

## **GOODS & SERVICE TAX (GST)**

### **FREQUENTLY ASKED QUESTION ON ASSESSMENT & AUDIT**

**1. Who is the person responsible to make assessment of tax payable under the Act?**

**Ans.** Every person registered under the Act shall himself assess the tax payable by him for a tax period and furnish a return for each tax period as specified under section 39 of TSGST ACT, 2017. Self-assessment will be the norm under GST.

**2. Under what circumstances can provisional assessment be done?**

**Ans.** As a taxpayer has to pay tax on self-assessment basis, a request for paying tax on provisional basis has to come from the taxpayer which will then have to be permitted by the proper officer. This is governed by section 60 of TSGST Act. Tax can be paid on a provisional basis only after the proper officer has permitted it through an order passed by him. For this purpose, the taxable person has to make a written request to the proper officer, giving reasons for payment of tax on a provisional basis. Such a request can be made by the taxable person only in such cases where he is unable to determine:

- a) the value of goods or services or both to be supplied by him, or
- b) the tax rate applicable to the goods or services or both to be supplied by him.

In such cases the taxable person has to execute a bond in the prescribed form, and with such surety or security as the proper officer may deem fit.

**3. In what form and manner should the taxable person make a request for provisional assessment?**

**Ans.** Every registered person requesting for payment of tax on a provisional basis in accordance with the provisions of section 60(1) of TSGST ACT, shall furnish an application along with the documents in support of his request, electronically, in FORM GST ASMT-01 on the common portal. The taxpayer need to specify reasons for seeking provisional assessment.

**4. Can the proper officer ask for additional documents/clarification upon receipt of request for provisional assessment? If so how? Whether he has to issue any order for allowing provisional assessment?**

**Ans.** In case the proper officer requires additional information or documents, the proper officer, on receipt of the application should issue a notice in FORM GST ASMT-02 requiring the registered person to furnish additional information or documents in support of his request. The applicant has to file a reply to the notice in FORM GST ASMT – 03 The order for provisional assessment has to be issued in Form GST ASMT-04 within ninety days of the application. The order for provisional assessment has to specify the rate and/or value, as the case may be, to be applied for by the taxpayer.

**5. Is it mandatory for the applicant to appear before the proper officer in such cases?**

**Ans.** No. However, if the applicant desires, he can appear before the proper officer in person.

**6. In what form and manner will the proper officer issue an order of provisional assessment?**

**Ans.** The proper officer shall issue an order in FORM GST ASMT-04, allowing payment of tax on a provisional basis indicating the value or the rate or both on the basis of which the assessment is to be allowed on a provisional basis and the amount for which the bond is to be executed and security to be furnished not exceeding twenty-five per cent of the amount covered under the bond.

**7. Is there any time limit within which the order for provisional assessment has to be issued by the proper officer?**

**Ans.** Yes. The order needs to be issued by the proper officer within a period not later than ninety days from the date of receipt of such request, allowing payment of tax on provisional basis, at such rate or on such value as may be specified by him.

**8. How should the applicant execute the Bond as per directions given in the order of provisional assessment?**

**Ans.** The applicant should execute a bond in accordance with the provisions of sub-section (2) of section 60 in FORM GST ASMT-05 along with a security in the form of a bank guarantee for an amount as determined by proper officer.

**9. While executing the bond, is it necessary for the applicant to execute separate bonds for Central Tax and State Tax?**

**Ans.** No. The bond furnished to the proper officer under the State Goods and Services Tax Act or Integrated Goods and Services Tax Act shall be deemed to be a bond furnished under the provisions of the CGST Act and the rules made thereunder.

**10. What is the time limit within which the proper officer has to finalize the provisional assessment?**

**Ans.** Finalisation has to be done by the proper officer within a period of six months from the date of communication of the order of provisional assessment to the taxable person. The period of six months can be extended by a further period of six months by the Joint/Additional Commissioner and by the Commissioner for such further period not exceeding four years. However, such extension can be given only on sufficient cause being shown and for reasons to be recorded in writing.

**11. What procedure will the proper officer follow for finalizing the provisional assessment?**

**Ans.** The proper officer shall issue a notice in FORM GST ASMT-06, calling for information and records required for finalization of assessment and shall issue a final assessment order, specifying the amount payable by the registered person or the amount refundable, if any, in FORM GST ASMT-07.

**12. After finalization of assessment, how can the taxable person seek release of the security furnished at the time of provisional assessment?**

**Ans.** The applicant has to file an application in FORM GST ASMT- 08 for release of security furnished.

**13. In what manner and within what time will the security be released in favour of the applicant?**

**Ans.** The proper officer shall release the security furnished, after ensuring that the applicant has paid the amount and issue an order in FORM GST ASMT-09 within a period of seven working days from the date of receipt of the application in FORM GST ASMT- 08.

