

PRESS RELEASE

Subject: Final Report of the Committee constituted for formulating Accounting Standards for the purposes of notification under section 145(2) of the Income-tax Act, 1961.

Section 145 (1) of the Income-tax Act, 1961 ('the Act') provides that the income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" shall [subject to the provisions of sub-section (2)] be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. Section 145 (2) provides that the Central Government may notify Accounting Standards ('AS') for any class of assessees or for any class of income.

2. The Central Board of Direct Taxes ('CBDT') constituted a Committee comprising of departmental officers and professionals in December, 2010 to inter alia suggest AS for the purposes of notification under section 145 (2) of the Act.

3. The Committee submitted its first Interim Report in August 2011. A discussion paper containing the main recommendations of the Committee was issued in October, 2011 for inviting comments/suggestions from all stakeholders.

4. The Committee has submitted its Final Report in August, 2012. The Committee recommended that the AS notified under the Act should be made applicable only to the computation of taxable income and a taxpayer would not be required to maintain books of account on the basis of AS notified under the Act. The Committee examined all the 31 AS issued by the ICAI and recommended notification of AS on 14 issues under the Act and formulated drafts of AS on these issues. The Committee has termed them as "Tax Accounting Standards" (TAS) to distinguish from the AS issued by the ICAI/notified under the Companies Act, 1956.

5. The Final Report of the Committee (including drafts of the 14 TAS submitted by the Committee) is uploaded on the Finance Ministry website (www.finmin.nic.in) and Income-tax Department website (www.incometaxindia.gov.in) for comments from stakeholders and general public.

6. The comments and suggestions on the final report may be submitted by 26th November, 2012 at the email addresses (dirtpl3@nic.in or rkbhoot@gmail.com) or by post at the following address with "comments on Final Report of Accounting Standards Committee" written on the envelope:

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