

Practical aspects of Applicability of Tax Audit & CAQD Tools & Utilities



ICAI – Amritsar Branch (NIRC)

1st September 2025

CA. PRAMOD JAIN

FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

Legislation for AY 2025-26

S. 44AB

- Business – exceeds Rs. 1 Cr. / 10 Cr
- Profession – exceeds Rs. 50 L
- Business u/s 44AE /44BB/44BBB; income < deemed profit
- Profession u/s 44ADA; deemed profit < 50% and TI > MANCT
- Business u/s 44AD(4) and TI > MANCT

Rule 6G

- Prescribing the Forms for Report u/s 44AB

Form 3CA

- Report in case of a person who is required to get his A/cs audited under any law

Form 3CB

- Report in any other case

Form 3CD

- Particulars as required in Form 3CA or Form 3CB

S. 271B

- Penalty $\frac{1}{2}\%$ Maximum Rs. 1.50 L

Applicability of 44AD(44ADA) /44AB

**Mr.A started Mfg – 1st Yr - Turnover (all cash) – 150L;
NP – 8 L; TI - 8.50 L**

- AD - No
- AB - Yes

**Ms. B - Trading - Turnover (all cash) – 90L; NP - 10L;
Doctor– Fee – 45 L; NP- 25 L; TI -32L**

- AD – No
- ADA - Yes
- AB - No

**Ms. C – Trading Turnover (all cash)– 80L ; NP – 4 L;
TI- 3 L**

- AD – No
- AB - No

**Mr. D - Trading; Turnover (all cash) - 95L;
Commission – 6 L; NP- 15L; TI - 14L**

- AD - No
- AB - Yes

Applicability of 44AD(44ADA) /44AB

Mr. E - Turnover (all bank) – AY 2024-25 - 150L availed S. 44AD; AY 2025-26 – Tr 225 L (all bank) NP – 10 L; TI - 8.50 L

- AD - No
- AB - Yes

Ms. F - Turnover in 1st year (all cash) – AY 2024-25 - 120L; NP - 10L; No 44AD; Turnover (all bank) AY 2025-26 – 220L; NP – 20 L – 44AD!!

- AD - Yes
- AB - No

Ms. G - CA Turnover (all Bank)– 60L NP – 35 L; TI- 32 L

- ADA – Yes
- AB - No

Mr. H – CA Turnover – 18L; NP– 7L ; TI- 7 L

- ADA – No
- AB - Yes

Applicability of 44AB – Spl. cases

Mr. I – Salaried Employee- 15 lacs; F&O Turnover 8 Lacs, Net Loss 3 Lacs

• No

Ms. J – Profession – 80 L; Business – 70 L

• Yes, B & P

M/s K Inc – Non- Resident, FTS II Cr.TDS u/s 195, DTAA

• Yes

CA. L – Remuneration 90 L from firm in which partner

• No, Perizad Zorabian Irani v. PCIT Mumbai WP 1333/2021 Bombay HC

Section 44AD essentials

- **Should be eligible assessee**
 - **Ind., HUF, Firm (except LLP); and**
 - **No s. 10A, 10AA, 10B, 10BA & Chp VIA Part C**
- **Should be doing eligible business**
 - **Any except 44AE; and**
 - **Turnover < 2 Crs / 3 crs**
- **Section not applicable to a person carrying:**
 - **Profession u/s 44AA(I)**
 - **Commission or brokerage**
 - **Agency business**
- **Deemed profit 8% / 6% or more**
- **Commensurate with fund flow!!!**

PRESUMPTIVE TAXATION AMENDMENT FROM AY 2024-25

- **S. 44AD**

- **2 Cr to 3 Cr, if aggregate of amounts received during PY in cash do not exceed 5% of total turnover or gross receipts**

- **S. 44ADA**

- **50 L to 75 L – same basis**

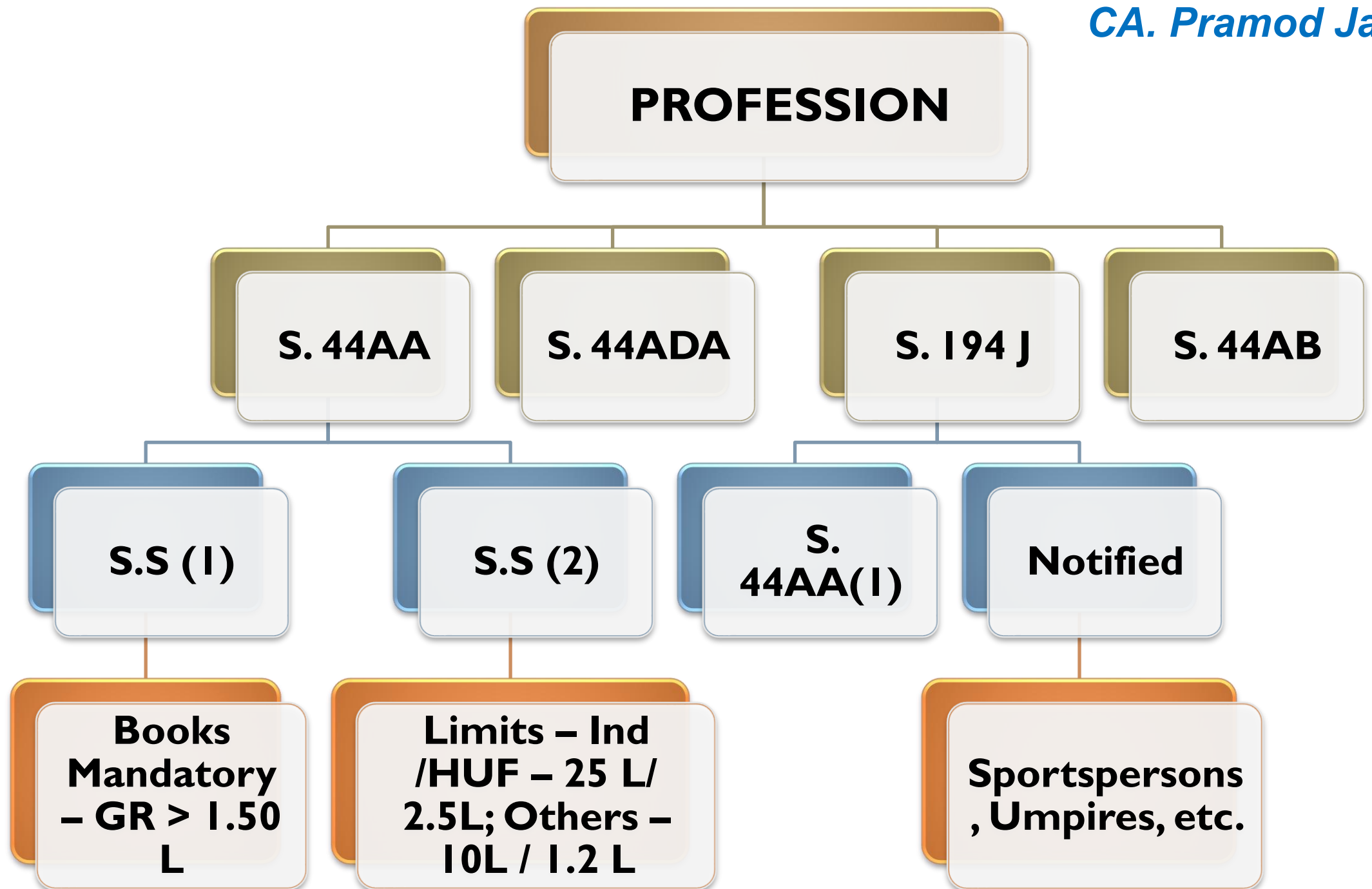
- **S. 44AB – 1st Proviso – s. 44AD / ADA excluded**

