Goods & Service Tax

AUDIT UNDER GST

A compilation of Audit Provision under GST Act

2018

TAN

COMPILED BY
CA SAJJAD NAIK

Published by TaxAdvisorNaik

Table of Contents

Meaning of Audit under GST

Types of Audit under GST

Annual Audit by CA or CMA

Audit by Tax Authorities

Special Audit

AUDIT UNDER GST

What is Audit under GST?

Section 2(14): “Audit” means:

the examination of records, returns and other documents maintained or furnished by the registered person under this Act or rules made thereunder 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 thereunder.

It can also be put this way

An Audit under GST is the examination of records (as prescribed under GST Act) maintained by a ***registered dealer***.
The aim is to verify the correctness of information declared under various returns, taxes computed & paid, Input Tax Credit (ITC) availed and to assess the required compliance with GST.

TYPES OF AUDIT

Annual Audit CA/CMA

Special Audit

Audit by GST Authorities

Annual Audit by CA or CMA

Under GST every registered dealer whose turnover during a financial year exceeds the currently prescribed limit Rs 2 crore has to get their accounts audited by a Chartered Accountant or a Cost Accountant.
The threshold limit has been revised since the initial implementation of GST.

<u>The Dealer has to file electronically below mentioned items to comply with the Audit Compliance:</u>

An annual return using the Form GSTR 9B along with the reconciliation statement by 31st December of the next Financial Year,

the audited copy of the annual accounts,

a reconciliation statement, reconciling the value of supplies declared in the return with the audited annual financial statement, and

any other particulars as prescribed from time to time.

Audit by GST Authorities

WWW.TAXADVISORNAIK.COM

The GST Act provides for Audit by the GST Authorities for an audit of dealers.

The Commissioner of CGST/SGST (or any officer authorized by him) may conduct an audit of a Registered Dealer.

The Period of audit, frequency, and manner of the audit will be prescribed later (not yet prescribed in the act).

A notice (Form GST ADT-01) will be sent to the dealer or auditee at least 15 days before initiation of audit procedure

The audit will be done the place of business of the auditee or in their office;

The audit will be completed within 3 months from the date of commencement of the audit.

The Commissioner can extend the audit period for a further 6 months with reasons recorded in writing.

Findings of Audit by GST Authorities

On conclusion of an audit, the officer who had authorized and conducted the audit will inform the auditee within 30 days of completion of Audit [Form GST ADT-02]:

The findings,
Their reasons,
and
The taxable person’s rights and obligations

If the audit results in detection of unpaid/short paid tax or wrong refund or wrong input tax credit availed,
then demand and recovery actions will be initiated against the dealer.

Special Audit

The Assistant Commissioner, may initiate the special audit, considering the nature and complexity of the case and interest of revenue.

If he is of the opinion during any stage of scrutiny/ inquiry/investigation that the Value has not been correctly declared and/ or the Input Tax Credit has been availed incorrectly or within time then special audit can be initiated.

The important thing to note here that the Special audit can be conducted even if the dealer's books have already been audited before under GST or any other law.

However, it provides for Prior Approval of Commissioner of CGST/SGST in writing is required to carry out Special Audit.
Once that is received the Assistant Commissioner shall nominate a CA or CMA to carry out the Audit of the dealer

Special Audit

Similar to Audit conducted by GST Authorities, the Special Audit is also time bound and the Auditor to submit the report, signed and certified, within 90 days of commencement of the audit.

This may be further extended by the tax officer for 90 days on an application made by the auditee or the auditor.

The expenses for examination and audit including the auditor's remuneration will be determined and paid by the Commissioner.

Findings of special audit:
The taxable person will be given an opportunity of being heard in findings of the special audit.

If the audit results in detection of unpaid/short paid tax or wrong refund or input tax credit wrongly availed then demand and recovery actions will be initiated.

Thanks for Reading

For similar contents and articles related to GST, Income Tax, Customs, etc. Visit our website

www.taxadvisornaik.com

for any clarification, you can write to us at

info@taxadvisornaik.com

Disclaimer:
The information cited in this Article has been drawn from various sources and every effort has been made to keep the information error-free. Readers are advised to refer or consult the respective authority or an expert in the field of GST before taking any actions on the same