



Audit under GST

What is GST?



Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition.

In simple words, GST is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.

Central Taxes

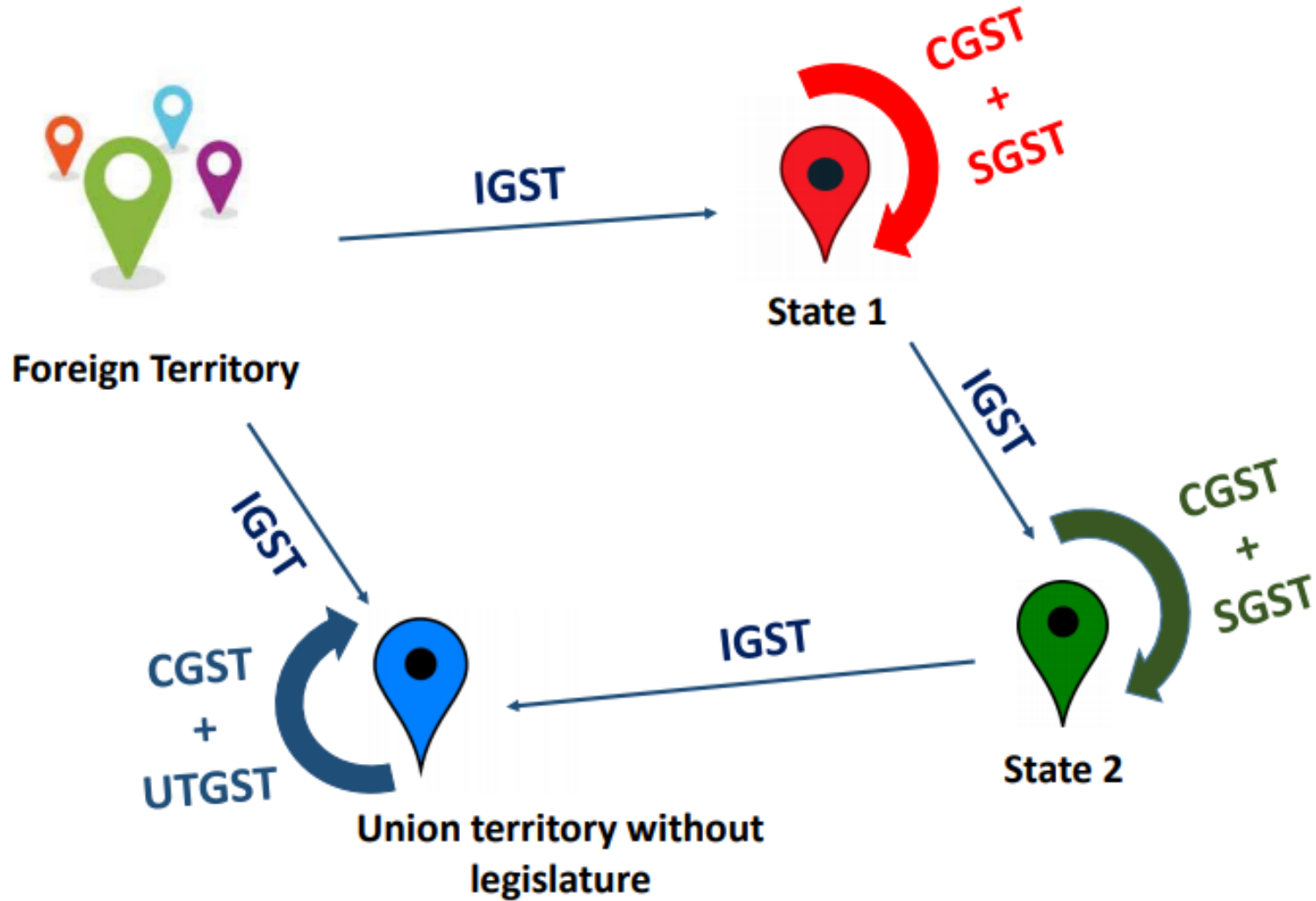
- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilet Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

GST

State Taxes

- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

GST Types



Particulars	Page No
What is Audit under GST?	5
Types of Audit under GST	6
Audit by Tax authority	7-8
Special Audit	9-10
Annual Audit	11
CAG Audit	12

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.

Types of Audit under GST

**Audit by tax
authorities**

Special Audit

**Annual Audit by
CA / CWA**

CAG Audit

Audit by Tax Authority (Sec 65)



- **Commissioner of CGST / SGST or any officer authorized;**
- **Audit of any registered person for a particular period, at particular frequency and in particular manner;**
- **At the place of business of registered person or in their office;**
- **Notice to registered person at least 15 working days prior to audit [Form GST ADT-01];**
- **Commencement of audit : Later of the following**
 - ✓ **The date on which the records/accounts called for by the audit authorities are made available to them, or**
 - ✓ **The actual institution of audit at the place of business of the taxpayer**
- **Audit to be completed within 3 months (can be extended further by 6 months by Commissioner);**

Audit by Tax Authority (Sec 65)



- Registered person to provide the required information and facility;
- Result of audit to be intimated within 30 days [Form GST ADT-02] to registered person.
- Where the audit result in detection of tax paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilized, the proper officer may initiate action under section 73 or 74.
- Sec 73 - for any reason other than fraud or any willful misstatement or suppression of facts.
- Sec 74 - by reason of fraud or any willful misstatement or suppression of facts.

Special Audit



- **When :** At any stage of scrutiny, inquiry, investigation or any other proceeding.
- **By whom :** any officer not below the rank of Asst. Commissioner
- **Why :** Nature and complexity of the case and interest of revenue to be considered.
- **Opinion :** Correct value not declared and / or ITC claimed not within normal limits;
- **Prior approval of the Commissioner of CGST / SGST;**
- **Direct registered person to get his records and books of a/c audited [Form GST ADT-03];**
- **Audit to be done by CA / CWA nominated by the Commissioner of CGST / SGST;**

Special Audit



- **Audit Report to be submitted within 90 days (can be extended by further 90 days);**
- **Opportunity of hearing given to registered person and further action taken by proper officer;**
- **Expenses of audit including remuneration to be determined and paid by the Commissioner.**

- **According to Section 35(5) of the CGST Act:**
 - Every registered person whose turnover during a financial year exceeds the prescribed limit (presently 2 crore rupees) shall get his accounts audited by
 - a Chartered Accountant or
 - a Cost Accountant
 - and shall submit a copy of the audited annual accounts
 - along with a reconciliation statement (reconciling the value of supplies declared in return with audited annual financial statements)

- **Contents of the audit report and other particulars to be prescribed**

- **Audited Report and Audited Annual Accounts to be submitted along with annual return on or before 31st December following the end of financial year.**

Power of Revisional Authority:

- The Government or the authority specified by it;
- shall maintain proper record in relation to fund (for the welfare of the consumer);
- and prepare an annual statement of accounts in such form and manner as may be prescribed;
- in consultation with the Comptroller and Auditor-General of India.

The Comptroller and Auditor-General of India shall have the power to inspect the accounts of such Government or authority by virtue of powers vested in it by other law.

THANK YOU

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