Section 44ADA essentials

- Applicable to Individual, ~~HUF~~, Firm (excluding LLP)
- Should be engaged in profession – section 44AA(I) read with rule 6F
- Gross receipt < 50 Lakhs / 75 Lakhs
- Deemed profit 50% or more
- Commensurate with fund flow!!!

Profession – s. 44ADA

- **Section 44AA (I) read with Rule 6F**
 - **Legal**
 - **Medical**
 - **Engineering**
 - **Architectural**
 - **Accountancy**
 - **Technical Consultancy**
 - **Interior Decoration**
 - **Authorised Representative**
 - **Company Secretary**
 - **Film Artist, actors, cameramen, editor.....**
 - **Information Technology**



S. 194 J Notified List

- **Sports Persons**
- **Umpires & Referees**
- **Coaches & Trainers**
- **Team Physicians & Physiotherapists**
- **Event managers**
- **Commentators**
- **Anchors**
- **Sports Columnists**

S. 44AB(a)

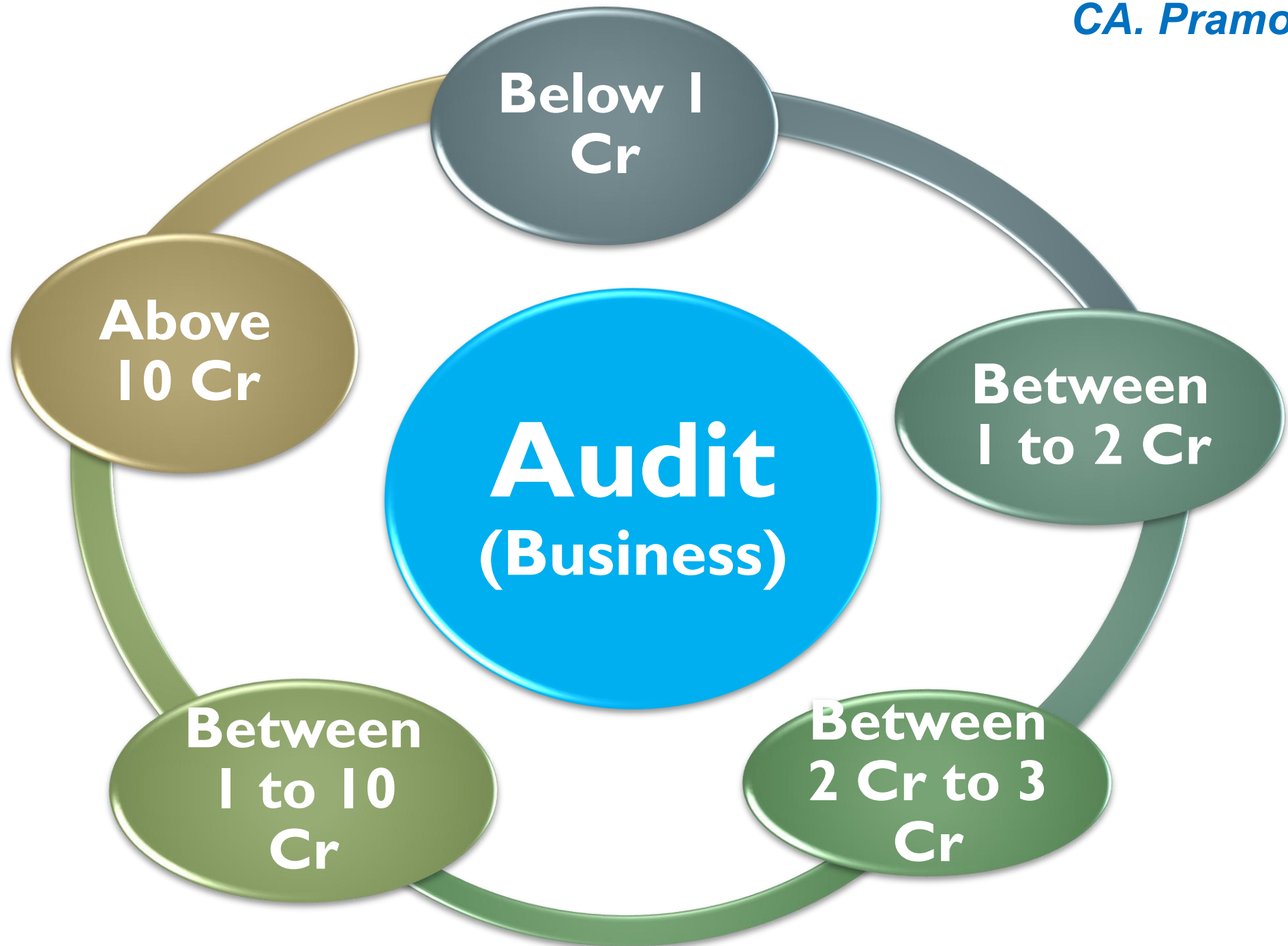
- **Limit 1 Cr / 10 Cr !!**
- **Limit of 10 Cr Only if:**
 - **Aggregate of all amounts received in cash do not exceed 5% of said amt.**
 - **AND**
 - **Aggregate of all Payments made in cash do not exceed 5% of said payment**

44AB(a) ???

