

# **AUDIT & ASSESSMENTS UNDER GST**

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# OUTLOOK

- What is Audit?
- What are the objectives of Audit?
- Procedure of Audit.
- Procedure adopted after completion of Audit.
- What is Assessment?
- Kinds of Assessments?

# What is Audit?

- 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 there under 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 there under.

# What are the objectives of Audit?

- Close the gap between the tax declared and the tax legally due.
- Maximizing revenue collection
- Ensuring voluntary compliance

# Kinds of Audits under GST

Audit by tax  
authorities

Special Audit

Annual Audit  
by CA / CWA

CAG Audit

# Audit by Tax Authorities

- 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];
- Audit to be completed within 3 months (can be extended further by 6 months by Commissioner);
- Registered person to provide the required information and facility;
- Result of audit to be intimated within 30 days [Form GST ADT-02] and further action will be taken.

# Examination of What?

- **What records must be maintained under GST?**
- Production or manufacture of goods.
- Inward and outward supply of goods or services or both.
- Stock of goods.
- Input tax credit availed.
- Output tax payable and paid and.
- Other particulars as may be prescribed.

# Important issues to be verified

- Classification of goods/services.
- Admissibility of input tax credit (ITC).
- Verification of place of supply.
- Compliance of reverse charge mechanism.
- Verification of other income.
- Creditors more than (180) days.
- Sale of Assets.
- Un-availed ITC.
- Transitional credit under GST.
- Refund of GST.



# Liability identified... What Next?

- Audit automatically cannot result in a demand.
- Application of mind is necessary.
- The procedure laid down under Sec.73 or Sec.74 is to be followed.

# What is Assessment?

- Official determination of liability of a person to pay a particular tax.
- Determination of Tax liability under this Act and includes:
  - Self Assessment.
  - Re-assessment.
  - Provisional Assessment.
  - Summary Assessment.
  - Best Judgment Assessment. *Sec.2(11)*

# Kinds of Assessments

1. Self Assessment.
2. Provisional Assessment.
3. Scrutiny of Returns.
4. Assessment of non-filers of returns.
5. Assessment of un-registered persons.
6. Summary Assessments in certain special cases.

# Self Assessment (Sec.59)

- Every registered person shall self assess the taxes payable.
- Furnish a return for each tax period.

# Provisional Assessment (Sec.60)

- When the TP is unable to determine.
  - The value of goods or services or both.
  - The rate of tax applicable.
- Request the proper officer to assess.
- The proper officer has to assess within a period not later than (90) days.
- The TP execute a bond with such surety or security for payment of the difference between the amount of tax finally assessed and provisionally assessed.
- Final assessment has to be finalized within a period of (06) months.

- JC/Addl.CCT can extend this period for further (06) months.
- The Commissioner can extend this period not exceeding (04) years.
- The TP is entitled for refund of excess amount.
- The TP is liable for payment of interest.

# Scrutiny of Returns

- The proper officer may scrutinize the returns and related particulars to verify the correctness of the returns.
- Inform the discrepancies noticed and seek his explanation thereto; (Form GST ASMT-10)
- The RP files his explanation in Form GST ASMT-11.
- If found acceptable, no further action shall be taken. (Form GST ASMT-12)
- If not acceptable, initiate appropriate action under Sec.65/66/67 or proceed under Sec.73 or Sec.74.

## When does a tax official need to conduct Scrutiny of Returns?

- Any discrepancy found in return on the basis of risk parameters. (??)
- *Suo-moto*, on examination of returns.

## What will the tax official do?

- Issue notice in Form GST ASMT 10 and seek clarification.
- 30 days time for reply. Reminders & Adjournments allowed but NO personal hearing opportunity (??).



## What are the options left to the taxpayer?

- Either Accept or Dispute... If accepted he can pay Tax, Interest & Penalty and submit Reply in Form ASMT 11 (or) he can correct himself in his returns for the month in which the discrepancy accepted.
- If disputed... He can file reply along with copies of evidences, if any.

## What are the options available to the Tax Official?

### ■ DROP PROCEEDINGS:

- When the tax, interest & penalty paid by the taxpayer found acceptable (or)
- If the corrected monthly return filed by the tax payer is found acceptable (or)
- The reply filed by the taxpayer is acceptable, then he can drop proceedings in Form GST ASMT 12.

