

GST TRACKER

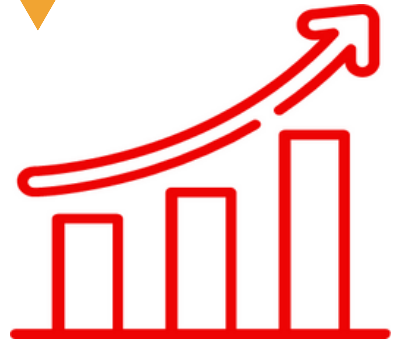
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DATA



Business



INSIGHTS

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EDITOR'S NOTE

Awareness is the first step to progress.

Mission Awareness: For the awareness and progress of our readers we work dedicatedly to keep them updated on the GST. Our June issue has covered the important points related to GST Audit by department. Happy learning!

We wish prosperity and health for our esteemed readers!



(Founder Pakkabil)

GST Audit by Department

Ms. Shukla Bansal is a seasoned Corporate Sector Professional, a Practising Company Secretary, a Peer Reviewer of ICSI, and a POSH Trainer. She holds a B. Com (Hons.) from Shri Ram College of Commerce, is a postgraduate from Delhi University, and is a fellow member of the ICSI and the Institute of Cost and Management Accountants of India (ICMAI). Her extensive experience of more than 27 years includes senior management positions across several leading organizations and more recently, her own practice.



CS Shukla Bansal

Practising Company Secretary
shuklabansal@yahoo.com

Preface:

The GST is self-assessing by nature while more than 1 crore Taxpayers are registered under GST (as per Oct 2018 data). Self-Assessment is necessary to determine tax liabilities. However, in a complex indirect tax system like GST self-assessments are not error-free. To ensure a smoother and robust taxation system, the GST has provisions for audits. Audits help in ensuring efficient compliance in the light of the complex as well as manifold GST provisions, rules & regulations as well as curb wilful discrepancies.

Audit' is "the examination of records, returns, and other documents maintained or furnished by the registered person under this Act or Rules made thereunder or under any other law for the time being in force to verify, inter alia, 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 rules made thereunder".

Accordingly, 'Audit' implies –

- (a) Detailed examination of records, returns and other documents – maintained/furnished by a registered person, under GST law/any other law or rules;
- (b) For verification of correctness of turnover declared, taxes paid, refund claimed, input tax credit availed, assessment of compliances with provisions of GST law and rules.

Thus, a GST audit is not only for reconciliation of tax liability and payment thereof but, also encompasses the verification of compliance with the provisions of the GST Acts, laws, etc. by a registered person.

Types of Audits Under GST:

Initially, there were three types of GST Audit: -

- GST Audit Based on Assessee Turnover by CA or Cost Accountant
- GST Audit by Tax Authorities
- Special Audit on request of higher authority GST Officials.

The requirement to get a GST audit and certification done by a CA/CMA now stands removed. Taxpayers with a turnover exceeding Rs. 5 crore in the previous financial year are required to file Form GSTR-9C on a self-certification basis. This change is applicable from FY 20-21 onwards.

In this article, we are limiting ourselves to the GST Audit by Tax Authorities.

Audit by tax authorities Sec. 65 of CGST Act, 2017:

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

(2) The officers referred to in sub-section (1) may conduct an audit at the place of business of the registered person or in their office. The period of audit to be conducted shall be a financial year or part thereof or multiples thereof.

(3) The registered person shall be informed by way of a notice not less than fifteen working days before the conduct of audit in such manner as may be prescribed. The proper officer shall issue a notice in FORM GST ADT-01.

(4) The audit shall be completed within three 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) During the audit, the authorized officer may require the registered person, —
(i) to afford him the necessary facility to verify the books of account or other documents as he may require; (ii) to furnish such information as he may require and render assistance for timely completion of the audit.

(6) After the audit, the proper officer shall, within thirty days, inform the registered person, whose records are audited, about the findings, his rights and obligations, and the reasons for such findings. After the audit, the proper officer shall inform the findings of the audit of the registered person in FORM GST ADT-02.

(7) 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 proper officer may initiate action under section 73 or section 74.

Parameters based on which the registered person can be selected for conducting the GST audit by the department:

1. Size of the turnover/ net profit
2. Quantum of refund claimed
3. Variation in turnover/ net profit as compared to the previous year
4. Involved in high-risk activities
5. Multiple branches/ multiple activities
6. Receipt of notices from other governmental entities
7. Previously GST audit was never conducted
8. Waiver/ bankruptcy declared
9. Specific information/ details received from other governmental entities; etc

The following list of records, documents, and information are likely to be furnished before the departmental officer during the GST audit by the department-

- Books of accounts
- Balance sheet, annual report, income tax return, and Form 26AS
- Various types of returns filed under GST;
- Income-tax audit report (i.e., Form 3CA or 3CD and Form 3CB)
- Cost audit report; Internal audit report etc.
- Tax invoices; bill of supply; debit notes; credit notes; receipt and payment vouchers; delivery challans, etc.
- Copies of invoices on basis of which the input tax credit is availed
- Turnover as per profit and loss account with turnover reflected in GST returns
- GST Input tax credit availed with Form GSTR-2A

- Reverse tax paid with corresponding expenses booked in the accounts
- Sample copies of the purchase order; work orders and any other agreements entered
- Stock register; job-work register; fixed assets register; production/ process registers etc.
- Sample E-way bills.