- **Payments all by banking channels**
- **Receipts:**
 - **6 Crs sales out of which 20 Lacs in Cash**
 - **Proprietor introduces capital – 25 Lacs in cash**
 - **Loans received– 50 Lacs by NEFT**
 - **Is tax audit u/s 44AB required?**
 - **Yes, as total receipts - 675 L ; cash – 45L**
- **Is it mandatory or optional??**
 - **Mandatory - Part I (I) of 2nd schedule**
- **Non -A/c Payee Cheque/ Draft - Cash**

Presumptive Incomes

S. No.	Section	Nature of Activity	Less than Deemed Profits	Provisions for Audit	Audit Provision
I	44AD	Business	If availed 44AD & not availed in any of next 5 years, then for next 5 years - Audit	44AD(4)/ (5)	44AB(e)
2	44ADA	Profession	Audit	44ADA(4)	44AB(d)
3	44AE	Goods Carriage	Audit	44AE(7)	44AB(c)
4	44B	Shipping of NR	Not Allowed	Nil	Nil
5	44BB	Exploration of Mineral Oils by NR	Audit	44BB(3)	44AB(c)
6	44BBA	Operation of Aircraft by NR	Not Allowed	Nil	Nil
7	44BBB	Turnkey Power Projects by FC	Audit	44BBB(2)	44AB(c)



???

- **Are Financial Statements Audited during Tax audit of Prop. Partnership?**
- **Are Notes to accounts prepared for Non-Corporates?**
- **Are Accounting Standards applicable to Non-corporates?**
- **What if there is non-compliance?**
- **Where to Report such non-compliance?**

AS Applicability for Non-Companies

- Effective for Accounting Periods **from 1.4.2024**. Instead of 4 levels.. Now 2 levels :
 - Large
 - Micro, Small and Medium Sized Entity (MSME)

LEVEL	TURNOVER (in immediately Preceding FY)			BORROWING (in immediately Preceding FY)	
	Existing	Revised		Existing	Revised
I Large	> 250 Cr	> 250 Cr		> 50 Cr	> 50 Cr
II MSME	50-250 Cr	≤ 250 Cr		10-50 Cr	≤ 50 Cr
III	10-50Cr	NA		2-10Cr	NA
IV	< 10 Cr	NA		< 2 Cr	NA

MSME Disclosure Non-Corporate

- **“The Entity is a Micro Small and Medium Sized Entity (MSME) as per the announcement made by ICAI and has complied with the Accounting Standards insofar as they are applicable to an MSME.”**
- **Two year wait period if change from Large to MSME.**

AS Applicability

AS No.	Short Title	Companies		Non - Companies	
		Non-SMC	SMC	Large	MSME
1	Disclosure of Accounting Policies	Y	Y	Y	Y
2	Valuation of Inventories	Y	Y	Y	Y
3	Cash Flow Statements	Y	N/Y	Y	N
4	Events after Balance Sheet date	Y	Y	Y	Y
5	Prior Period Items & Changes in Policies	Y	Y	Y	Y
6	Depreciation (Omitted 30.3.16)	NA	NA	NA	NA
7	Construction Contracts	Y	Y	Y	Y
9	Revenue Recognition	Y	Y	Y	Y
10	Property, Plant & Equipment	Y	Y	Y	Partly
11	Changes in Foreign Exchange Rates	Y	Y	Y	Partly
12	Accounting for Government Grants	Y	Y	Y	Y
13	Accounting for Investments	Y	Y	Y	Y
14	Accounting for Amalgamations	Y	Y	Y	N
15	Employee Benefits	Y	Partly	Y	Partly

AS Applicability

CA. Pramod Jain

AS No.	Short Title	Companies		Non - Companies	
		Non-SMC	SMC	Large	MSME
16	Borrowing Cost	Y	Y	Y	Y
17	Segment Reporting	Y	N	Y	N
18	Related Party Disclosures*	Y	Y	Y	N*
19	Leases	Y	Partly	Y	Partly
20	Earning Per Share	Y	Partly	N	N
21	Consolidated Financial Statements	N/Y	N/Y	(listed)	N
22	Accounting for Taxes on Income	Y	Y	Y	Partly
23	Accounting for Associates in CFS	N/Y	N/Y	(listed)	N
24	Discontinuing Operations	Y	Y	Y	N
25	Interim Financial Reporting	Y (listed)	N**	N**	N
26	Intangible Assets	Y	Y	Y	Partly
27	Interest in Joint Ventures	N/Y	N/Y	(listed)	N
28	Impairment of Assets*	Y	Partly	Y	N*
29	Provisions, Contingent Liab. & Assets	Y	Partly	Y	Partly

Financial Statements Formats by ICAI

Non-Corporates

LLPs

NPOs

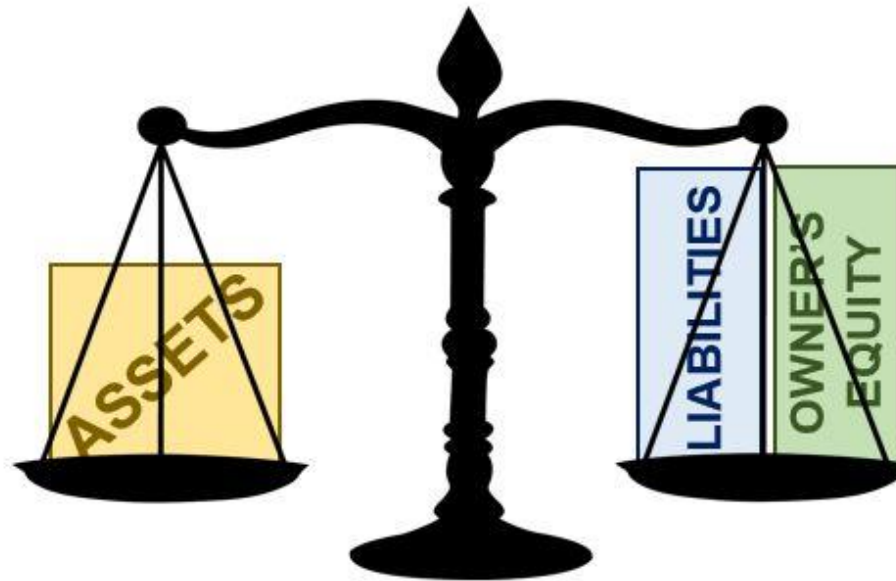
Formats of Financial Statements for Non-corporate Entities

