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Type of Audit in GST

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Audit word Speculate that what type of audit is inserted in CGST Act,2017. Audit can be done by chartered Accountants/ Cost Accountants or by Department itself.

1. **Audit by Chartered Accountants / Cost Accountants u/s 35[5] of the CGST Act.**
2. **Audit by Department u/s 65 of the CGST Act.**
3. **Special Audit by Chartered Accountants / Cost Accountants u/s 66 of the CGST Act.**

Before I describe the various audit , it is necessary to understand the word audit which has been defined in Section 2[13] of the CGST Act,2017 which is as follows.

"Audit" means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made there under or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made there under;

Audit of Annual Accounts

Every registered person whose turnover during the year exceed Rs. 2 crore will get his accounts audited by Chartered Accountants / Cost Accountants u/s 35[5] of the CGST Act,2017. He will furnish copy of audited annual accounts and reconciliation statement duly certified on Form –GSTR-9C on common Portal – **Rules -80(3) of the CGST Rules, 2017.**

Audit by Tax Authorities

- Commissioner or any officer authorised by him on general or special order may exercise audit of any registered person for such a period.
- Period of audit may be financial year or multiple thereof. **Rule 101(1)**
- Registered person shall be issued notice at least 15 working days before the start of audit as may be prescribed. Notice shall be issued on **Form –GST ADT-01**
- Audit above shall be completed within period of 3 months from the start of the audit.
- Where the audit can not be completed within 15 days , commissioner may

extend the same for further period not exceeding six months to complete the same for reason written in writing.

- Authorized officer during the course of audit may ask for necessary facility to verify the books of accounts.

- After the conclusion of audit , proper officer within 30 days, inform the registered person of his finding , his right and obligation. This shall be informed by **Form GST ADT-02**. **Rule 101(5) of CGST Rules,2017**

- Where the audit result in tax short paid, not paid or erroneously refunded or input tax credit wrongly availed or utilized , the proper officer may initiate proceeding u/s 73 or 74.

Special Audit

- If at any stage of scrutiny , inquiry, investigation or any other proceeding, the officer not below the rank of Asst. Commissioner, where he finds that value has not correctly declared , credit availed is not within limits, may with the prior approval of commissioner , direct the registered person by communication in writing to get his records and books audited by Chartered Accountant or Cost Accountants as nominated by commissioner. Intimation to RP shall be provided on **Form ADT-03 of Rules 102 of CGST Rules,2017**.

- Auditor as mentioned above will provide report within 90 days, duly signed to concerned Asst. commissioner.

- Registered person shall be informed the finding of this report on **Form- GST ADT 04. of Rule 102 (2) of CGST Rules.**

- The assistant commissioner may extend this period of 90 days for further period of 90 days for reason in writing.

- Special audit under section 66 shall have effect despite the registered person is being audited under provision of the Act or any other law for the time being in force.

- The expenses of audit and remuneration of special auditors shall be paid by the commissioner.

- Where the result of special audit is tax short paid, not paid or erroneously refunded or input tax credit wrongly availed or utilized , the proper officer may initiate proceeding u/s 73 or 74.

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