Assessment & Audit

[Ch-17 of CA Final]

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23 May, 2020

Section Number	Particulars
59	Self Assesment
60	Provisional Assessment
61	Scrutiny of Returns
62	Assessment of Non-Filers of Returns
63	Assessment of Unregistered Persons
64	Summary Assessment
65	Audit by Tax Authorities
66	Special Audit

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Relevant Definations

Assessment [Sec-2(11)]	Means determination of tax liability under this act (CGST Act) and includes Self Assessment Re-Assessment Provisional Assessment Summary Assessment & Best Judgement Assessment
Audit	Examination of records, returns and other documents to verify the correctness of Turnover, Tax paid Refund claimed, ITC availed & Compliance with provisions.
Proper officer	Any function performed under CGST act, means Commissioner or officer assigned by Commissioner.

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Self Assessment [Section 59, CGST Act]

A. Registered person himself assess the tax payable for a tax period.

B. After self assessment return shall be file u/s 39

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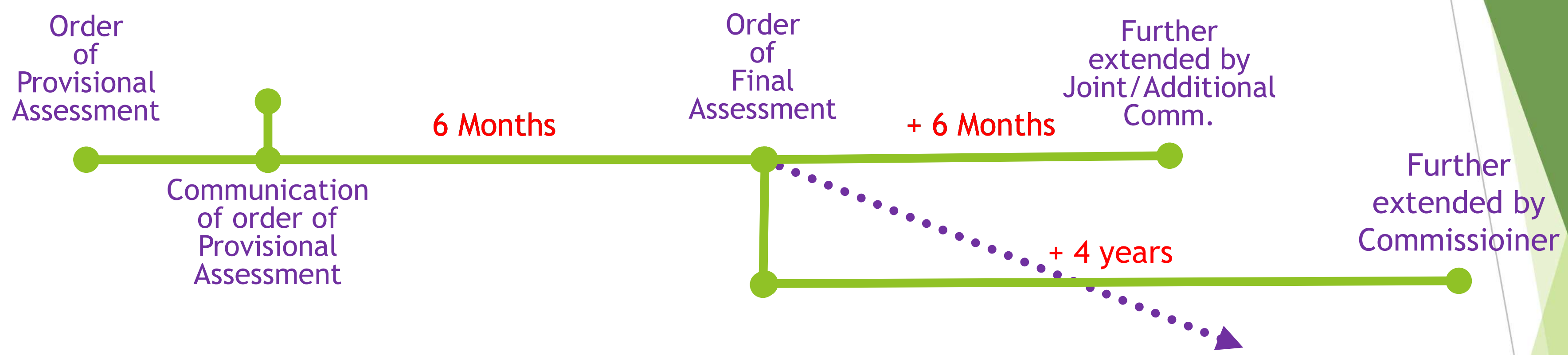
Provisional Assessment [Section 60, CGST Act]



Tax Liability

1. If Final Assessment > Provisional Assessment

Interest u/s 50(1)Payable :- From the date tax was due -- up to-- date of payment

2. If Final Assessment < Provisional Assessment

Interest u/s 56 from expiry of 60 days from receipt of application - up to-- date of payment

A. Provisional Assessment Means where the *taxable person unable to determine*
   1. Value of goods or services or both
   2. Rate of Tax

B. Applicant shall state reason for provisional assessment along with necessary documents.

C. Order of Prov. Assessment:- shall state
   1. *Value & rate of tax*
   2. *Bond* amount (Prescribed Form) + *Security* (Which is 25% [Max] of Bond)

D. Security shall be in form of Bank Guarantee

Scrutiny of Returns [Section 61, CGST Act]

