



Chapters XII & XIII of the CGST Act

ASSESSMENT & AUDIT

- By Prakhar Jain

Sections 59-64, Rules 98-100

ASSESSMENT



SELF-ASSESSMENT (SECTION 59)



- ⦿ Every RP → Self-assess the taxes payable + furnish a return for each tax period as per Sec 39 (GSTR 3)
- ⦿ Generally, this is the only type of assessment for most small assesseees, as the department does not have time to check compliance of each and every assessee

PROVISIONAL ASSESSMENT (SECTION 60 & RULE 98)

- CASE: Where the RTP unable to determine the –
 - Value of goods/ services/ both, or
 - Rate of tax applicable thereto



- → May be allowed to pay tax on provisional basis for the time being, and final settlement afterwards



Procedure for Provisional Assessment

1. Furnish FORM GST ASMT-01 along with supporting documents, giving reasons for provisional assessment.
2. PO may issue a notice in FORM GST ASMT-02 requiring the RTP to furnish additional information/ documents
3. Applicant shall file a reply in FORM GST ASMT – 03, may appear in person before the said officer if he so desires.
4. The PO shall issue an order in FORM GST ASMT-04 within 90 days, allowing payment on provisional basis, indicating-
 - a. The value/ the rate/ both on the basis of which the assessment is to be allowed on a provisional basis
 - b. The amount for which the bond is to be executed and security to be furnished (Max = 25% of Bond Amt)
5. The RTP shall execute a bond in FORM GST ASMT-05, and present a security in the form of a bank guarantee for an amount as determined by PO. (Bond binds RTP to pay difference between tax as may be finally assessed and tax provisionally assessed). (Bond furnished under SGST/ UTGST, deemed to be bond under this act)
6. PO shall issue a notice in FORM GST ASMT-06, calling for information and records required for finalization of assessment.
7. PO shall issue a final assessment order in FORM GST ASMT-07, within 6 months from provisional assessment order, specifying the amount payable by/ refundable to the RTP.

[Period of 6 months may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by
-→ the JC/ AC for a further period upto 6 months. → the Commissioner for such further period upto 4 years.]

PROVISIONAL ASSESSMENT

- If Provisional amount is not paid, liable to pay interest from the first day after the due date till the date of actual payment.
- If refund due as per final assessment, interest will be paid on refund as per Sec 56.
- The applicant may apply in FORM GST ASMT- 08 for the release of the security furnished, after issue of final order.
- PO shall release the security after ensuring that the applicant has paid the amount due, and issue an order in FORM GST ASMT-09 within 7 working days from the date of the receipt of the application

SCRUTINY OF RETURNS (SECTION 61 & RULE 99)

- ⦿ The PO may scrutinize the return furnished by RTP to verify the correctness
- ⦿ He shall issue a notice to the said person in FORM GST ASMT-10, informing him of any discrepancy found and seeking his explanation thereto within such time, not exceeding 30 days from the date of service of the notice (or such further period as may be permitted by him) and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy



SCRUTINY OF RETURNS (SECTION 61 & RULE 99)

- ⦿ RTP may accept the discrepancy mentioned in the notice and pay the tax, interest and any other amount arising from such discrepancy and inform the same; or furnish an explanation for the discrepancy in FORM GST ASMT- 11 to the PO.
 - If explanation is found acceptable, RTP shall be informed in FORM GST ASMT-12 and no further action shall be taken.
 - If no explanation is furnished within prescribed time, or its not satisfactory, or where RTP, after accepting the discrepancies, fails to take the corrective measure in his return for the month in which the discrepancy is accepted, PO may initiate appropriate action including those under section 65 / 66 / 67, or proceed to determine the tax and other dues under section 73 / 74.

NON FURNISHING OF RETURN (SECTION 62 & RULE 100)



- NWA Sec 73/ 74, where a RTP fails to furnish the return under section 39 (GSTR-3) or section 45 (Final return) , even after the service of a notice under section 46, → PO may proceed to do best judgement assessment of the tax liability, taking into account all the relevant material which is available or which he has gathered.
- PO shall issue an assessment order in FORM GST ASMT-14 within 5 years from due date of annual return for the FY to which the tax not paid relates.
- If RTP furnishes a valid return within 30 days of the service of the assessment order above, the order deemed to be withdrawn. Interest & late fees shall still be payable.

ASSESSMENT OF UNREGISTERED PERSONS (SECTION 63 & RULE 100)

- NWA Sec 73/ 74, where a taxable person fails to obtain registration even though liable to do so or whose registration has been cancelled u/s 29(2), but who was liable to pay tax,
- → PO may proceed to do best judgement assessment of tax liability for the relevant tax periods.
- PO shall issue notice to taxable person in FORM GST ASMT-14 containing the grounds on which the assessment is proposed to be made on best judgment basis and
- After allowing 15 days to furnish his reply, pass an order in FORM GST ASMT- 15 within 5 years from due date of annual return for the FY to which the tax not paid relates.
- No such assessment order shall be passed without giving the person an opportunity of being heard.



