

- 5) The taxpayer will receive a notice for conducting audit in Form GST ADT-01 before fifteen working days of conducting audit.
- 6) Check list for tax payers for preparation before actual commencement of GST Audit.
 - a) Check whether suitable dates have been asked for conducting audit with audit team.
 - b) Check whether arrangement of convenient place to conduct audit is made at the place of business.
 - c) Check whether a well conversant person on GST accounts matter is available for interaction with audit team for providing any further information after audit is initiated.
 - d) Check whether representative from Senior Management is available over phone at least on first and last dates of audit.
 - e) Check whether all the periodical returns are filed on or before due date, For any delay in payment of tax, applicable interest at the prescribed rates shall be deposited.
GSTR-1----- 1st of the following month
GSTR-3B---- - 20th of the following month
 - f) Check whether annual return is filed and all the payments are reconciled with books of accounts. Also check whether any additional tax payable in cash after reconciliation is paid or not.
 - g) Check whether payments are made by the recipient to the supplier within a period of 180 days in terms of proviso to sub-section 2 (d) of Section 16 of CGST Act 2017.
 - h) Check whether any ineligible credits availed, for example blocked credits under Section 17(5) of CGST Act 2017.
 - i) Check whether unit wise trial balance is made ready for verification, if applicable.

- 7) The department conducts audit process in a transparent manner and all the findings will be intimated to the taxpayer in writing and an opportunity will be given to the taxpayer to give explanation before an observation is finalized and consequential action is initiated. The Audit Officer considers the explanation of the taxpayer regarding all points of dispute, before taking the final view.
- 8) Where the audit conducted results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilized, the tax payer may opt for waiver of show cause notice under section 73(6) of the CGST Act, 2017 after payment of differential tax payable along with interest.
- 9) The department always maintains confidentiality in respect of sensitive information furnished during the course of audit. All records submitted to the audit teams in an electronic or manual format, be used only for verification of tax liability or for verification of the tax compliance.
- 10) During the course of audit, if certain technical infractions, without any revenue implications, arising due to bona fide oversight or ignorance of the taxpayer, are noticed, the taxpayer will be guided for immediate correction.
- 11) If the tax payer is not in agreement with the observations made by the audit team, they may represent their view point in Monthly Monitoring Committee Meeting (MMCM) before the senior officers of the department for consideration, before finalizing the audit report.
- 12) On conclusion of audit, the taxpayer receives Form GST ADT-02 within thirty days, about the findings and reasons for such findings.
- 13) After completion of audit the taxpayer may send feedback form available with the audit team.



Disclaimer: This education guide is only for the purpose of awareness among the Tax Payers but do not entail any right / claim before any departmental / legal authorities.



GST GOODS AND SERVICES TAX

EDUCATIONAL GUIDE FOR TAX PAYERS ON GST AUDIT

Released by:

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CHIEF COMMISSIONER, CUSTOMS & CENTRAL TAX
HYDERABAD ZONE

**ON 1ST JULY, 2022 ON THE OCCASION
OF 5TH GST ANNIVERSARY CELEBRATIONS**



**OFFICE OF THE CHIEF COMMISSIONER OF
CUSTOMS & CENTRAL TAX, HYDERABAD ZONE**
GST Bhavan, L.B. Stadium Road, Basheerbagh,
Hyderabad - 500 004.

GST AUDIT

The objective of audit of taxpayers is to measure the level of compliance of the taxpayer in the light of the provisions of the CGST Act, 2017 and the rules made there under. The objective of the tax department is to collect correct amount of taxes levied under the GST Law in a cost effective, responsive, fair and transparent manner and also to maintain public confidence in the system of tax collection.

- 1) Audit means examination of records, returns and other documents maintained or furnished by the registered person under CGST Act, 2017 or the 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 compliance with the provisions of the GST Act or the rules made there under.
- 2) In terms of Section 35 of CGST Act, 2017 read with Rule 56 of CGST Rules, 2017 every registered person has to maintain accounts and records relevant to all business transactions. Further Section 36 of CGST Act and Rules 57 and 58 of CGST Rules may also be referred in this regard.
- 3) The following illustrative records / documents (wherever applicable) may be kept ready for examination by the audit team.

SUPPLY OF GOODS

- I. Records to be kept ready in the marketing and outward supplies department*
 1. Purchase Orders
 2. Price Circulars
 3. Delivery Challans
 4. Material transfer note
 5. Sales Invoices
 6. outward supply Register
 7. Stock Register

II. Records to be kept ready in the stores department -

1. Stores Ledger
2. Goods Receipt Note (GRN)/Material Receipt Note/(MRN) Inspection Cum Receipt Report (ICRR)
3. Material Return Note
4. Rejected Goods Register
5. Waste Register
6. Physical Stock Verification Statement
7. Job work/Sub-contract Register

III. Finance & Accounts related records -

1. Ledgers
2. Debit Note
3. Credit Note
4. Journal Voucher
5. Internal Audit Reports
6. Purchase Register
7. Purchase Return Register
8. Income Tax Audit Report
9. Income Tax Return along with Form 26AS
10. Fixed Assets Register
11. Monthly Stock Statement to Bank/Financial Institutions

SUPPLY OF SERVICES

- I. Marketing and sales department*
 1. Purchase Orders/Agreements/MOUs
 2. Outward supply Register
- II. Stores department -*
 1. Stores Ledger
 2. Job work/Sub-contract Register
- III. Finance & Accounts related records -*
 1. Ledgers
 2. Debit Note

3. Credit Note
 4. Journal Voucher
 5. Internal Audit Reports
 6. Purchase Book
 7. Purchase Return Register
 8. Income Tax Audit Report
 9. Income Tax Return along with Form 26 AS statement.
- 4) The following periodical returns wherever applicable may be kept ready by the taxpayer for cross verification and for any further clarification sought by the Audit Officers.
 - a) GSTR – 1: Return for Outward Supplies
 - b) GSTR – 2A: Return for Inward Supplies
 - c) GSTR – 3B: Summary of Inward and Outward Supplies
 - d) GSTR – 4: Return For Composition Dealers
 - e) GSTR – 5: Return For Non-Resident Taxable Persons
 - f) GSTR – 6: Return For Input Service Distributors
 - g) GSTR – 7: Return For Taxpayers Deducting TDS
 - h) GSTR – 8: Return For E-Commerce Operators Collecting TCS
 - i) GSTR – 9: Annual Return For Normal Registered Taxpayer Under GST
 - j) GSTR – 9A: Annual Return For Composition Dealers
 - k) GSTR – 9B: Annual Return For E-Commerce Operators Collecting TCS
 - l) GSTR – 9C: Return For Registered Persons Getting Accounts Audited From CA
 - m) GSTR – 10: Return For Registered Person Whose GST Registration Gets Cancelled
 - n) GSTR – 11: Return For UIN (Unique Identification Number) Holders