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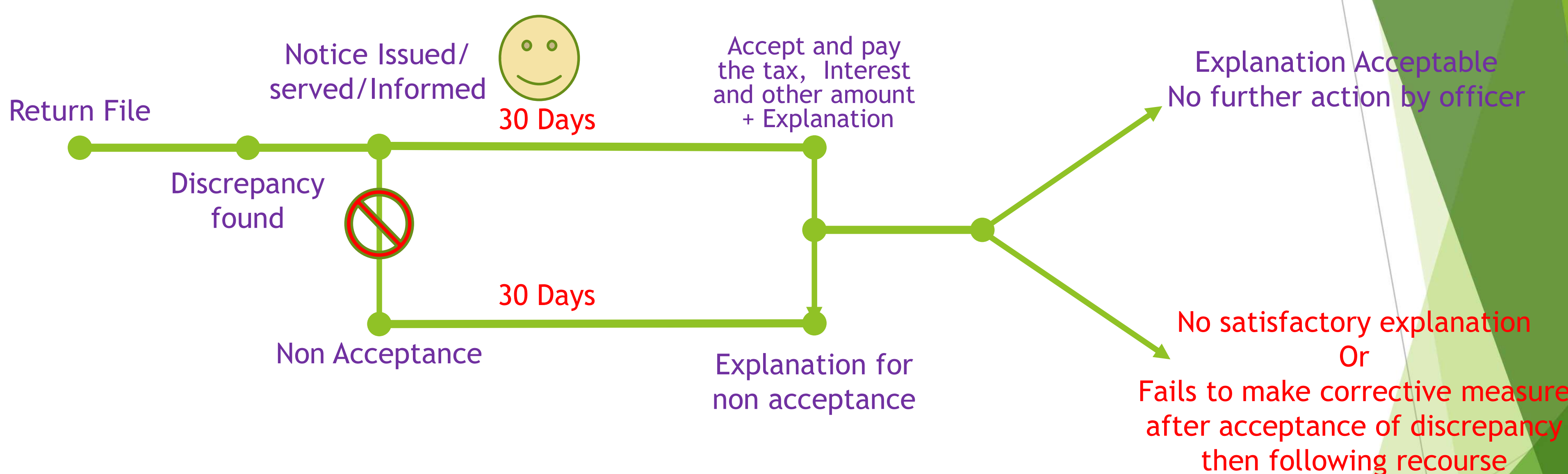

A. Scrutiny :- means verify the correctness of return by proper officer.
B. Notice :- If discrepancy found require explanation within 30 days from service of notice or extended if permitted.
C. Quantify:- tax, Interest or other amount.

65	Audit by tax authorities
66	Special Audit by CA or CWA nominated by Commissioner
67	Inspection, search, seizure
73, 74	Proceedings for determination of tax and other dues.

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Non Filers of Returns [Section 62, CGST Act]

Due date of Annual return u/s 44 — 5 Year — Best Judgement order — 30 Days

If Return furnished

1. BJA order withdrawn
2. Interest u/s 50(1) + Late fee shall continue

<u>If a Registered person</u>

A. Fails to furnish Return u/s 39 (monthly/quarterly) or Final Return u/s 45
B. Notice u/s 46 :- shall be issued require him to furnish return within 15 days.
C. If fails to file return after notice

Then proper officer shall assess the tax liability to the best of his judgement as per material available or gathered.

Assessment of Unregistered persons [Section 63, CGST Act]

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15 Days

Reply

Notice, includes
1. Grounds
2. Summary

Opportunity of being heard

Due date of Annual return u/s 44

5 Year

Best Judgement order

If a person

A. Fails to obtain registration even though liable
B. Registration cancelled u/s 29(2) for any reason are as follows:
   1. Contravened any provisions of act or rules.
   2. Composition levy u/s 10 :- fails to furnish returns for 3 consecutive tax periods.
   3. Other than u/s 10 :- fails to file returns for 6 months.
   4. Voluntary registered u/s 25 :- not commenced business within 6 months from registration.
   5. Registration obtained by means of Fraud, Willful misstatement, Suppression of facts.

Then proper officer assess tax liability to the Best of his Judgement for relevant tax periods.

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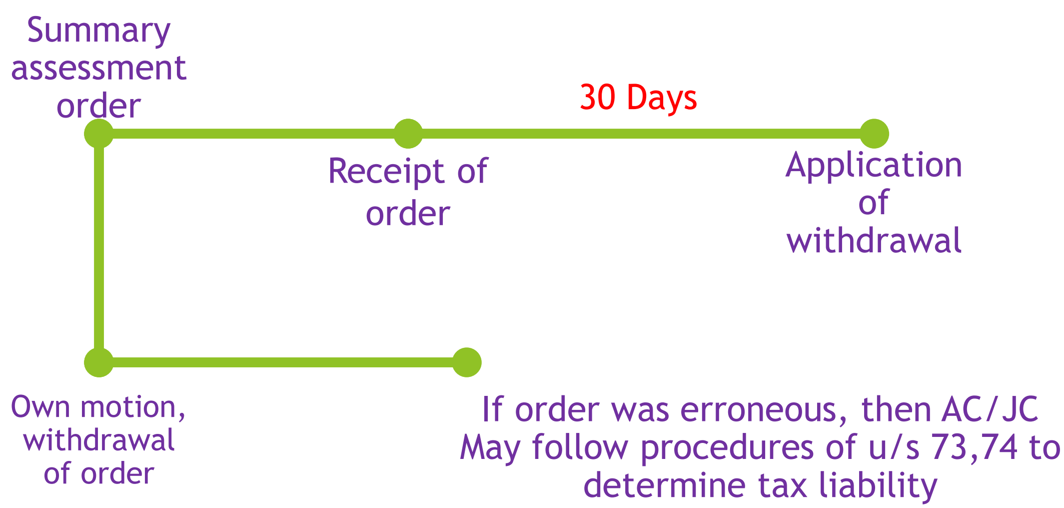
Summary Assessment in Certain Cases [Section 64, CGST Act]