### ■ PROCEEDING FURTHER:

- If Reply is not filed by the taxpayer (or)
- The reply filed is not satisfactory (or)
- If the discrepancy is accepted but the tax is not paid / not corrected himself **in his returns** for the month in which the discrepancy accepted he can recommend the case either for ADJUDICATION under Sec.65, 66, 73, 74 or for ENFORCEMENT under Sec.67.

# Assessment of un-registered persons

- Assess the liability of a person
  - Liable to obtain registration but failed to do so, or;
  - Registration has been cancelled but who is liable to pay tax;
- The tax official may initiate suo-moto proceedings;
  - On the basis of information obtained;
  - During inspection or survey or enforcement or
  - Through the information available with Intelligence Unit or
  - Through any other means;

# Forms of Assessment of Unregistered Persons (Sec 63)

GST Form Number	Description	Rule
FORM GST ASMT-14	Summary of Show Cause Notice	Rule 100(2)
FORM GST ASMT-15	Summary of Order	Rule 100(2)



# Goods and Services Tax

Gst Assign ▾

Arunachal Pradesh, Arunachal Pradesh



Dashboard

Registration ▾

Payments ▾

MIS ▾

Services ▾

Help ▾

Grievances

Refund ▾

Statutory Functions ▾

Assessment/Adjudication

Demand and Collection Register

My Tasks

Quick Links

Appeal & Revision

Cause List

Recovery

View Orders

Determination of tax(Fraud/Other)-DRC07

General Penalty

Determination of tax(Fraud/Other)

