Income Tax Act, 1961

We confirm the following representations to the best of our knowledge and belief:

1. The name as per PAN card is \_\_\_\_\_\_\_\_\_\_. We do not hold any other PAN. A copy of PAN Card has been attached herewith.
2. We have no other business address than communicated to the Income-tax Department for assessment purposes.
3. We have employed the cash/mercantile system of accounting during the year.
4. There has been a change in the method of accounting employed in the previous year as compared to that employed in the immediately preceding financial year i.e. F.Y. 20XX-XX. The effect of the same on profit is as follows:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Increase in Profit** | **Decrease in profit** |
|  |  |  |
|  |  |  |

The assessee is liable/not liable to pay indirect taxes & if yes, for that registration number is as follows:

1. Service Tax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. VAT: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Excise: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Import Export Code: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. GST: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Copy of the Registration Certificates (RCs) has been attached herewith.

1. We have Opted/not opted to be assessed under any of the 115BA/115BAA/115BAB/115BAC/115BAD.
2. We confirm that the profit and loss account does not include any profits and gains assessable on a presumptive basis under relevant sections 44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section
3. We are engaged in the business as reported in clause 10(a) of Form 3CD.
4. We have disclosed the nature of every business carried on by it and there is no change in the nature of business carried in the previous year from the earlier years.
5. We have maintained books of accounts in the “ERP” based computer system in accordance with the generally accepted accounting principle and the following books are generated by the computer systems:-
6. Cash Book
7. Bank Book
8. Ledger
9. Journal
10. Any other books
11. The above books and accounts have been maintained and kept as per the addresses mentioned in clause 11(b) of Form 3CD.
12. The following are the members/partners of the firm & their profit-sharing ratio is as follow:

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Name** | **Profit Sharing Ratio** |
|  |  |  |
|  |  |  |
|  |  |  |

1. There are no items of the following nature which are not credited to the profit and loss account where applicable:
2. items falling under the scope of Section 28 of the Act;
3. the performa credits, drawbacks, refund of duty or customs or excise or service-tax or refund due by the authorities concerned;
4. escalation claims accepted during the previous year;
5. any other item of income; and
6. capital receipts.
7. During the Previous Year, We have not transferred any land or building for a consideration less than the value adopted or assessed or assessable by any authority of a State Government referred to in section 43CA or 50C.
8. We have disclosed ICDS as required by the disclosure norms mentioned as per section 145(2) of the Income Tax Act, along with any adjustment in clause 13(e) of Form 3CD.
9. Adjustments is required to be made to the profits or loss to comply with the provisions of ICDS. The effects of such adjustments are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
| **ICDS** | **Increase in Profit** | **Decrease in profit** | **Net Effect** |
|  |  |  |  |
|  |  |  |  |

1. The Closing stock in respect of Raw Material, Work In Progress, and Finished Goods are valued at cost or Net Realizable Value (NRV) whichever is less. The assessee has changed/not changed its accounting policy regarding the valuation of inventories during the previous year. The change of accounting policy has resulted in an increase/decrease in profit by Rs. \_\_\_\_\_\_\_\_\_\_\_\_ in the previous year 20XX-XX.
2. The particulars disclosed in respect of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be as required under clause 18 of Form No. 3CD are correct.
3. There are no amounts admissible under sections 32AC, 32AD, 33AB, 33ABA, 33AC (wherever applicable), 35(1), 35(2AB), 35ABB, 35AC, 35CCA, 35CCB, 35CCC, 35CCD, 35D, 35DD and 35E which are debited/not debited to the profit and loss account.
4. We have not paid any sum to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend.
5. The sums received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned u/s 2(24) (x) and the due date of payments and the actual date of payments to the concerned authorities u/s 36(1) (va) as disclosed against clause 20(b) of form 3CD are correct.
6. We have not debited any expense being in the nature of Capital Expenditure to Profit and Loss Account.
7. We certify that there are no capital assets which are converted into stock in trade
8. We have not debited any expense being in the nature of Personal Expenditure to Profit and Loss Account.
9. We have not released any advertisement in any souvenir, brochure, tract, pamphlet or the like, published by any political party.
10. We had not made any payments to club as entrance fees, subscriptions and for club services and facilities used.
11. We had not incurred any expenditure by way of penalty or fine for violation of any law and no expenditure was incurred for any purpose which is an offence or which is prohibited by law except a sum of Rs. \_\_\_\_\_\_\_\_ as interest on late deposit of TDS under section 201(1A) and Interest on Income Tax under section 206C(7) which is duly reported in clause 34(c) of Form 3CD.
12. We had not incurred any expenditure by way of any other penalty or fine.
13. There are no amounts inadmissible u/s 40(a) of the Act except Rs. \_\_\_\_\_\_\_\_\_\_ being the amount paid to a resident on which tax is not deducted. Refer clause 21(b)(ii)(A) of Form 3CD.
14. As certified, in relation to any expenditure covered u/s 40A (3), all payments were made by an account payee Cheque drawn on a bank or account payee bank draft. That all payments exceeding Rs. 10,000 have been made either by an account payee Cheque drawn on a bank or account payee bank draft or by electronic clearing system.
15. We have paid no sums, which are disallowed u/s 40A (9).
16. We have not debited any item of a contingent nature to the profit and loss account.
17. The deduction u/s 14A amounting to Rs. \_\_\_\_\_\_\_\_\_\_\_ in respect of expenditure incurred in relation to income which does not form part of the total income is correct.
18. We do not have any amount of interest paid that is inadmissible under the provision to section 36 (1) (iii) of the Act.
19. Particulars of payments made to persons specified under section 40A(2)(b) as mentioned in clause 23 of Form 3CD are correct.
20. There is no amount of profit chargeable to tax u/s 41 of the Act.
21. That during the previous year we have not received any property, being share of a company not being a company in which the public are substantially interested, without consideration or for inadequate consideration as referred to in section 56(2)(viia) except reported under clause 28 of Form 3CD.
22. There are no other income during the previous year that we received by way of consideration for issue of shares which exceeds the fair market value of the shares as referred to in section 56(2)(viib)/(ix)/(x) except for clause 29 of Form 3CD.
23. There are no sums referred to under clauses (a), (b), (c), (d), or (e) of section 43B, the liability for which pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year except those disclosed against clause 26(A) of form 3CD. The amount of expenditure incurred during the previous year, paid on or before filing of return u/s 139(1) is duly reported in clause 26(B)(a) and not paid on or before the aforesaid date under clause 26(B)(b) of Form 3 CD.
24. We have following list of creditors for which section 43B(h) is applicable:

