



PLANNING AND ECONOMIC AFFAIRS (BPE)  
DEPARTMENT

No11397/88/BPE/Plg., Thiruvananthapuram,  
dated 17<sup>th</sup> June 1988

**CIRCULAR**

*Sub.* - Appointment of Tax Auditors

Attention is invited to the provisions of Income Tax Act whereunder Companies and corporations have to get their accounts audited with effect from the assessment year 1985-86, before the specified date, by an accountant if the total sales, turnover or gross receipt in business for the accounting year or year relevant to the assessment year 1985-86 or any subsequent years exceeds Rs. 40 lakhs and obtain a report of the audit in the prescribed form. Since the Companies and Corporations have statutory Auditors the tax audit can also be assigned to them. This will be economical and can also avoid duplications of work.

Some times it may not be possible to assign the tax audit to the statutory Auditor due to the delay in getting the statutory Auditor appointed by the Company law Board because.

(i) The tax audit had to be completed before the specified date which is four months from the close of the accounting year and

(ii) the return of Income together with the tax audit certificate has to be filed within the prescribed due date or within such extended time as allowed by the Income Tax Officer in order to get the benefit of carry forward of loss.

But in the cases of Companies whose audit is not in arrears and whose Statutory Auditor is appointed before the close of the accounting year, the tax audit can be assigned to be Statutory Auditor as there will not be any problem in getting the tax audit certificate within the prescribed time span.

It is, therefore directed, that in all cases where the statutory audit is not in arrears the Statutory Auditor is appointed before the close of the accounting year, the tax audit should invariably be assigned to the Statutory Auditor.

**K. VIJAYACHANDRAN**  
*Secretary,*