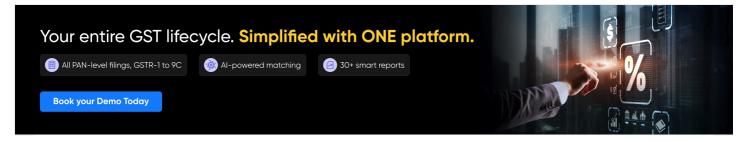




Audit by Tax Authorities under Section 65 ~



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Audit under GST- When You Might Get Audited by Tax Officers?

By Annapoorna

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GST audits are necessary at times to maintain a check and examine whether the correct GST is being paid and refund claimed, especially for certain categories of taxpayers. In this article, we will learn what is a GST audit and the various types of GST audits.

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Discover the Changes

Introduction to GST Audit

Audit under GST is the process of examination of records, returns and other documents maintained by a taxable person. The purpose is to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess the compliance with the provisions of GST.

Types of GST Audits



3. Special Audit under Section 66

Statutory Audit under Section 35(5) - Removed w.e.f. 1st August 2021*

Every GST registered taxable person whose turnover during a financial year exceeds the prescribed limit of Rs.2 crore was subjected to a statutory audit under Section 35(5) of the Central Goods and Services Tax (CGST) Act*. Such businesses were to get their books of accounts audited by a chartered accountant or a cost accountant.

*However, in Finance Act 2021, Section 35(5) of the CGST Act was amended to remove the statutory audit requirement under Section 35(5). This was further notified in CGST Notification No. 29/2021—Central Tax dated 30th July 2021 and came into effect from 1st August 2021. The audit requirement was instead replaced by a self-certified Form GSTR-9C statement. This must be filed on the GST portal or through a facilitation centre by taxpayers whose turnover exceeds Rs.5 crore in a financial year, along with other documents such as a copy of the Audited Accounts and Annual Return in form GSTR-9.

Audit by Tax Authorities under Section 65

- The Commissioner of CGST/SGST (or any officer authorised by him) may conduct an audit of a taxpayer. The period of audit to will be a financial year or part of a financial year (or multiple financial years).
- A notice will be sent to the auditee in FORM GST ADT-01 at least 15 working days prior.
- 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 six months with reasons recorded in writing.

Obligations of the Auditee

The taxable person will be required to:

- Provide the necessary facilities to verify the books of account/other documents as required
- 2. To give information and assistance to ensure the timely completion of the audit.

On conclusion of an audit, the officer will inform the taxable berson within 50 days of Audit by Tax Authorities under Section 65 \sim

- · The findings,
- · Their reasons, and
- · The taxable person's rights and obligations

The above will need to be communicated to the taxpayer in in FORM GST ADT-02. If the audit results in the detection of unpaid/short paid tax or wrong refund or wrong input tax credit availed, then demand and recovery action will be initiated.

Special Audit under Section 66

- The Assistant Commissioner (with the prior approval of the Commissioner) can order for a special audit, in writing, if they are of the opinion during any stage of scrutiny/inquiry/investigation that the value has not been correctly declared or the credit has been wrongly availed.
- The officer referred to is required to issue a direction in FORM GST ADT-03 to the taxable person.
- The special audit will be carried out by a chartered accountant or a cost accountant nominated by the Commissioner, and they are required to submit a report, signed and certified by them, to the Assistant Commissioner within a period of 90 days.
- This period may be further extended by the Assistant Commissioner by another 90 days (if requested by the taxpayer or the Chartered Accountant/Cost Accountant in writing).
- The expenses of examination and audit, including the auditor's remuneration, will be determined and paid by the Commissioner.
- A special audit can be conducted even if the taxpayer's books have already been audited before.

Findings of the Audit

On conclusion of the special audit, the taxpayer will be informed of the findings of the special audit in FORM GST ADT-04. Further, they will be given an opportunity of being heard. 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.

For further understanding, read our articles on GST audit:

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The

Frequently Asked Questions

What is meant by GST audit?	~
Is GST audit compulsory?	~
Who requires GST audit?	~
What are the types of GST audits?	~
What documents are required for a GST audit?	~
What happens if discrepancies are found during a GST audit?	~



I preach the words, "Learning never exhausts the mind." An aspiring CA and a passionate content writer having 4+ years of hands-on experience in deciphering jargon in Indian GST, Income Tax, off late also into the much larger Indian finance ecosystem, I love curating content in various forms to the interest of tax professionals, and enterprises, both big and small. While not writing, you can catch me singing Shāstriya Sangeetha and tuning my violin;). **Read more**

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