STATUTORY COMPARISON / MAP-67F1536C9092

Tax audit: the threshold survives, but the decision tree spans several provisions

SPLIT | RENUMBERED

1961 ACT / 44AB - AUDIT OF ACCOUNTS OF CERTAIN PERSONS CARRYING ON BUSINESS OR PROFESSION

Section 44AB combines turnover and professional-receipt triggers, lower-than-presumptive-profit cases, exclusions, reporting requirements and the audit deadline.

2025 ACT / 63 - TAX AUDIT

Section 63 reorganises tax audit into a table and separate reporting provisions; section 58 carries resident presumptive computation and associated audit obligations. The official mapper also identifies section 2 definitions.

READING CHRONOLOGY

01 Operative provisions / 02 Change analysis / 03 Transition / 04 Compliance / 05 Disputes / 06 Expert Commentary

02 PRECISE CHANGE ANALYSIS

The general business threshold remains Rs. 1 crore, increased to Rs. 10 crore only where both aggregate cash receipts and aggregate cash payments satisfy the 5% ceiling. The professional threshold remains Rs. 50 lakh. Non-account-payee cheques and drafts remain treated as cash: compare 44AB(a)-(b) with 63(1), Table item 1, and 63(5)(b).

Section 63(1), Table item 2, refers to profits below those prescribed in 58(2) or 61(2), Table items 4 and 5. Section 58(3) separately requires both lower actual profit and total income exceeding the non-taxable maximum; 58(8) retains an audit obligation in the five-year presumptive exit situation. These interacting provisions cannot safely be reduced to a one-line 44AB to 63 substitution.

Section 63(2) states a consolidated exclusion where declared profits accord with 58(2) or 61(2). Sections 63(3)-(5) preserve separate furnishing, other-law audit and relative deadline requirements. The deadline is one month before the relevant return due date, now cross-referenced to 263(1), rather than an unconditional calendar date.

Section 61(3) expressly links lower-profit claims for its Table items 4 and 5 (turnkey power projects and mineral-oil services) to books and audit. Section 2(1) centralises the accountant definition by reference to section 515(3)(b), instead of the local cross-reference in the old 44AB Explanation.

The accountant definition now follows section 2(1) to 515(3)(b); the CA qualification, valid certificate of practice and company-auditor eligibility link remain. For non-company cases, compare the complete independence exclusions. In particular, old 288 uses provisos for relatives holding security, debt or guarantees up to Rs. 1 lakh, whereas displayed 515(3)(b)(ii)(G)(I)-(III) recasts those words using an and formulation inside the exclusion. This note records that drafting difference but does not certify identical operation or infer an expanded disqualification without resolving the wording. The trust/institution reference also becomes a registered non-profit organisation reference under 355(h).

03 TRANSITION AND EFFECTIVE DATES

Section 536(2)(c) preserves the 1961 Act and its procedure for pending proceedings and proceedings initiated on or after 1 April 2026 concerning tax years beginning before that date. The date of a notice or order alone does not determine the governing Act.

An audit of the year beginning 1 April 2025 is not automatically governed by section 63 merely because the report is furnished after commencement. Determine the period, saved obligations and governing return provisions together.

04 COMPLIANCE IMPACT

Maintain separate calculations for aggregate receipts and payments: a low cash-sales ratio alone is insufficient for the Rs. 10 crore concession. Prepare an eligibility worksheet showing normal threshold, presumptive regime, lower-profit claim and exit-history tests.

Do not configure audit software using section 63 alone. Cross-reference 58(3), 58(8), 58(10), and the applicable non-resident provision before concluding that an audit is unnecessary.

Obtain an accountant eligibility and independence declaration under the applicable Act. Do not substitute the broad status of authorised representative for eligibility to sign an audit report: both definitions expressly distinguish representation from the audit exclusions.

05 ASSESSMENT AND LITIGATION IMPACT

For a disputed audit obligation, identify the exact trigger rather than inferring liability solely from turnover. Where section 63's lower-profit table and section 58's income qualification appear to overlap, the statutory interaction requires a reasoned construction on the facts; this note does not resolve that interaction by silently deleting either condition.

06 AKHB EXPERT COMMENTARY

The principal risk in migration is an incomplete audit decision rule. Retention of the headline limits does not establish identity of legal operation: presumptive eligibility, actual profit, total income and earlier exits perform different statutory functions. They should be recorded as separate findings before the audit conclusion is reached.

For goods-carriage and other presumptive cases, a defensible file should distinguish the computation election from the reporting consequence and expressly examine the special exclusion. A generic declaration that 'only numbering has changed' would conceal the very cross-references on which liability depends.

STATUTORY SOURCES AND PINPOINTS

1961 Act, section 44AB - clauses (a)-(e), provisos and Explanation

2025 Act, section 63 - subsections (1)-(5)

2025 Act, section 58 - subsections (3), (7)-(10)

2025 Act, section 536 - subsection (2)(b)-(c)

2025 Act, section 61 - subsections (2)-(3)

2025 Act, section 2 - clause (1)

Income-tax Act section 288 - Explanation to subsection (2), accountant exclusions

Income-tax Act section 515 - subsection (3)(b), especially (ii)(G)

SOURCE AND ANALYTICAL SCOPE

Comparison of CBDT consolidated 2026 section texts retrieved locally on 5 October 2026, checked against official section pages on 18 October 2026. This is a current-text comparison, not a claim that every difference was introduced by the 2025 Act as originally enacted. No case-law propositions or professional signoff are asserted. Direct headless API revalidation was denied; source-page access succeeded. Full sections 61, 288 and 515 were also examined. The split/renumbered classification describes the mapping structure; it is not a certification of complete substantive equivalence. The lower-profit interaction and changed drafting of accountant independence exclusions require careful construction; no resolved expansion or contraction is asserted.

Status labels describe the analysed provision and may coexist: a provision can be renumbered and substantively changed. Retained does not certify every surrounding rule or notification. Commentary is separate from the legislation.

AI-assisted statutory research; no independent professional sign-off is represented. General information, not a signed legal opinion. The applicable enacted text, amendments and facts control.