Proprietorship

Partnership

LLP

Balance Sheet



It has to balance

Name of the Non-Corporate Entity.....

Balance Sheet as at

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	1	2	3	4
I.	OWNERS' FUND AND LIABILITIES			
	(1) Owners' Fund			
	(a) Owners Capital Account			
	(b) Reserves and surplus			
(2)	Non-current liabilities			
	(a) Long-term borrowings			
	(b) Deferred tax liabilities (Net)			

Balance Sheet Items

Owner's Fund

(Amount in Rs. XX)				
	Particulars	Note No	31 March 20XX	31 March 20XX
I	OWNERS' FUNDS AND LIABILITIES			
1.	Owners' Funds			
(a)	Owners' Capital Account		-	-
	(i) Owners'/Partners' Capital Account ⁴	3a		
	(ii) Owners'/Partners' Current Account ⁴	3b		

Owner's Capital Account A/c

Note - 3 Owners' Capital Account									
(Amount in Rs.)									
Sr. No.	Name of Partner/ Proprietor/ Owner	Share of profit/ (loss) (%)	As at 1st April 20XX (Opening Balance)	Capital Introduced/cont ributed during the year	Remuneration for the year	Interest for the year	Withdrawals during the year	Share of Profit / Loss for the year	As at 31st March 20XX (Closing Balance)
1									-
			-	-	-	-	-	-	-
Previous Year (PY)			-	-	-	-	-	-	-

- In case of a prop, it should be sufficient to give the movement as
 - Opening balance
 - Add: Contribution
 - Add/ less : Profit / loss
 - less Withdrawals (No harm if you need to segregate withdrawals like for tax/ insurances etc)

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	(c) Other Long Term Liabilities			
	Long-term provisions			
(3)	Current liabilities			
	(a) Short-term borrowings			
	(b) Trade payables			
	(c) Other current liabilities			
	(d) Short-term provisions			
	TOTAL			
II.	ASSETS			
(1)	Non-Current Assets			
	(a) Property, Plant and Equipment & Intangible assets			
	(i) Property, Plant and Equipment			
	(ii) Intangible assets			

Current Liabilities

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
3	Current liabilities			
(a)	Short-term borrowings	5	-	-
(b)	Trade payables			
(i)	Total outstanding dues of micro, small and medium enterprises	9	-	-
(ii)	Total outstanding dues of creditors other than micro, small and medium enterprises	9	-	-
(c)	Other current liabilities	10	-	-
(d)	Short-term provisions	8	-	-
			-	-
	Total		-	-

Other Current Liabilities

		(Amount in Rs.)	
		31 March 20XX	31 March 20XX
10	Other current liabilities		
(a)	Current maturities of finance lease obligations (Refer note XX)	-	-
(b)	Interest accrued but not due on borrowings	-	-
(c)	Interest accrued and due on borrowings	-	-
(d)	Income received in advance	-	-
(e)	Unearned revenue	-	-
(f)	Goods and Service tax payable	-	-
(g)	TDS payable	-	-
(h)	Other payables (specify nature)	-	-
	Total Other current liabilities	-	-

	Particulars	Note No	Figures as at the end of (Current reporting period) (in Rs.) _____ (DD/MM/YYYY)	Figures as at the end of (Previous reporting period) (in Rs.) _____ (DD/MM/YYYY)
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(b) Non-current investment			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances			
	(e) Other non-current assets			
(2)	Current assets			
	(a) Current investments			
	(b) Inventories			
	(c) Trade receivables			
	(d) Cash and bank balances			
	(e) Short-term loans and advances			
	(f) Other current assets			
	TOTAL			

Current Assets

2			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
	Current assets			
(a)	Current investments	12	-	-
(b)	Inventories	15	-	-
(c)	Trade receivables	16	-	-
(d)	Cash and bank balances	17	-	-
(e)	Short Term Loans and Advances	13	-	-
(f)	Other current assets	18	-	-
			-	-
	Total		-	-

Inventories

15	Inventories	31-March-20XX	31-March-20XX
(a)	Raw materials	-	-
(b)	Work-in-progress	-	-
(c)	Finished goods	-	-
(d)	Stock-in-trade	-	-
(e)	Stores and spares	-	-
(f)	Loose Tools	-	-
(g)	Others (Specify nature)	-	-
	Total	-	-

STATEMENT OF PROFIT AND LOSS



Name of the Non-Corporate Entity.....
Statement of Profit and loss for the year ended
(Rupees in.....)

	Particulars	Note	Figures for the current reporting period From ____ To _____	Figures for the previous reporting period From____ To_____
	1	2	3	4
I.	Revenue from operations		xxx	Xxx
II.	Other income		xxx	Xxx
III.	Total Income (I + II)		xxx	Xxx
IV.	Expenses			
(a)	Cost of Material Consumed		xxx	xxx
(b)	Purchases of Stock-in trade		xxx	xxx
(c)	Changes in Inventories of Finished goods, WIP & Stock in trade		xxx	xxx
(d)	Employee benefits expense		xxx	Xxx
(e)	Depreciation and amortization expense		xxx	Xxx
(f)	Finance Cost		xxx	Xxx
(g)	Other expenses		xxx	xxx

Revenue from Operations

		(Amount in Rs.)	
19	Revenue from operations	31 March 20XX	31 March 20XX
(a)	Sale of products	-	-
(b)	Sale of services	-	-
(c)	Grants or donations received	-	-
(d)	Other operating revenue	-	-
	Revenue from operations (Gross)	-	-
	Less: Excise duty	-	-
	Revenue from operations (Net)	-	-