**14. In what manner will returns be scrutinized under GST?**

**Ans.** Where any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same in accordance with the provisions of section 61 of TSGST Act, with reference to the information available with him, and in case of any discrepancy, he shall issue a notice to the said person in FORM GST ASMT-10, informing him of such discrepancy and seeking his explanation thereto. Also, where possible, the proper officer should quantify the amount of tax, interest and any other amount payable in relation to such discrepancy.

**15. In case the taxable person accepts the discrepancies, how should he comply?**

**Ans.** The registered person may either 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 proper officer.

**16. How will the proper officer deal with reply given in FORM GST ASMT-11 by the taxable person?**

**Ans.** Where the explanation furnished by the registered person or the information furnished in FORM GST ASMT-11 is found to be acceptable, the proper officer shall inform him accordingly in FORM GST ASMT-12.

**17. Under what circumstances can a tax officer initiate Summary Assessment?**

**Ans.** As per section 64(1) of CGST/TSGST Act, Summary Assessments can be initiated to protect the interest of revenue when:

- a) the proper officer has evidence that a taxable person has incurred a liability to pay tax under the Act, and
- b) the proper officer believes that delay in passing an assessment order will adversely affect the interest of revenue.

Such order can be passed after seeking permission from the Additional Commissioner / Joint Commissioner.

**18. In what manner will a summary assessment order be issued?**

**Ans.** The order of summary assessment under sub-section (1) of section 64 shall be issued in FORM GST ASMT-16.

**19. How can the taxable person make an application for withdrawal of summary assessment order?**

**Ans.** The taxable person may file an application for withdrawal of the summary assessment order in FORM GST ASMT-17.

**20. How will the proper officer respond to the request made in FORM GST ASMT-17?**

**Ans.** The order of withdrawal or, as the case may be, rejection of the application in FORM GST ASMT-17 shall be issued in FORM GST ASMT-18.

**21. Who can conduct audit of taxpayers?**

**Ans.** There are three types of audit prescribed in the GST Act(s) as explained below:

**(a) Audit by Chartered Accountant or a Cost Accountant:** Every registered person whose turnover exceeds Rs.2 (Two) crore, shall get his accounts audited by a chartered accountant or a cost accountant. (Section 35(5) of the CGST/TSGST Act).

**(b) Audit by Department:** The Commissioner or any officer of CGST or SGST or UTGST authorized by him by a general or specific order, may conduct audit of any registered person.

**(c) Special Audit:** If at any stage of scrutiny, inquiry, investigations or any other proceedings, if department is of the opinion that the value has not been correctly declared or credit availed is not within the normal limits, department may order special audit by chartered accountant or cost accountant, nominated by department. (Section 66 of the CGST/TSGST Act).

**22. Whether any prior intimation is required before conducting the audit?**

**Ans.** Yes, prior intimation is required and the taxable person should be informed at least 15 working days prior to conduct of audit.

**22. What is the period within which the audit is to be completed?**

**Ans.** The audit is required to be completed within 3 months from the date of commencement of audit. The period is extendable for a further period of a maximum of 6 months by the Commissioner.

**23. What is meant by commencement of audit?**

**Ans.** The term 'commencement of audit' is important because audit has to be completed within a given time frame in reference to this date of commencement. Commencement of audit means the later of the following:

- a) the date on which the records/accounts called for by the audit authorities are made available to them, or
- b) the actual institution of audit at the place of business of the taxpayer.

**24. What are the obligations of the taxable person when he receives the notice of audit?**

**Ans.** The taxable person is required to:

- a) facilitate the verification of accounts/records available or requisitioned by the authorities,
- b) provide such information as the authorities may require for the conduct of the audit, and
- c) render assistance for timely completion of the audit.

**25. What would be the action by the proper officer upon conclusion of the audit?**

**Ans.** The proper officer shall, on conclusion of audit, within 30 days inform the taxable person about his findings, reasons for findings and the taxable person's rights and obligations in respect of such findings.

**26. What is the time limit to submit the audit report?**

**Ans.** The auditor will have to submit the report within 90 days or within the further extended period of 90 days. This can be done by the Commissioner when he is satisfied that the audit cannot be completed within three months. The reasons for the same must also be recorded in writing.

**27. In what form and manner will a special audit be ordered and how will the result of such audit be communicated to the taxable person?**

**Ans.** Where special audit is required to be conducted in accordance with the provisions of section 66, the officer referred to in the said section shall issue a direction in FORM GST ADT-03 to the registered person to get his records audited by a chartered accountant or a cost accountant specified in the said direction. On conclusion of special audit, the registered person shall be informed of the findings of special audit in FORM GST ADT-04.

**28. When does a taxpayer has to get audited compulsorily?**

**Ans.** Every registered person whose turnover during a financial year exceeds the prescribed limit of Rs.2 (two) crores has to get his accounts audited by a chartered accountant or a cost accountant and needs to submit a copy of the

- a. audited annual accounts,
- b. the reconciliation statement under Section 44 (2)
- c. and such other documents in such form and manner as may be prescribed.