

# Audit Provisions in CGST act

## Sec. 2 (13) of CGST Act 2017:

It is an examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made there under or under **any other law** for the time being in force to verify.....

1. The correctness of turnover declared;
2. Taxes paid;
3. Refund claimed and ITC availed;
4. To **assess his compliance** with the provisions of this Act or rules there under.

## Sec 35(5) of CGST Act 2017 ( Audit by CA/CMA)

Every **registered person** whose T.O. during a **F.Y. exceeds** the **prescribed** limit shall get his accounts **audited by a CA or a CMA** and shall submit a copy of the **audited annual accounts, the reconciliation statement , reconciling the value of supplies declared** in the return furnished for the F.Y. and such other particulars as may be prescribed. (**Section 44(2) of CGST Act 2017** )

## Rule 80 (3) of CGST Rules 2017:

Every **registered person** whose T.O. during a **F.Y. exceeds Limit Rs. 2 Crores. Form GSTR-9C**

- Rule 80 (1) Form GSTR-9 (Normal)
- Rule 80 (2)Form GSTR-9A( Composition)
- Rule 80 (3)Form GSTR-9B (E- commerce operator)

## Sec 65 of CGST Act 2017 (Audit by Tax Authority):

(1) The Commissioner or any officer authorized by him, by way of a **general** or a **specific order**, may undertake audit of **any registered person for such period**, at such frequency and in such manner as may be **prescribed**.

(2) **Place of Audit: At the place of business of the registered person or in their office.**

(3)The registered person shall be informed by way of a notice **not less than fifteen (15) working days prior** to the conduct of audit in such manner as may be prescribed.

(4) **Time limit:** The audit shall be completed **within a period of three (3) months** from the date of **commencement** of the audit. **Provided** that where the **Commissioner** is satisfied that audit in respect of such registered person cannot be completed within three months, he may, for the **reasons to be recorded in writing, extend the period by a further period not exceeding six months.**

(5) Necessary facility to verify books of accounts and Information.

(6) On **conclusion of audit**, the proper officer shall, **within thirty (30) days, inform** the registered person, whose records are audited, **about the findings, his rights and obligations** and the **reasons** for such findings.

(7) Where the audit conducted results in **detection of tax** not paid or short paid or **erroneously refunded**, or **ITC wrongly** availed or utilized, the proper officer may initiate action **under section 73 or section 74 of CGST Act 2017**.

**Sec. 73(1) to (11) of CGST Act 2017** Tax determination for any other reason

**Sec. 74(1) to (11) of CGST Act 2017** Tax determination for by reason of fraud or wilful misstatement or suppression of fact

**Sec. 66 of the CGST Act 2017 (Special Audit)**

(1) If at any **stage of scrutiny, inquiry, investigation** or any other proceedings before him, any officer not below the **rank of Assistant Commissioner**, having regard to the nature and **complexity of the case and the interest of revenue**, is of the **opinion that** the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the **prior approval of the Commissioner**, direct such registered person by a communication in writing to get his records including books of account examined and **audited by a CA or a CMA as may be nominated by the Commissioner**.

(2) The CA or CMA so nominated shall, **within the period of ninety days**, submit a report of such audit duly signed and certified by him to the said Assistant Commissioner mentioning therein such other particulars as may be specified. The Assistant Commissioner may, on an **application** made to him in this behalf by the **registered person** or the **CA or CMA** or for any material and sufficient reason, **extend the said period by a further period of ninety days**.

(3) **Even if already audited under this act any other act.**

(4) **Opportunity of being heard to be given to registered person of any material gathered which is used in proceedings against him.**

(5) The **expenses** of the examination and audit of records including the **remuneration of such CA or CMA, shall be determined and paid by the Commissioner** and such determination **shall be final**.

(6) Where the special audit results in detection of tax not 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 section 74 of CGST Act 2017**.

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