Summary Assessment

Provisional Attachment

Tax collected but not deposited

Scrutiny of Returns

Intimation of Voluntary Payment

Assessment of unregistered persons

Assessment of Non-filers of Returns

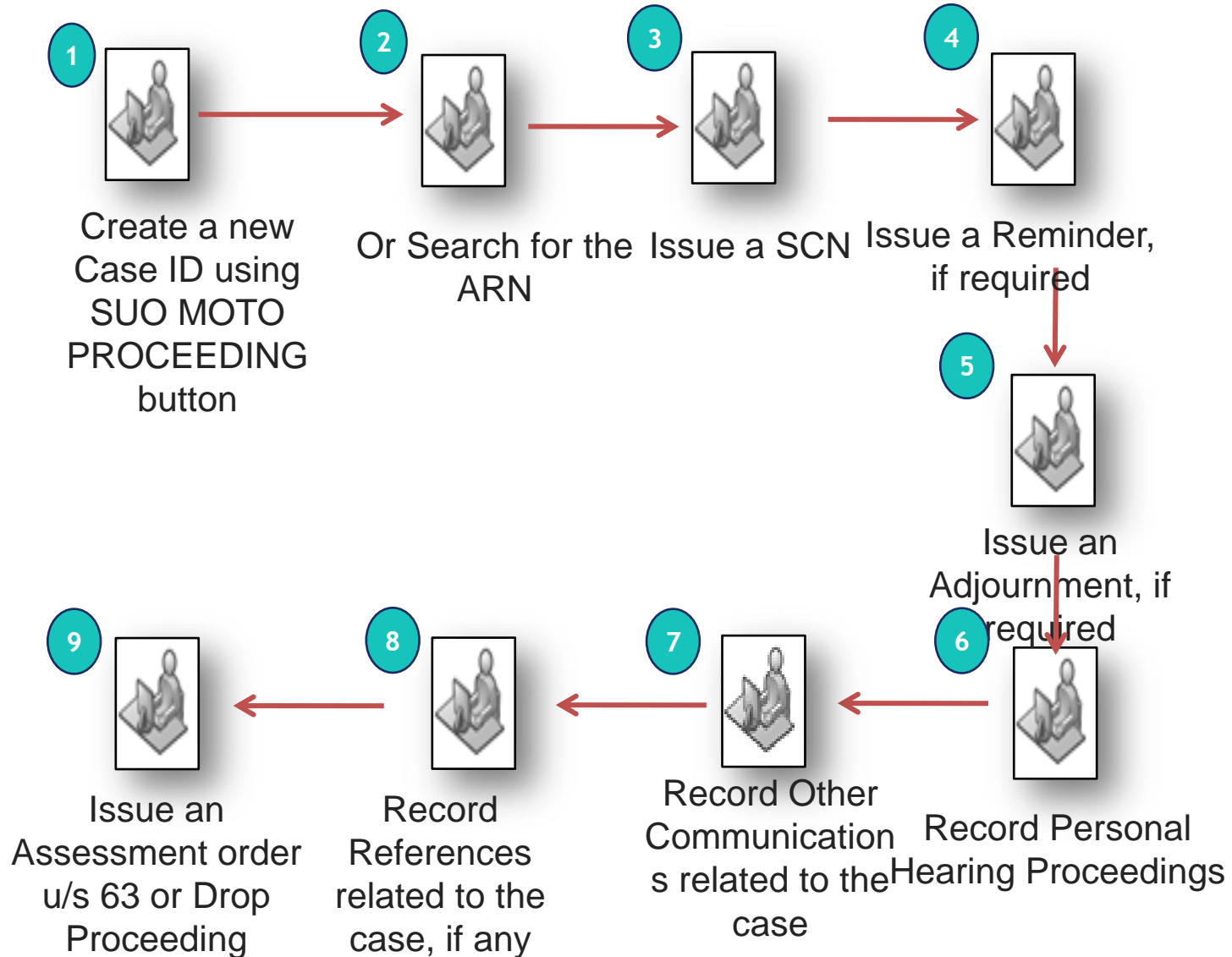
Rectification of Orders

Restoration of Provisional Attachment

Provisional Assessment

Recommendations

# Assessment Of Unregistered Persons - Process



## Summary Assessment - Overview

- The Adjudicating Authority may proceed to assess and issue a Summary Assessment Order:
  - When he comes across any evidence showing tax liability of a person and
  - If he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue
  - To protect the interest of revenue may initiate proceedings
  - Only after seeking Approval of Additional Commissioner or Joint Commissioner

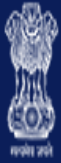
- In case the person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, Person in-charge of such goods shall be deemed to be the taxable person liable to be assessed for Summary Assessment
  - The Officer/Adjudicating Authority to seek approval from Addl. C/JC offline via emails
  - A/A will upload on the portal communication related to approval
- The Additional Commissioner or Joint Commissioner
  - On his own motion or
  - On application filed by taxpayer within 30 days of communication of order
  - If consider that such order is erroneous, may withdraw such order
  - And proceedings for determination of tax u/s 73 /74 will be initiated



# Forms of Summary Assessment (Sec 63)

GST Form Number	Description	Rule
FORM GST ASMT-16	Summary of Assessment Order	Rule 100(3)
FORM GST ASMT-17	Application for Withdrawal of the Summary Assessment Order	Rule 100(4)
FORM GST ASMT-18	Rejection of the Application for Withdrawal	Rules 100(5)

