

EXCISE AUDIT

Question 1

Under Excise Audit, 2000, the selection of unit for audit is based on 'risk factors'. Explain in brief the term 'risk factors' giving any two examples. (3 Marks) (May 2010)

Answer

Risk factors under Excise Audit, 2000 means that the assessees who have a **bad track record** are taken up for audit on priority as opposed to those who enjoy a clean track record.

For example:

- (i) assessee having past duty evasion cases
- (ii) late payment of duty/late filling returns
- (iii) major audit objections against them
- (iv) no cash payment of duty (all CENVAT adjustment)
- (v) past duty dues, etc

Note : Any two examples may be given.

Question2

Special audit under section 14A and 14AA can be done by a cost accountant only. Explain the validity of the statement with reference to the Central Excise Laws. (1 Mark) (May 2010)

Answer

No, the statement is not valid. As per sections 14A and 14AA of the Central Excise Act, 1944, Chartered Accountants, in addition to cost accountants, are also eligible for special audits under the said sections.