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NEWSFLASH - INCOME TAX

ICDS deferred by one year, applicable from FY 2016-17 (i.e. AY 2017-18)



Income Computation and Disclosure Standards (ICDS) notified under Section 145(2) of the Income-tax Act, 1961 to be applicable from 1 April 2016

Vide Notification No. SO 892 (E) dated 31 March, 2015, the Central Government notified 10 Income Computation and Disclosure Standards (ICDS). These ICDS are applicable from 1 April 2015 i.e., previous year 2015-16 (Assessment Year 2016-17). Subsequent to notification of the ICDS, a number of representations were received which were examined by an Expert Committee. The Committee has recommended amendments to the notified ICDS and also issuance of clarification in respect of certain points raised by the stakeholders.

The revision of ICDS/issue of clarifications as recommended by the Committee, is under consideration. The revision of the Tax Audit Report is also being made for ensuring the compliance with the provisions of ICDS and for capturing the disclosures mandated by the ICDS.

Some of the tax payers might have filed their return of income and obtained Tax Audit Report without incorporating the compliance with the ICDS and related disclosures in the absence of the revised Tax Audit Report. Considering these facts, it has been decided that the ICDS shall be applicable from 1 April 2016, i.e. previous year 2016-17 (Assessment Year 2017-18). **The notification to this effect will be issued shortly.**

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This newsflash is general in nature. In this newsflash, we have summarised the Government press release dated 6 July 2016, regarding the applicability of ICDS from previous year 2016-17 (Assessment Year 2017-18.) It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said press release and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

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