Modes of serving Notice under GST:

1. Hand-delivering the notice either directly or by a messenger or by a courier to the taxpayer or his representative.
2. By registered post or a speed post or a courier with an acknowledgment-addressed to the last known place of the business of the taxpayer.
3. Communication through the email address.
4. Making it available on the GST portal after logging in.
5. By publication in a regional newspaper being circulated in the locality- that of the taxpayer based on the last known residential address.
6. If none of the above means is used, then by affixing it in some prominent place at his last known place of business or residence. If this is not found reasonable by the tax authorities, they can affix a copy on the notice board of the office of the concerned officer or authority as a last resort.
7. Now taxpayers can check their notices on GST Portal by Logging in on the common portal > Click on User services > Click on View Notices.

Importance to reconcile Form GSTR-1 with Form GSTR-3B by the taxpayer

The GST department is watching taxpayers' data along with Form GSTR-1 and Form GSTR-3B regularly with their data analysis wing as per the GST audit manual issued by the GST department from time to time to select files for GST audit by the GST authority as per Section 65 of CGST Act. If GST analysis identifies a difference as per the GST manual GST audit department issues a notice on Form ASMT-10 to the taxpayer to submit all the records for audit under Section 65 of the CGST Act.

During the audit due to many reasons mistakes are made by the taxpayer like-

Wrong or Fake invoices are issued by the taxpayer,

False information provided while registering under GST or financial records or documents, or has filed fake returns to evade tax and has hidden information or has given false information during proceedings,

The taxpayer has collected GST but did not submit it to the GST department within 3 months,

The taxpayer has taken ITC without actual receipt of goods and services,

If the taxpayer deliberately suppressed outward supply of goods or services to evade tax and other mistakes, the taxpayers are liable to pay a penalty.

Conclusion:

After completion of GST Audit by the Appropriate officer, if such taxpayer has not paid tax or short paid tax or erroneously claimed refund amount or wrongly claimed Input Tax Credit availed or utilized, then the proper officer has to issue a notice to the taxpayer within 30 days and serve show-cause notice to file objections. If he has satisfied with the objections filed by the taxpayer, he will drop the proposal of demand or otherwise initiate action under section 73 or 74 of the CGST Act, as the case may be.

GSTN Updates May 2022

Date of Issue	Subject
02/05/2022	Annual Aggregate Turnover (AATO) computation for FY 2021-22
10/05/2022	Module wise new functionalities deployed on the GST Portal for taxpayers
10/05/2022	Reporting 6% rate in GSTR-1

Source: www.gst.gov.in

Notifications/Circulars/Orders issued in the month of May 2022

Central Tax Notifications May 2022

Notification Nos.	Date of Issue	Subject
05/2022	17/05/2022	Seeks to extend the due date of filing FORM GSTR-3B for the month of April, 2022
06/2022	17/05/2022	Seeks to extend the due date of payment of tax, in FORM GST PMT-06, for the month of April, 2022 by taxpayers who are under QRMP scheme
07/2022	26/05/2022	Seeks to waive off late fee under section 47 for the period from 01.05.2022 till 30.06.2022 for delay in filing FORM GSTR-4 for FY 2021-22

Central Tax (Rate) Notification May 2022

No Central Tax (Rate) Notification was issued in the month of May 2022

Integrated Tax Notification May 2022

No Integrated Tax Notification was issued in the month of May 2022

Integrated Tax (Rate) Notification May 2022

No Integrated Tax (Rate) Notification was issued in the month of May 2022

Circular issued in the month of May 2022

No Circular was issued in the month of May 2022

Orders

No order was issued in the month of May 2022

Removal of Difficulty Orders May 2022

No order was issued in the month of May 2022

Source: www.cbic.gov.in

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May month Videos available

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#GST at One Place



ALLAHABAD HIGH COURT

**Detention of Goods
Consignment Value below
Rs 50,000**

M/S A.S. ENTERPRISE
VERSUS
COMMISSIONER OF STATE TAX U.P. AND 2 OTHERS

www.gstatoneplace.com 

This video thumbnail features a woman in a black blazer speaking into a microphone. The background is a light gradient with a yellow and orange wave pattern on the right. A red play button icon is in the top left corner, and a circular logo with a 'G' is in the top right corner.



ALLAHABAD HIGH COURT

**Are Two E Way Bills required
under Bill to Ship to Transactions?**

M/S SLEEVECO TRADERS THROUGH ITS PROPRIETOR
SHRI ALOK GUPTA
Vs
ADDITIONAL COMMISSIONER GRADE- 2 (APPEAL) FIFTH,
COMMERCIAL TAX AND ANOTHER

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Allahabad High Court

**Technical Glitch
Unable to File Appeal**

M/S BRIJ BIHARI SINGH
Vs
COMMISSIONER COMMERCIAL TAX LUCKNOW
AND ANOTHER

www.gstatoneplace.com 

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GUJARAT HIGH COURT

**Typing / Clerical Error
in E-way Bill**

DHABRIYA POLYWOOD LIMITED
Vs
UNION OF INDIA

www.gstatoneplace.com 

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