# Summary Assessment



## Goods and Services Tax

Gst Assign ▾

Arunachal Pradesh, Arunachal Pradesh



Dashboard

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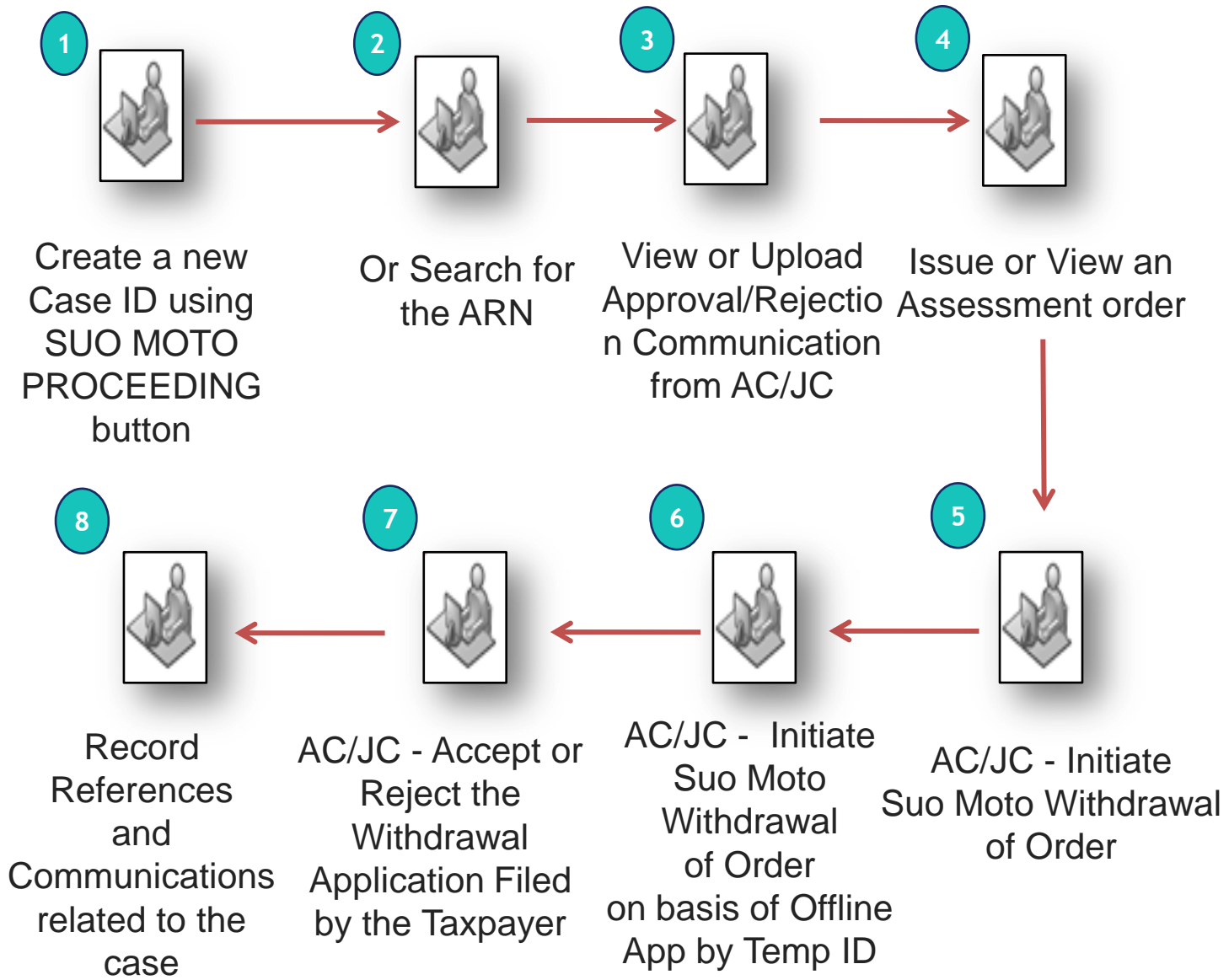
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Provisional Assessment

Recommendations

# Process of Summary Assessment



# Assessment of Non-Filers of Return

- The proper officer may proceed to assess and issue an Assessment Order to the best of his judgement:
  - When a registered person has been issued a Notice in Form GSTR-3A for failing to furnish a Return
  - And he fails to furnish the return under Section 39 or Section 45 within 15 days of the issue of such notice
  - Order has to be issued within a period of 5 years from the due date of filing of annual return for the year to which return not filed relates.

- If the registered person furnishes a valid return within 30 days of service of Order, then Order shall be deemed to be withdrawn
  - The liability for payment of interest or late fee continues
  - If the person does not furnish a valid return within 30 days of service of Order, then demand as determined by the officer shall be recoverable from the taxpayer

# Forms of Assessment of Non-Filers of Return (Sec 46 & 62)

<b>GST Form Number</b>	<b>Description</b>	<b>Rule</b>
FORM GSTR 3A	Notice to Return Defaulter	Rule 68
FORM GST ASMT-13	Summary of Order	Rule 100(1)

# Assessment of Non-Filers of Return

The screenshot shows the top navigation bar of the Goods and Services Tax portal. The header includes the Indian national emblem and the text "Goods and Services Tax". On the right, it displays "Gst Assign" with a dropdown arrow, "Arunachal Pradesh, Arunachal Pradesh", and a notification bell icon with the number "0".