Other Income

		(Amount in Rs.)	
20	Other income	31 March 20XX	31 March 20XX
(a)	Interest income	-	-
(b)	Dividend income	-	-
(c)	Net gain on sale of investments	-	-
(d)	Other non-operating income (Please specify)	-	-
	Total other income	-	-

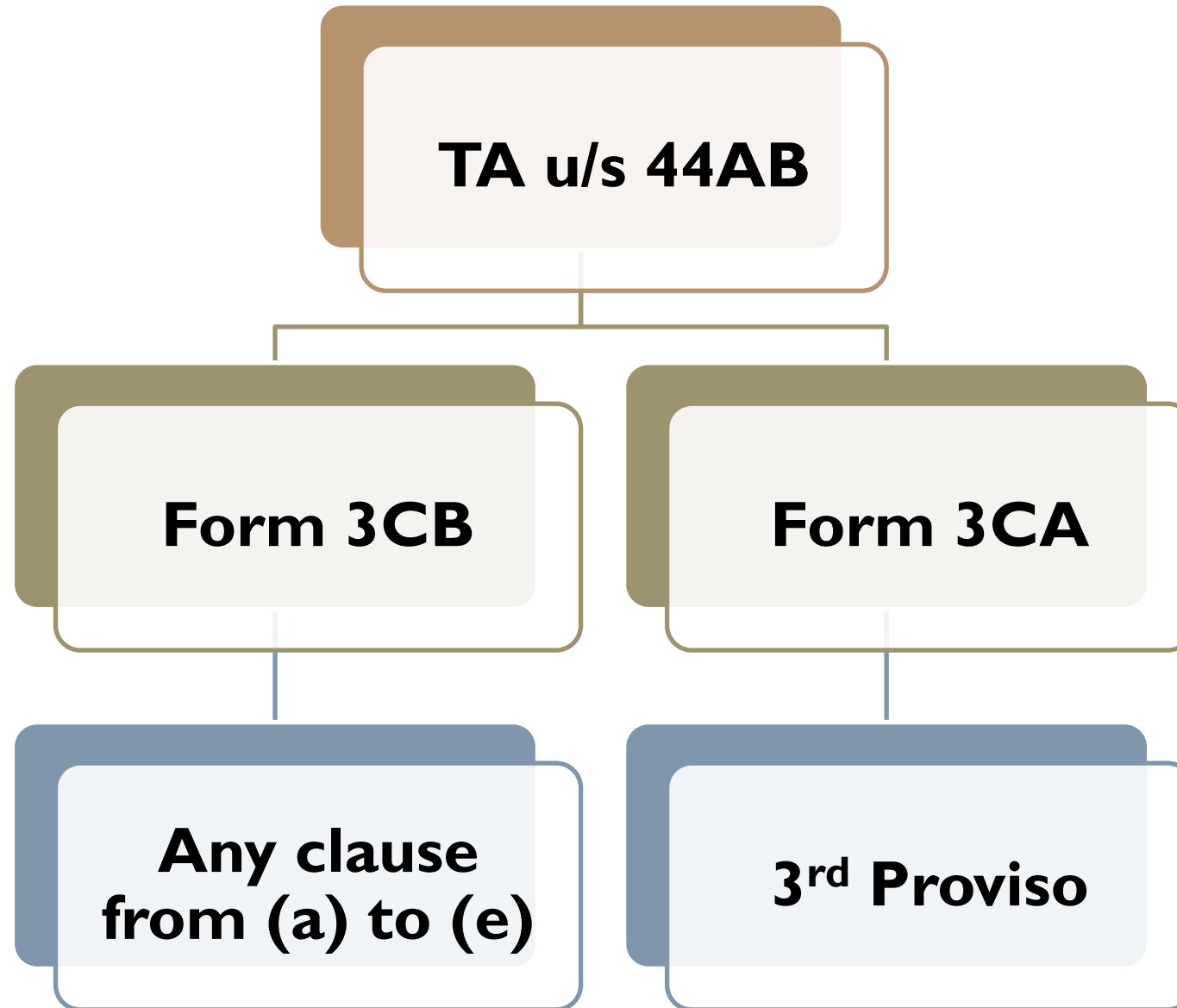
Partner's Interest

3. Finance Costs

Finance costs shall be classified as:

- (a) Interest expense (other than interest on partners'/members' capital);
- (b) Interest on partners'/members' capital;
- (c) Other borrowing costs;
- (d) Applicable net gain/loss on foreign currency transactions and translation.

	Particulars	Note	Figures for the current reporting period (in Rs.) From ____ To ____	Figures for the previous reporting period (in rs.) From ____ To ____
	Total expenses		xxx	xxx
V	Profit before exceptional and extraordinary items, partner's remuneration & tax (III-IV)		xxx	xxx
VI	Exceptional items		xxx	xxx
VII	Profit before extraordinary items, partner's remuneration and tax (V - VI)		xxx	xxx
VIII	Extraordinary Items		xxx	xxx
IX	Profit before partner's remuneration & tax (VII- VIII)		xxx	xxx
X	Partner's Remuneration			
XI	Profit before Tax (IX-X)			
XII	Tax expense:			
(i)	Current tax		xxx	xxx
(ii)	Excess / Short provision of tax related to earlier years			
(iii)	Deferred tax		xxx	xxx
XIII	Profit (Loss) for the period from continuing operations (XI-XII)		xxx	xxx
XIV	Profit/(loss) from discontinuing operations		xxx	xxx
XV	Tax expense of discontinuing operations		xxx	xxx
XVI	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		xxx	xxx
XVII	Profit/ (Loss) (XI + XIV)		xxx	xxx



AUDIT



True and Fair View



Form 3CA

- **Total 3 Paras**
- **Examination of books by auditor included before giving opinion**
- **Opinion to be given subject to observations / qualifications, no annexures ... Para 3**

Form 3CB

- **Total 5 Paras**
- **Same as Form 3CA except examination of books**
- **Opinion subject to observations / qualifications to be given:**
 - **Financial Statements – 3(a)**
 - **Form 3CD – 5**
- **SA 700?**