Sr. No. Name Amount Delay Days Interest

1. Its our responsibility to identify Micro & Small enterprises for the purpose disallowance under section 43B(h) of Income Tax Act 1961.
2. The amount of Central Value Added Tax Credits/Input Tax Credit (ITC) availed of or utilised during the previous year and its treatment in profit and loss account and treatment of outstanding Central Value Added Tax Credits/Input Tax Credit(ITC) in accounts as per relevant law is duly reported in Form 3CD vide clause No. 27 (a).
3. There is no income or expenditure or prior period credited to the profit and loss account except those shown against clause 27 (b) of 3CD.
4. As certified, it is the practice to accept any loan or deposit or any sum and to make any repayment of loan or deposit or any sum in excess of Rs. 20,000 by account payee cheque or account payee bank draft or by electronic clearing system only.
5. There are no amounts/deductions admissible under Chapter VI-A or Chapter III (section 10A, section 10AA) under Clause 33 of Form No. 3CD except disclosed in Form 3CD.
6. We have complied with all the provisions of Chapter XVII-B or Chapter XVII-BB of the Act and deduction or collection of tax at source has been made at the applicable rates under the relevant provisions of the Act. There have been no cases of tax-deductible where tax has not been deducted at all, or shortfalls on account of lesser deduction than required to be deducted or tax deducted or tax deducted late or tax deducted but not paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B or Chapter XVII-BB of the Act, except as disclosed in clause 34(a) of Form 3CD.
7. We have furnished the statement of tax deducted and collected within the prescribed time except as disclosed in clause 34(b) of Form 3CD.
8. The interest under section 201(1A) or section 206C (7) disclosed under clause 34(c) of Form 3CD is correct.
9. There are no other quantitative details of any other item that an entity principally traded or manufactured other than disclosed under clause 35.
10. We have not received any amount in the nature of dividend as referred to in sub-clause (e) of clause (22) of section 2 except as disclosed under clause 36A of Form 3CD.
11. During the previous year there was no audit conducted under the Central Excise Act 1944 and under section 72A of the Finance Act, 1994.
12. There was no adverse comment raised and reported by the cost auditor during the previous year.
13. There is no demand raised or refund issued during the previous year under any tax laws other than the Income Tax Act,1961 and Wealth Tax Act, 1957 except as disclosed in clause 41 of Form 3CD.
14. The detail regarding turnover, gross profit etc. for the previous year and preceding previous year are correctly calculated and disclosed in clause 40 of Form 3CD.
15. We have complied the requirement of furnishing the statements in Form 61 or Form No. 61A or Form No. 61B
16. We have complied the requirement to furnish statement as prescribed under sub-section (2) of section 286.
17. There is no other expenditure of entities registered or not registered under the GST as disclosed in clause 44 of Form 3CD.

The information furnished in Form 3CD and signed by us is true and correct.

**For and on behalf of**

**For XYZ Pvt Ltd**

Director