

PAYROLL

ASSET MANAGEMENT

The COMMUNIQUE



**Senthil Kumar S**

Our Leadership Speaks

What Budget 2025 Means for Businesses

The Union Budget 2025–26 presents a forward-looking vision, balancing fiscal responsibility with growth-oriented policies. The increase in the tax exemption limit and the continued focus on infrastructure investment provide a boost to consumption and industrial expansion. At the same time, businesses must prepare for evolving regulatory requirements and optimize financial strategies to leverage these benefits effectively. With capital expenditure rising by 17%, improved logistics and urban infrastructure could drive efficiency, but businesses need to align their operations with these developments to remain competitive.

One of the most significant takeaways from this year’s budget is its strong commitment to digitalization and sustainability. The ₹20,000 crore allocation for AI research and the National AI Cloud marks a strategic push toward automation, analytics, and tech-driven governance. Additionally, the Green Hydrogen Mission underscores India’s intent to transition toward clean energy, which will impact industries relying on traditional fuel sources. While these initiatives open doors for innovation and cost efficiencies, they also call for adaptability—organizations must assess how they integrate AI and ESG principles into their long-term strategy.

For business leaders, the path ahead lies in balancing innovation with compliance, growth with sustainability, and agility with stability. This budget provides opportunities, but success will depend on how well businesses navigate regulatory changes, digital adoption, and financial discipline. At FASTFACTS, we continue to support businesses in embracing digitalized financial management, compliance automation, and strategic transformation. As the economic landscape evolves, staying ahead requires not just reacting to policy changes, but proactively aligning with them. The time to act is now.

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Never miss a date

March 2nd

Due date for furnishing of challan-cum-statement in respect of tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of January 2025.

March 7th

Due date for deposit of Tax deducted/collected for the month of February, 2025.

March 15th

Fourth installment of advance tax for the assessment year 2025-26

March 15th

Due date for payment of whole amount of advance tax in respect of assessment year 2025-26 for assessee covered under presumptive scheme of section 44AD / 44ADA

March 15th

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of February, 2025 has been paid without the production of a Challan

March 17th

Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of November 2024.

March 30th

Due date for furnishing of challan-cum-statement in respect of tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of February 2025.

March 31st

Country-By-Country Report in Form No. 3CEAD for the previous year 2023-24 by a parent entity or the alternate reporting entity, resident in India, in respect of the international group of which it is a constituent of such group

March 31st

Uploading of statement [Form 67], of foreign income offered to tax and tax deducted or paid on such income in previous year 2022-23, to claim foreign tax credit [if return of income has been furnished within the time specified under section 139(1) or section 139(4)].

Happy to enhance our footprints

Trust at the core of every relationship



ALL YOU NEED TO KNOW ABOUT — FORM 3CD & TAX AUDIT UPDATES: PREPARING FOR FINANCIAL YEAR CLOSING

Introduction

As the financial year comes to a close, businesses must ensure their tax compliance is in order. One critical aspect of this is the Tax Audit Report (Form 3CD), which plays a crucial role in providing financial transparency and ensuring compliance with income tax regulations. With evolving tax laws and increasing scrutiny by tax authorities, businesses need to be well-prepared for the audit process. In this article, we discuss key areas to focus on while preparing Form 3CD before the financial year-end.

Understanding Form 3CD

Form 3CD is a detailed statement of particulars required for tax audits under Section 44AB of the Income Tax Act, 1961. Businesses with turnover exceeding specified limits (₹1 crore for businesses and ₹50 lakh for professionals, subject to presumptive taxation provisions) must submit this report along with Form 3CA or 3CB. The form consists of multiple clauses that cover various aspects of financial reporting, deductions, and compliance. View it here:

<https://incometaxindia.gov.in/forms/income-tax%20rules/103120000000007767.pdf>

Key Areas to Review Before Financial Year-End

Businesses need to review the key areas below before the current financial year ends:

Reconciliation of Financial Statements with Tax Reporting

One of the primary objectives of Form 3CD is to ensure that the books of accounts align with tax returns. Businesses should conduct a reconciliation of their income, expenses, and deductions as per their financial statements and the figures reported in tax filings. Any discrepancies in revenue recognition, expense accounting, or capital asset valuation should be identified and corrected before submission.

Section 43B Compliance: Timely Payment of Statutory Dues

Section 43B mandates that certain expenses, such as GST, PF, ESI, gratuity, and interest on loans, must be paid before the due date of filing the return to be eligible for deduction. Delayed payments can lead to disallowance of expenses, impacting tax liability. Businesses should ensure that all such dues are cleared before March 31 to avoid compliance issues.

Reporting of Loans, Advances, and Related Party Transactions

Transactions with related parties must be reported under Clauses 23 and 24 of Form 3CD. This includes loans, advances, and other transactions with directors, shareholders, or associated enterprises. Any non-compliance with transfer pricing regulations or non-disclosure of related party transactions may invite scrutiny from tax authorities.

Depreciation and Fixed Asset Register Compliance

Businesses should verify their fixed asset register to ensure accurate depreciation claims. The choice of depreciation method (as per the Income Tax Act or Companies Act) should be appropriately documented. Any discrepancies in asset classification, additions, or deletions should be reconciled before submission to avoid incorrect tax calculations.

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TDS Compliance and Reporting under Clause 34(a)

Form 3CD requires detailed reporting of TDS deductions and payments, including instances where tax was deducted but not deposited within the due date. Accurate reporting is essential for businesses to ensure compliance with TDS provisions and avoid potential disallowances under Section 40(a)(ia). FASTFACTS' 34A Reconciler comes at your rescue here by automating the reconciliation process by matching ERP expense line items with TDS returns, identifying discrepancies, and generating ready-to-use, pre-formatted reports for your Tax Audit Form 3CD. This ensures precise and efficient reporting, thereby minimizing the risk of disallowances and penalties.

GST and Turnover Reconciliation

Clause 44 of Form 3CD requires reporting of GST turnover and expenditures, making it essential for businesses to reconcile GSTR-9, GSTR-2B, and financial statements. Any discrepancies in ITC claims or tax liabilities should be rectified before the financial year closes to prevent audit observations.

Recent Updates and Changes to Consider

Reporting of MSME Payments (Clause 22) – Businesses must disclose payments to MSMEs beyond the prescribed time limits under the MSME Act.

Disallowance of Interest on Loans from NBFCs – New amendments highlight that timely interest payments on NBFC loans are necessary to claim deductions.

Enhanced Penalties for Non-Compliance – Non-reporting or misreporting in Form 3CD can lead to increased penalties under Section 271B.

Checklist of Key Areas Before Filing Form 3CD

Particulars	Tick (☑) if completed
Reconcile of financial statements with tax returns and GST records	
Ensure timely payments of statutory dues (GST, PF, ESI, etc.)	
Cross-check TDS deductions as per books with e-TDS returns filed	
Verify and report related party transactions correctly	
Review depreciation calculations and fixed asset register	
Complete MSME and NBFC-related reporting	

Conclusion

With increasing compliance requirements, preparing Form 3CD thoroughly before the financial year-end is essential to avoid penalties and ensure smooth tax filing. Businesses should proactively conduct reconciliations, review key audit clauses, and seek professional guidance if needed. A well-prepared tax audit report not only helps in tax optimization but also enhances financial transparency and compliance readiness.

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