SUMMARY ASSESSMENT IN CERTAIN SPECIAL CASES (SECTION 64 & RULE 100)



- If PO has any evidence showing a tax liability of a person, he may obtain permission of AC/ JC and proceed to assess the tax liability of such person to protect interest of revenue, issue an assessment order in FORM GST ASMT-16 (immediately without proceedings)
 - Only if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue.
- If RTP to whom the liability pertains is not ascertainable, and such liability pertains to supply of goods, → person in charge of such goods deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due.
- RTP may file an application for withdrawal of the summary assessment order in FORM GST ASMT-17 within 30 days from date of receipt of order.
- The AC/ JC may, considering the application, or on his own motion, if considers that such order is erroneous, withdraw such order and follow the procedure laid down in section 73/ 74. The order of withdrawal or rejection of the application shall be issued in FORM GST ASMT-18.

Sections 65-66, Rules 101-102

AUDIT



AUDIT BY TAX AUTHORITIES (SECTION 65 & RULE 101)

- The Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for a financial year or multiples thereof, at such frequency and in such manner as may be prescribed.
- Officers may conduct audit at the place of business of the registered person or in their office.
- RTP shall be informed by a notice in FORM GST ADT-01 not less than 15 working days prior to the conduct of audit.
- The proper officer authorised to conduct audit of the records and the books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him, verify the documents on the basis of which the books of account are maintained and the returns and statements furnished under the provisions of the Act and the rules made thereunder, the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of the supply of goods or services or both, the input tax credit availed and utilised, refund claimed, and other relevant issues and record the observations in his audit notes

AUDIT BY TAX AUTHORITIES (SECTION 65 & RULE 101)

- ⦿ The audit shall be completed within 3 months from the date of commencement of the audit. (Where Commissioner is satisfied that audit cannot be completed within 3 months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding 6 months)
 - *Explanation.*— “commencement of audit” shall mean the date on which the records/ other documents, called for by the tax authorities, are made available by the RTP, or the actual institution of audit at the place of business, whichever is later.
- ⦿ During the course of audit, the authorised officer may require the registered person,—
 - to afford him the necessary facility to verify the books of account or other documents as he may require;
 - to furnish such information as he may require and render assistance for timely completion of the audit.
- ⦿ The proper officer may inform the registered person of the discrepancies noticed, if any, as observed in the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.
- ⦿ On conclusion of audit, the proper officer shall, within 30 days, inform the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings in FORM GST ADT-02.
- ⦿ Where the audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or section 74.

SPECIAL AUDIT (SECTION 66 & RULE 102)

- 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 FORM GST ADT-03 to get his records including books of account examined and audited by a chartered accountant or a cost accountant (CA) as may be nominated by the Commissioner.
- The CA so nominated shall, within 90 days, submit a duly signed and certified audit report to the Assistant Commissioner mentioning therein such other particulars as may be specified. (Assistant Commissioner may, on an application made by the RTP or the CA, or for any material and sufficient reason, extend the said period by a further period of 90 days.)

SPECIAL AUDIT (SECTION 66 & RULE 102)

- It doesn't matter that the accounts of RTP have been audited under any other provisions of this Act or any other law.
- On conclusion of the special audit, RTP shall be informed of the findings of the special audit in FORM GST ADT-04.
- RTP shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit, which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.
- The expenses of the examination and audit of records, including the remuneration of such CA, shall be determined and paid by the Commissioner and such determination shall be final.
- Where the special audit conducted results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 / 74.

End of Presentation!

What We Learned -

◎ ASSESSMENT

- Self-Assessment (Section 59)
- Provisional Assessment (Section 60 & Rule 98)
 - Case
 - Procedure
- Scrutiny of returns (Section 61 & Rule 99)
- Non Furnishing of return (Section 62 & Rule 1000)
- Assessment of Unregistered Persons (Section 63 & Rule 100)
- Summary Assessment in certain Special Cases (Section 64 & Rule 100)

◎ AUDIT

- Audit by Tax Authorities (Section 65 & Rule 101)
- Special Audit (Section 66 & Rule 102)

Click Here!

Subscribe to our

You  **Channel**



THE ONE GST PORTAL
GSTINATION
SIMPLIFYING GST FOR THE NATION

presents



THE GST ACADEMY

WITH ULTRA SIMPLIFIED SECTION
AND TOPIC WISE PRESENTATIONS

COMPLETE GST LAW IN LESS THAN
18 HOURS OF VIDEO

 #GSTINATION

GSTINATION.COM/THE-GST-ACADEMY

 Find us on
Facebook



LIKE US ON 

facebook[®]

THE ONE GST PORTAL

GSTINATION

SIMPLIFYING GST FOR THE NATION