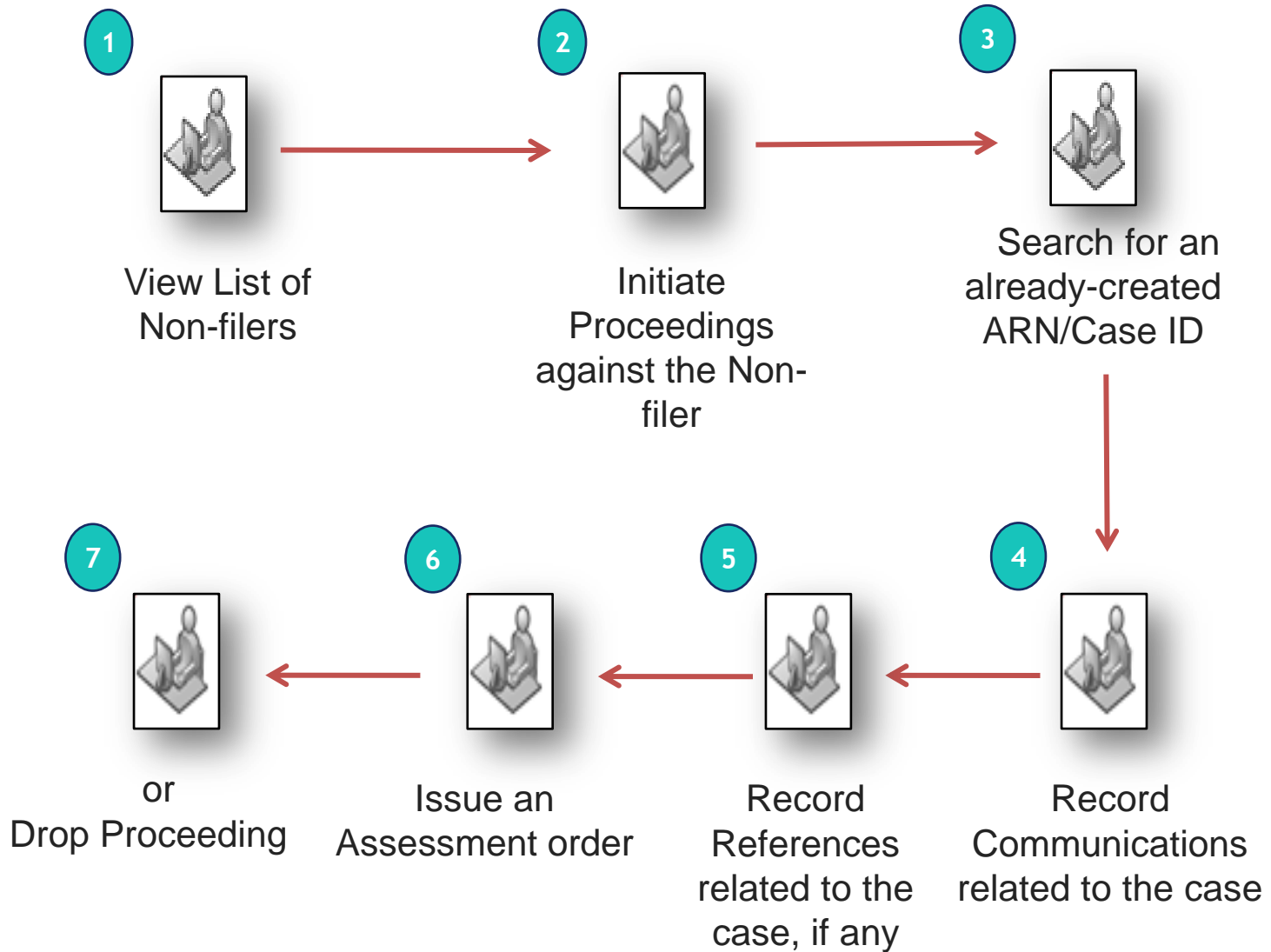
The main navigation menu consists of several items: Dashboard, Registration, Payments, MIS, Services, Help, Grievances, Refund, and Statutory Functions. The "Statutory Functions" item is highlighted with a red box.

Below the main menu, there is a secondary navigation bar with the following items: Assessment/Adjudication, Demand and Collection Register, My Tasks, Quick Links, Appeal & Revision, Cause List, Recovery, and View Orders. The "Quick Links" item is highlighted with a red box.

Under the "Quick Links" section, there are two items: "View Non Filers" (highlighted with a red box) and "Generate Reference Number".

At the bottom of the visible area, there are two more items: "List of proceedings pending" and "My Recommendations".