A. To protect the interest of revenue.
B. Previous permission of Additional/Joint Commissioner.
C. When summary assessment can be made :-
   1. Evidence – that taxable person has liability to pay tax.
   2. Grounds – to believe that delay in passing an assessment order may adversely affect the interest of revenue.
D. Deemed taxable person :- where the taxable person is not ascertainable, then person in charge deemed to be a taxable person and liable to pay tax and other amount.

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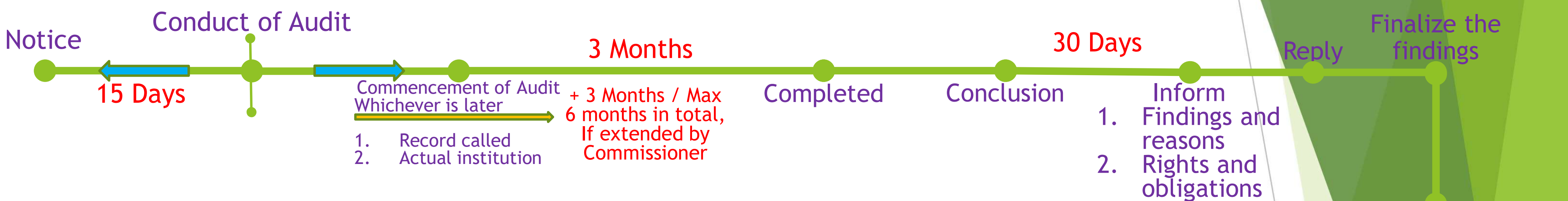
Audit by Tax Authorities [Section 65, CGST Act]



Audit results in detection of
1. Tax not paid.
2. Tax short paid.
3. Tax erroneously refunded.
4. ITC wrongly availed or utilised.

Proper officer may initiate action u/s 73 or 74

A. Who conduct audit :- Commissioner or Officer authorized by commissioner
B. Place of Audit :- place of business or office of registered person.
C. Period of Audit :- Financial year or part or multiples.
D. How conduct audit :-
   A. Proper officer conduct audit of records and books with assistance of team of officers and on the basis of books of account maintained & returns and statements furnished Verify the correctness of
      1. Turnover, exemptions and deductions claimed.
      2. Rate of tax applied for supply.
      3. Input tax credit availed and utilized.
      4. Refund claimed.
      5. Other relevant issues record the observations in his audit notes.
   B. Officer may require registered person
      A. Facilitate accounts/records available or requisitioned.
      B. Provide information may require.
      C. Render assistance for timely completion of audit.

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Special Audit [Section 66, CGST Act]

Conduct of Audit

90 Days

+ 90 Days
If
1. Application by registered person or CA or CWA
2. For any material or sufficient reason.

Conclusion

Informed Findings to registered person

Report to AC

Opportunity of being heard

Audit results in detection of
1. Tax not paid.
2. Tax short paid.
3. Tax erroneously refunded.
4. ITC wrongly availed or utilised.
Proper officer may initiate action u/s 73 or 74

A. When :- Any stage of
   1. Scrutiny
   2. Inquiry
   3. Investigation or
   4. Any other proceedings before Assistant commissioner

   having regard to the nature and complexity of the case and interest of revenue, AC is of the opinion that
   1. Value not been correctly declared
   2. ITC not within the normal limits.

   AC may, with approval of Commissioner direct to registered person to get his records including books of accounts, examined and audit by Chartered Accountant or Cost Accountant as may be nominated by the Commissioner.

B. Expense of Audit :- audit fee determined and paid by commissioner and shall be final.