SA 700 – Para 3(a) – Form 3CB

- **Assessee's Responsibility for the Financial Statements**
 - The assessee is responsible for the preparation and fair presentation of the aforesaid financial statements that give true and fair view of the financial position and financial performance in accordance with the applicable Accounting Standards and financial reporting framework. The assessee is also responsible for design, implementation and maintenance of such internal controls as assessee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
 - In preparing the financial statements, assessee is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

SA 700 – PARA 3(a) – Form 3CB

- **Tax Auditor's Responsibility**

- Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted this audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit **to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.**
- Reasonable assurance is a high level of assurance **but is not a guarantee** that an audit conducted in accordance with Standards of Auditing **will always** detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
- As part of an audit in accordance with Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

SA 700 – PARA 3(a) – Form 3CB

- **Tax Auditor's Responsibility**

- **An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.**
- **We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.**

SA 700 – Para 5 – Form 3CB / Para 3 – Form 3CA

Assessee's Responsibility for Form 3CD

- The **assessee is responsible** for the preparation of the statement of **particulars required to be furnished under section 44AB** of the Income-tax Act, 1961 annexed herewith in **Form No. 3CD** read with Rule 6G(1)(b) **[3CB]** / Rule 6G(1)(a) **[3CA]** of Income Tax Rules, 1962 that give true and correct particulars as per the provisions of the Income-tax Act, 1961 read with Rules, Notifications, circulars etc that are to be included in the Statement.

SA 700 – Para 5 – Form 3CB / Para 3 – Form 3CA

Tax auditor responsibility

- We are also responsible for verifying the statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961 annexed herewith in Form No. 3CD read with Rule 6G(1)(b) [3CB] / Rule 6G(1)(a) [3CA] of Income-tax Rules, 1962. We have conducted my/our verification of the statement in accordance with Guidance Note on Tax Audit under section 44AB of the Income-tax Act, 1961, issued by the Institute of Chartered Accountants of India.

Few aspects

- **Reporting in 3CD relating to heads of income other than “PGBP” are concerned, these can only be in relation to entries made in such books of a/c, and does not extend to transactions not recorded in such books of account**
- **Particulars in 3CD are responsibility of assessee - tax auditor is required to verify whether the particulars therein are true and correct**

Few aspects

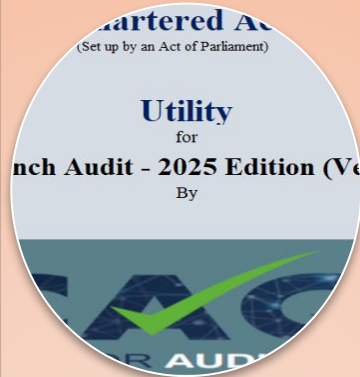
- **Tax Audit is also under Peer Review – document adequately**
- **Get 3CD authenticated by assessee**
- **Tax Audit Guidance Note by ICAI (Revised 2025)**

About CAQD and AQMM



**CENTRE FOR AUDIT QUALITY
DIRECTORATE**

**TOOLS AND UTILITIES
DEVELOPED BY
CAQD**



**Utility for
self-
evaluation
under
AQMM v 2.0**



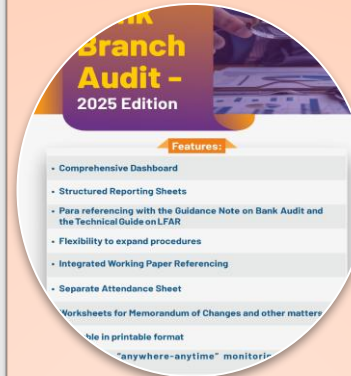
**Utility on
Engagement
Letters**



**Utility for
Determining
Materiality**



**Review &
Monitoring
Tool for
Standards
on Auditing
Compliance**



**Utility for
Bank
Branch
Audit- 2025
Edition**



**Checklist
for
Certificates**

TOOLS AND UTILITIES DEVELOPED BY CAQD

Utility on Engagement Letters

- Generates multiple Engagement Letters (ELs) on single click
- Facilitates standardised EL preparation
- Covers all aspects in a comprehensive format
- Easy to customise EL Templates (Word file)
- Maintains a centralised list of assurance clients
- Beneficial for Peer Review Process

ELs can be generated for Audit related to:

Form No. 3CA

Form No. 3CB

Listed Entities

Unlisted
Entities with IFC

Unlisted Entities
without IFC

**Users
of Utility
as an Auditor**

Individuals

Proprietorship Firms

Partnership Firms/LLPs



Visit Us At:

<https://www.icai.org/post/special-purpose-directorate-centre-for-audit-quality>

caq@icai.in @caq_ica

Google form link to download
<https://forms.gle/zB5Gzo5T5GnCZgq8>

Utility on Determining Materiality

DETERMINING MATERIALITY

Features:

- Calculates the Overall Materiality for assurance engagements based on the level of risk assessed.
- Categorization of the Risk Assessment Parameters as Low, Medium or High Risk.
- Different benchmarks for different types of entities given as per the guidance under SA 320.
- Flexibility for choosing the percentage to be applied to the benchmark.
- Revised Materiality level can be calculated as the audit progresses.
- Mapping the impact of the material misstatements on the opinion.
- Documenting the materiality as the utility is in printable version.

Review & Monitoring Tools for SA Compliance

Salient Features



'Dashboard' for review and monitoring the status of compliance of each SA.



Convenient link of SAs and its Implementation Guide on single click.



Broad and illustrative indicative goals to be accomplished.



Detailed checklist for each SA separately.



Reference of working papers for effective audit documentation.

Google form link to download

<https://forms.gle/mcXJdMRv4NfZQBKi8>

Website – www.icaai.org



Checklist for Issue of Certificates by CAs



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



Introducing **Checklist for Certificates issued by CAs**

Empowering Chartered Accountants to issue Certificates in compliance with technical requirements

The Centre for Audit Quality has developed a comprehensive Certificate Checklist comprising:

- **Index:** Facilitates overview of each certificate issued with specific tracking for UDIN generated and invoice raised, ideal for Peer Review too.
- **Section A:** Helps determine which Standard/Guidance Note is applicable to the engagement.
- **Section B:** A structured procedural checklist covering quality control, planning, reporting, etc., with reference to the relevant paragraph of the Guidance Note.
- **Section C:** Sets out the essential components of the Certificate and supporting documents to be retained.



