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# What is GST Audit?



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## AUDIT

Audit means an official inspection of an organization's accounts, typically by an independent body. It involves Examination of record, returns, and other documents.

## GST AUDIT

GST audit will apply every year for those GST registered business having turnover more than 2 Cr. Every taxable person whose turnover during the financial year exceed prescribed limit( 2 Cr) shall get his accounts audited by a Chartered Accountant or Cost Accountant, he shall electronically file annual return using Form Gstr-9 by 31 st December of next F.Y. Normally taxpayer is assessing his liability ,pay tax file returns, to ensure this an audit is required.

## WHAT TO ENSURE IN GST AUDIT,

1. To ensure turnover declared, Tax paid, Refund claimed, Input tax, and other compliance.

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2. Whether Sales, Purchases, Stocks, Expenses, ITC availed/utilized, Output tax paid or payable, E bills are correct or not.



### DIFFERENT TYPES OF AUDIT

|   |  |
|---|--|
| <b>Turnover based audit. (Exceeds 2 cr)</b>     | Chartered Accountant/Cost Accountant appointed by the Taxpayer |
| <b>Audit by GST authorities</b>                 |  |
| 1. General/Normal audit ordered by Commissioner | Commissioner of CGST/SGST or any officer authorized by him.    |
| 2. Special Audit                                | Chartered Accountant/Cost Accountant nominated by Commissioner |

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## I. TURNOVER BASED AUDIT

Turnover includes:

1. Value of all taxable turnover (Intra state and inter state)

2. Exempted

3. Export



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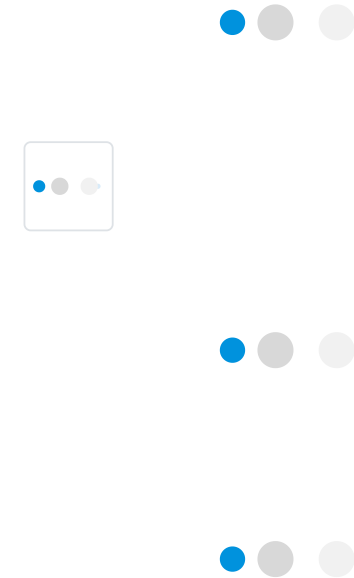
\*\*\*\*Intra state and interstate taxable turnover includes

- Supplies between separate business verticles
- Export/Zero rated
- Goods supplied to/receive from job workers on principal to principal basis
- Supplies of Agents/job workers on behalf of principal

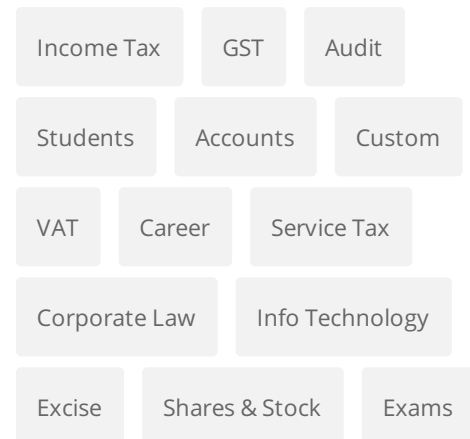
\*\*\*\*Intra state and interstate taxable turnover excludes

- Inward supplies on which tax is paid under RCM
- Goods supplied to or received back from a job worker
- Activities which are neither supply of goods nor services

**Document to file**



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### **Eligibility of GST Auditor**

- Internal auditor can not be appointed as GST auditor
- GST Practitioner can not be appointed as GST auditor

### **RECTIFICATION AFTER RETURN FILING**

After return furnishing taxpayer discover any incorrect details/omission he can rectify by payment of interest.

No rectification will be allowed after the due date for filing returns for the month of September or the date prescribed or actual date of filing the return whichever is earlier.

### **AUDITOR FINDINGS**

Auditor must report any tax liability pending for the payment by the taxpayer, identified through reconciliation and observation made by conducting GST audit.

Taxpayer can settle taxes as recommended by the auditor.

### **CERTAIN OBLIGATION OF AUDITEE**

The auditee must given the related books of accounts and documents.

Which must be maintained as per the provision under GST audit Rules.

Must give information and all the necessary assistance to complete the timely audit

### **II . NORMAL AUDIT/GENERAL AUDIT**

Commissioner of CGST/SGST or any officer authorized by him may conduct audit of taxpayer.

## **How will it start**

Notice will be sent to auditee at least 15 days before.

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

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

## **Obligation of Taxable person**

- Provide necessary information to verify the books of accounts.
- To give the information & assistance for timely completion of audit.

On conclusion of audit ,the officer will inform the taxable person within 30 days of commencement with details including :

- the findings
- the reasons
- and the right and obligation of taxable person arising out of such GST audit.

If the audit result in detection of unpaid/short tax paid, wrong refund, wrong ITC availed,- demand and recovery actions will be initiated.

In this form of GST audit , the officer generally audit the documents on the basis of which accounts were maintained & returns were filed under GST audit rules. It includes:

- Correctness of turnover
- Exemption of deductions of claim
- Rate of tax applied in respect to supply of goods and services
- ITC availed and utilized
- Refund claimed
- any other related issue.

## **III. SPECIAL AUDIT**

The Assistant Commissioner may initiate the special audit,

1. Considering the nature and complexities of the case and
2. Interest of revenue

If he is of the opinion during any stage of scrutiny/inquiry/investigation that the value has not been correctly declared or wrong credit has been availed, then special audit can be initiate.

### Main points

- Special audit can be conducted even if the taxpayer books have already been audited before.
- The Assistant Commissioner with prior approval of Commissioner can order special audit, carried out by a Chartered Accountant/Cost Accountant nominated by Commissioner.
- Auditor will have to submit the report within 90 days
- This may be further extended by the tax officer for 90 days on an application made the taxable person
- Taxable person will be given an opportunity of being heard in the finding of special audit
- If the audit result in detection of unpaid/short tax paid, wrong refund, wrong ITC availed,-demand and recovery action will be initiated.

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