# Process of Assessment of Non-Filers of Return

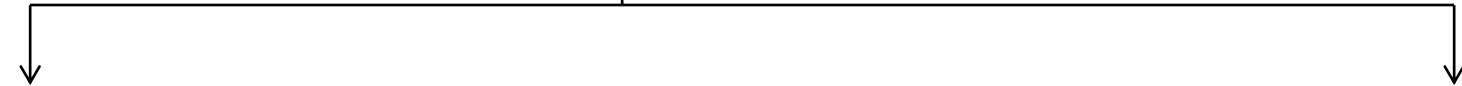




# Demands Under Sec.73 & 74

## Proceedings on the basis of

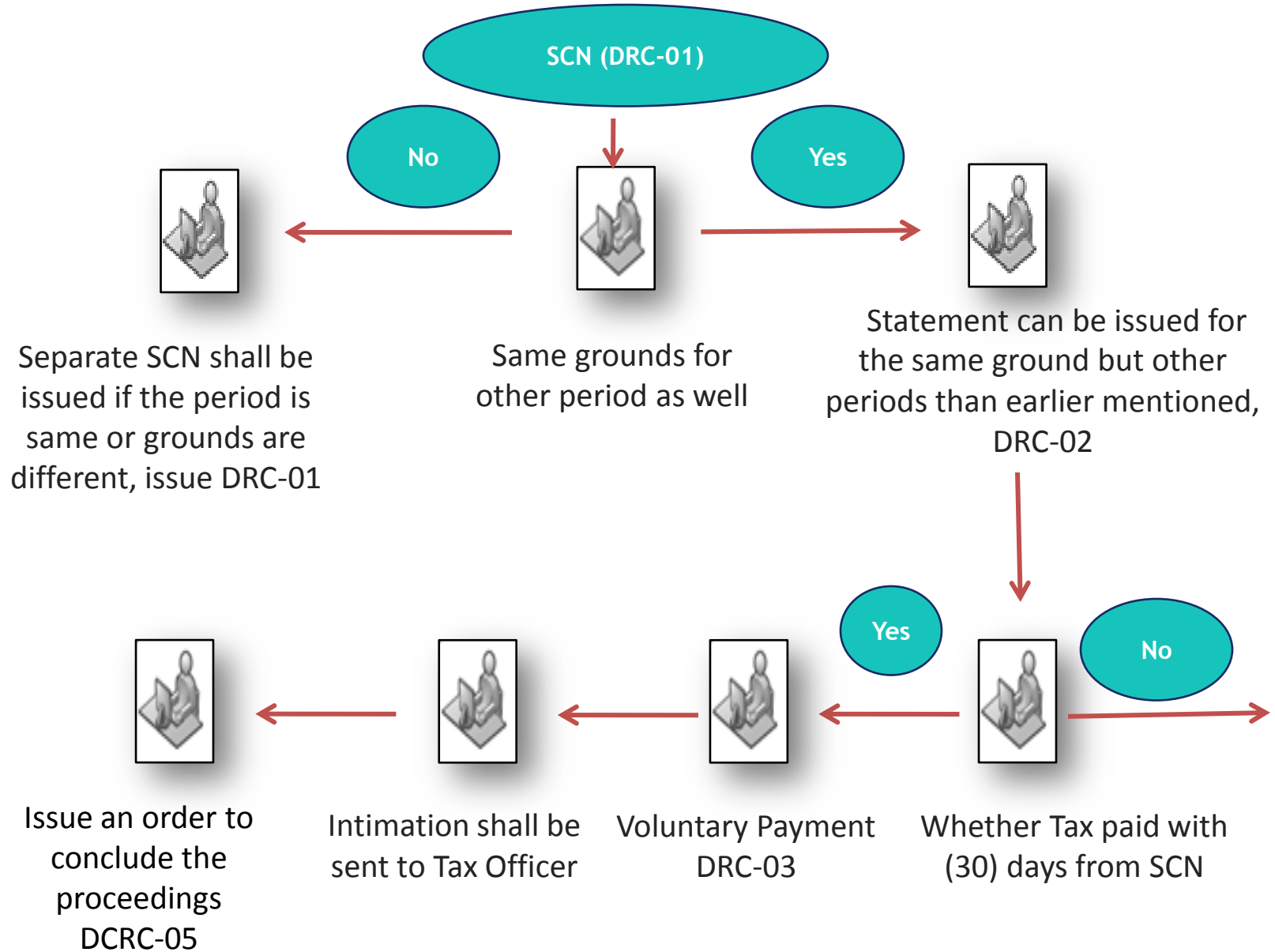
1. Inspection of Survey.
2. Audit
3. Special Audit.
4. Scrutiny of Returns.
5. Summary Assessments.