The checklist can be downloaded from

<https://forms.gle/TNzJ1VtkmXCGbXXW7>

Audit Quality Maturity Model v 2.0

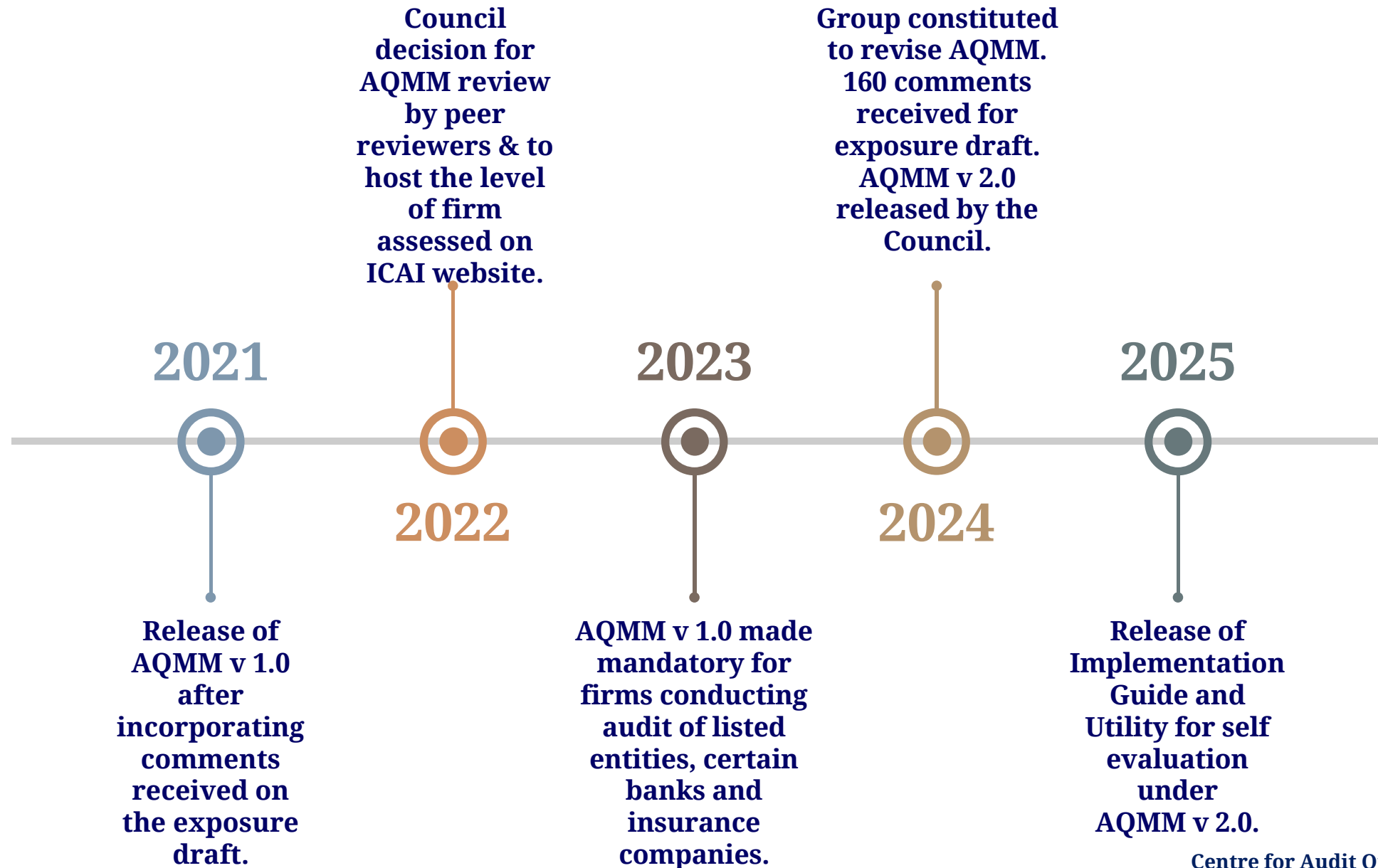
Centre for Audit Quality

भारतीय सनदी लेखाकार संस्थान
(संसद के अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



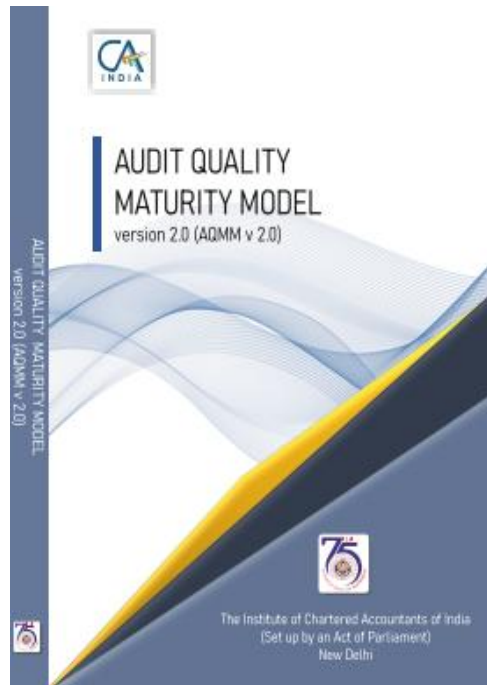


Journey of Audit Quality Maturity Model (AQMM)

