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Audit in GST Law

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Under the Central Excise and Service Tax laws, there is no requirement for audit of accounts and furnishing reconciliation statement by an accountant except special audit. However, several State VAT laws stipulate audit of records by a Chartered Accountant and filing of VAT audit reports. Threshold limits are prescribed for such audits.

Reconciliations between the tax records and audited statements of accounts are generally sought for at the time of assessment, audit or investigation by the Revenue authorities. There is no statutory requirement to furnish such reconciliation statements under the present laws.

In India, the tax compliances by most tax payers leave a lot to be desired. Therefore, while the information provided by the tax payer would be accepted at its face value, there have to be certain checks and balances put in place to ensure that no tax leakages take place due to inadequate information of tax laws, negligence in maintaining records, human or technical errors and fraud.

Under the GST law audit provision has been defined under Section 63 to 65.

AUDIT BY DEPARTMENT

- ✓ The commissioner of SGST or CGST or any officer authorized by him by way of general or specific order may conduct the audit of any taxable person.
- ✓ Audit shall be conducted at the business place of Registered Taxable person.
- ✓ RTP shall be informed in advance not less than 15 days.
- ✓ Audit shall be completed within three months from the date of commencement.
- ✓ For any reason if the commissioner is satisfy that audit can not be completed with in three months , for reason to be recorded in writing , may extended it for further period of six months.

Commencement date of audit for the above sub section shall be , the date of record and other document called and submitted by RTP or Start of audit at RTP office which ever is later.

- ✓ Within 30 days from the conclusion of audit, the proper officer will inform the RTP of audit finding and reason of the same.

- ✓ Where the audit result in detection of tax not paid, short paid or erroneously refunded or ITC wrongly claimed or utilized , the officer may start action under section 66 or 67 i.e. under chapter Demand and Recovery.

SPECIAL AUDIT

- ✓ If during scrutiny, enquiry, investigation or any other proceeding, any officer not below the rank of Asst. commissioner/ deputy commissioner with the approval of commissioner when ever he feels that there is question of loss of interest of revenue, where the value has not been declared adequately, credit availed is not as per norms, may direct such RTP in writing to get his record including books of accounts audited by chartered accountant or cost accountant nominated by the commissioner.

- ✓ The chartered accountant or cost accountant within period of 90 days , submit his report duly signed to asst. / deputy commissioner. He may be permitted to extend the same by another 90 days on sufficient reason.

- ✓ The expenses and fees of audit shall be determined and paid by commissioner.

- ✓ Where the special audit result in detection of tax not paid, short paid or erroneously refunded or ITC wrongly claimed or utilized , the officer may start action under section 66 or 67 i.e. under chapter Demand and Recovery.

POWER OF CAG FOR AUDIT

The proper officer shall, upon request made in this behalf, make available to the comptroller of Auditor General of India any information , record and return under the act for conduct of audit as required.

Disclaimer :

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