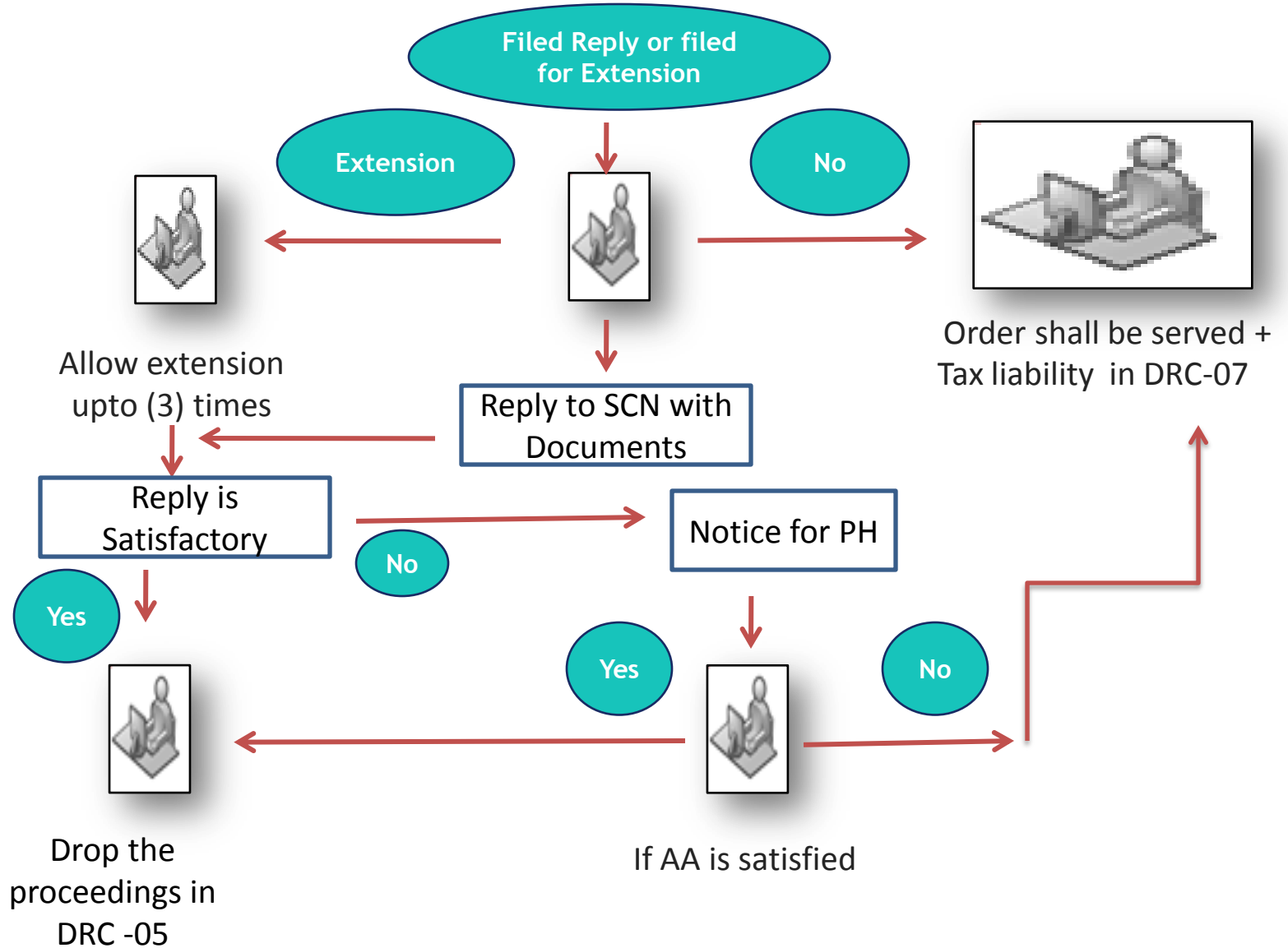
**Bonafide under Sec.73**

**Malafide under Sec.74.**

# Demand under Sec.73 & Sec.74



# Demand under Sec.73 & Sec.74



# Principles of Natural Justice

- Nemo iudex in causa sua (No one shall be a judge in his own cause).
- Audi alteram partem (No man shall be condemned unheard).
- Justice should not only be done but should manifestly and undoubtedly be seen to be done.





**Thank You**