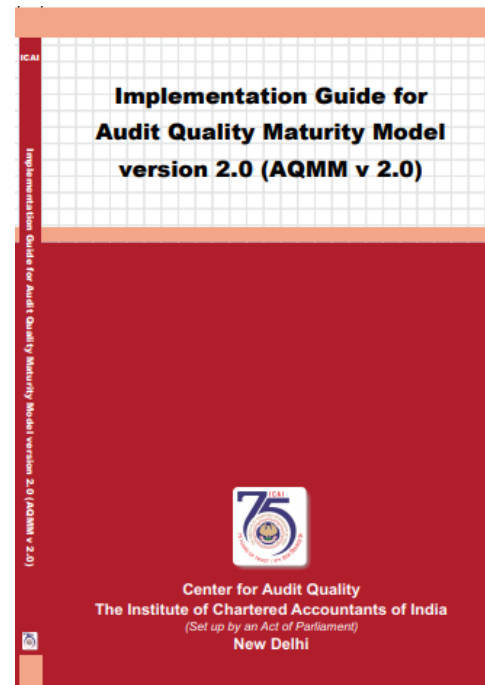




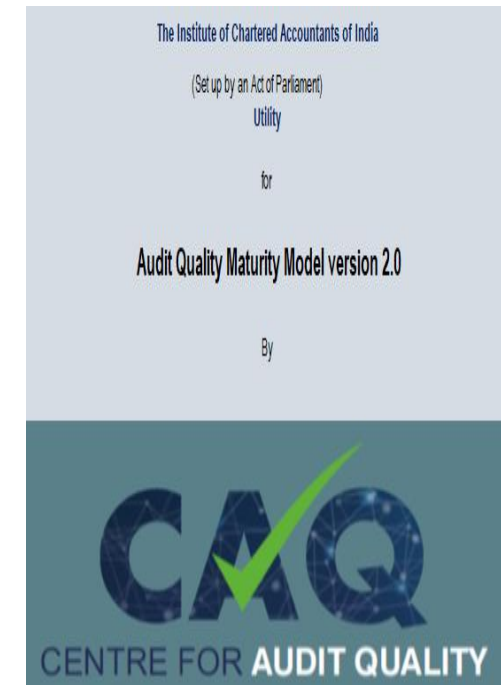
Audit Quality Maturity Model v 2.0 tool kit



AQMM v 2.0



IG for AQMM



Utility for AQMM



Score Weightage Comparison

AQMM v 2.0

Section Reference	Maximum Score	%
Section 1 “Practice Management – Assurance”	370	61.67
Section 2 “Human Resource Management”	150	25.00
Section 3 “Digital Competency”	80	13.33
TOTAL	600	100.00

AQMM v 1.0

Section Reference	Maximum Score	%
Section 1 “Practice Management – Operations”	280	46.67
Section 2 “Human Resource Management”	240	40.00
Section 3 “Practice Management – Strategic / Functional”	80	13.33
TOTAL	600	100.00



Minimum Eligibility Criteria for each section

Section Reference	Maximum marks	Minimum % required	Minimum Marks required
Section 1 “Practice Management – Assurance”	370	30 %	111
Section 2 “Human Resource Management”	150	30 %	45
Section 3 “Digital Competency”	80	30 %	24

Eligibility
Criteria-
Minimum
marks to be
scored under
each Section



Ascertainment of Level Overall Range of Score

Level	Scores Received		Narrative
	Greater than or equal to	Less than	
Level 1 Firm	30 %	50 %	Indicates that the firm is very nascent -will have to take immediate steps to upgrade its competency or will be left lagging behind
Level 2 Firm	50 %	70 %	Indicates firm has made some progress - will have to fine-tune further to reach the next level of competency
Level 3 Firm	70 %	85 %	Indicates firm has made substantial progress -will have to fine-tune further to reach the highest level of competency
Level 4 Firm	85 %	100 %	Indicates firms that have made significant adoption of standards and procedures - Should focus on optimising further

The overall ranking of the firm will be determined by computing the percentage of score achieved based on the ratio of the total Actual Score to the Maximum Score.

Applicability of AQMM v 2.0

- The AQMM v. 1.0 has been made mandatory w. e. f. April 1, 2023, to firms auditing the following entities:
 - Listed Entity
 - Banks other than Co-Operative banks (Except multi-state Co-operative banks)
 - Insurance Companies
- Firms conducting only branch audits are not covered.
- There is no change regarding the applicability of AQMM v 2.0. AQMM v 2.0 is also mandatory for firms auditing the aforesaid entities.

Applicability of AQMM v 2.0

S. No.	Category of Firms	Date of Applicability (Peer Review conducted on or after)
1	Firms auditing Holding / Subsidiary / Associates / JVs of: a) Listed Entity b) Banks other than Co-Operative banks (Except multi- state Co-operative banks) c) Insurance Companies Firms conducting only branch audits are not to be covered.	April 1, 2026
2	Firms which propose to undertake Statutory Audit of unlisted public companies having paid-up capital of \leq Rs. 500 crores or having annual turnover of \leq Rs. 1000 crores or having, in aggregate, outstanding loans, debentures and deposits of \leq Rs, 500 crores as on the 31st March of immediately preceding FY.	April 1, 2026
3	Firms which propose to undertake the Statutory Audit of entities which have raised funds from public or banks or financial institutions of $>$ Rs. 50 Crores during the period under review or of any body corporate including trusts which are covered under public interest entities.	April 1, 2027

A one stop place where all your Queries are answered by various Experts

www.expertspanel.in

ExpertsPanel.in

Question



Questions

Unanswered

Categories

Experts

Ask a Question

Tagged Question



PRAMOD JAIN

A Place to Share Knowledge

for and by Professionals in Law, Tax, Accounts, Finance

Recent Questions

Articles

Presentations

Videos

Notifications

All Categories

Goods and Services
Tax (GST)

(12,363)

Income Tax

(11,748)

Corporate
Matters/LLP

(3,439)

Audit and Accounting

Recent Questions

Question added **1 hour** ago [Corporate Matters/LLP](#) By [ANAND SINGH](#), CA, NEW DELHI

1

answer

5 views

Q. can a defense non public fund apply for CSR-1as they dont have 80G and 12A registration under income tax act

Answered By [CA PRAMOD JAIN](#)

Question added **5 hours** ago [Income Tax](#) By [CA DEVENDER SAINI](#), CA, CHANDNI CHOWK

Ask a question:

Next

Concept by
[CA Pramod Jain](#)

This Presentation would be available on
www.lunawat.com

Also may download free mobile app
“LUNAWAT”
For all updates & Ready to use Charts
since year 2007

Thank You!



CA. Pramod Jain
www.caprmodjain.com
pramodjain@lunawat.com
+91 9811073867



© 2025 CA. Pramod Jain, Lunawat & Co.