

MASTER FLOWCHART – TAX AUDIT APPLICABILITY

Sections 44AB · 44AD · 44ADA · 44AE

FY 2025-26 / AY 2026-27

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Section 44AB – Overview & Decision Flow

TAX AUDIT? (Section 44AB)

Normal Business Sec. 44AB(a)	Normal Profession Sec. 44AB(b)	Presumptive Scheme 44AD · 44ADA · 44AE
Cash R & P ≤ 5%? — YES: Limit = ₹10 Cr — NO: Limit = ₹1 Cr T/O > Limit → Tax Audit ✓	GR > ₹50 Lakh? — YES: Tax Audit ✓ — NO: No Audit	See detailed sections below ↓

Accounts already audited under another law?

✓ YES	NO ↓
Form 3CA + 3CD	Form 3CB + 3CD

Section 44AD – Presumptive Business Income

Eligible Assessees	Eligible Business	Turnover Limit	Presumptive Income
→ Resident Individual → HUF → Partnership Firm (not LLP)	→ Any business except: Agency / Commission Brokerage / Goods Carriage	→ Cash R > 5%: ₹2 Cr → Cash R ≤ 5%: ₹3 Cr	→ 6% on Digital/A/c Payee → 8% on Cash Receipts → Higher also accepted

44AD Decision Flowchart

Opted for Sec. 44AD? (Business under Presumptive Scheme)

✓ Declare ≥ 6%/8%	Declare LOWER ↓
No Tax Audit	44AD(4) Applicable? Check Lock-in
No Audit [u/s 44AB(e)]	✓ NO YES → T.I. > B.E.L.? ↓ Books + Audit ✓

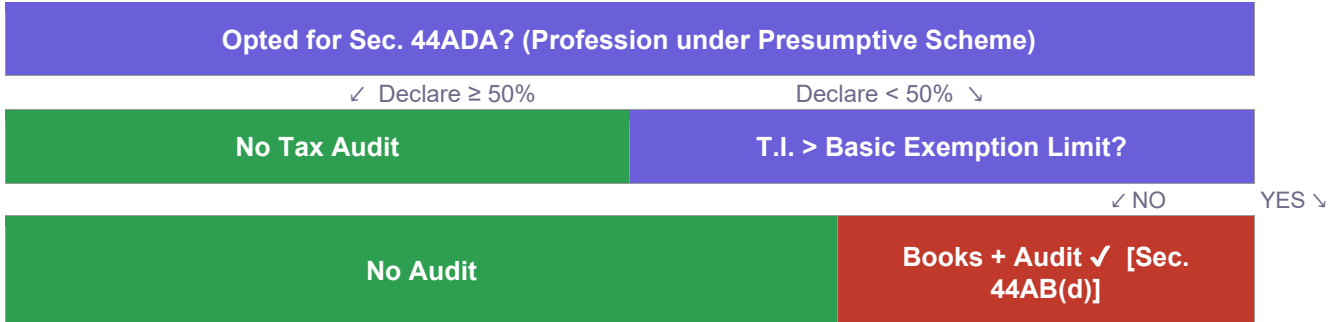
44AD(4) Lock-in Rule

- Once 44AD is opted and lower profit declared — 44AD NOT available for next 5 AYs
- If Total Income exceeds Basic Exemption Limit → Maintain Books + Tax Audit compulsory
- Non-A/c Payee Cheque / DD = treated as CASH

Section 44ADA – Presumptive Profession Income

Eligible Assesseees	Gross Receipt Limit	Presumptive Income
→ Resident Individual → Partnership Firm (not LLP) → Specified Profession u/s 44AA(1)	→ Cash R >5%: Limit ₹50 L → Cash R ≤5%: Limit ₹75 L	→ 50% of Gross Receipts → Higher amount also accepted → Lower declaration subject to conditions

44ADA Decision Flowchart



Section 44AE – Goods Carriage Business

Eligible Assessee	Deemed Income	Audit Trigger
→ Own ≤10 Goods Carriages at any time → Business of Plying / Hiring / Leasing	→ Heavy GV (>12,000 kg): ₹1,000/Ton/Month → Other GV: ₹7,500/Vehicle/Month	→ Accept presumptive income → No Audit → Claim lower income → Books + Audit ✓ [44AB(c)]

Quick Revision Box

✓ Business Limit: ₹1 Cr (₹10 Cr if Cash R & P ≤5%)	✓ Profession Limit: ₹50 L [under 44AB(b)]
✓ 44AD Eligibility: ₹2 Cr (₹3 Cr if Cash R ≤5%)	✓ 44ADA Eligibility: ₹50 L (₹75 L if Cash R ≤5%)
✓ 44AD Income: 6% Digital / 8% Cash Receipts	✓ 44ADA Income: 50% of Gross Receipts
✓ 44AE: ₹1,000/Ton/Month OR ₹7,500/Vehicle/Month	✓ Lower Income 44ADA → Audit if T.I. > B.E.L.
✓ Lower Income 44AD → Audit only if 44AD(4) + T.I. > B.E.L.	✓ Lower Income 44AE → Audit always (no condition)
✓ Non-A/c Payee Cheque / DD = CASH	✓ Specified Date = 1 Month before ITR Due Date u/s 139(1)

MASTER KEY
"First identify the branch → Check Limit → Presumptive → Lower Income → Additional Conditions"