

**Law and Provisions under CGST**  
**Chapter 13 – AUDIT**

**13.0 AUDIT** – The provisions related to Audit - Audit by tax authorities and Special audit are covered under Chapter XIII of the CGST Act 2017 from Section 65 to Section 66.

The Central Government has appointed the 1st day of July, 2017, as the date on which the provisions of these sections came in to force vide Notification No. 9/2017- Central Tax dated 28.06.2017.

<b>Chapter XIII of the CGST Act 2017 - Audit</b>	
<b>Section</b>	<b>Particulars</b>
Section 65	Audit by tax authorities
Section 66	Special audit

<b>CGST Rules 2017 - Audit</b>	
<b>Rules</b>	<b>Particulars</b>
Rule 101	Audit
Rule 102	Special Audit

<b>Forms - Audit</b>	
<b>Forms</b>	<b>Particulars</b>
FORM GST ADT - 01	Notice for conducting audit
FORM GST ADT - 02	Audit Report under section 65(6)
FORM GST ADT - 03	Communication to the registered person for conduct of special audit under section 66
FORM GST ADT - 04	Information of Findings upon Special Audit

**13.1 Audit by tax authorities. [Section 65]**

<b>Section 65(1)</b>	01.07.2017 to till date	<p><b>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 period comprising of a financial year or part thereof or multiples thereof.</b></p> <p>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 such period, at such frequency and in such manner as may be prescribed.</p>
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<p><b>Section 65(2)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Audit may be conducted at the place of business of the registered person or in the office of the Commissioner or the officer authorised by him.</b></p> <p>The officers referred to in sub-section (1) may conduct audit at the place of business of the registered person or in their office.</p>				
<p><b>Section 65(3)</b></p>	<p>01.07.2017 to till date</p>	<p><b>A notice not less than fifteen working days prior to the conduct of audit shall be given to the registered person to the conduct of audit.</b></p> <p>The registered person shall be informed by way of a notice not less than fifteen working days prior to the conduct of audit in such manner as may be prescribed.</p>				
<p><b>Section 65(4)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Audit shall be completed within a period of three months from the date of commencement of the audit.</b></p> <p>The audit under sub-section (1) shall be completed within a period of three months from the date of commencement of the audit:</p>				
<p><b>First Proviso</b></p>	<p>01.07.2017 to till date</p>	<p><b>The Commissioner may extend the period of three months by a further period not exceeding six months for completion of audit.</b></p> <p><b>Provided that</b> 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.</p>				
<p><b>Explanation</b></p>	<p>01.07.2017 to till date</p>	<p><b>Meaning of the expression “commencement of audit”</b></p> <p>For the purposes of this sub-section, the expression “commencement of audit” shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later.</p>				
<p><b>Section 65(5)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Registered person to afford the necessary facility to verify the books of account or other documents and to furnish such information as the authorised officer may require and render assistance for timely completion of the audit.</b></p> <p>During the course of audit, the authorised officer may require the registered person,—</p> <table border="1" data-bbox="584 1839 1385 1975"> <tr> <td data-bbox="584 1839 651 1910">(i)</td> <td data-bbox="651 1839 1385 1910">to afford him the necessary facility to verify the books of account or other documents as he may require;</td> </tr> <tr> <td data-bbox="584 1910 651 1975">(ii)</td> <td data-bbox="651 1910 1385 1975">to furnish such information as he may require and render assistance for timely completion of the audit.</td> </tr> </table>	(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.
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(ii)	to furnish such information as he may require and render assistance for timely completion of the audit.					

<p><b>Section 65(6)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Information to the registered person, whose records are audited, about the findings, rights and obligations on conclusion of audit.</b></p> <p>On conclusion of 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.</p>
<p><b>Section 65(7)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Initiation of action under section 73 or section 74 where the audit conducted results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised</b></p> <p>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.</p>

**13.2 Special audit. [Section 66]**

<p><b>Section 66(1)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Registered person may be asked to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner, If at any stage of scrutiny, inquiry, investigation or any other proceedings any officer is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits.</b></p> <p>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 chartered accountant or a cost accountant as may be nominated by the Commissioner.</p>
<p><b>Section 66(2)</b></p>	<p>01.07.2017 to till date</p>	<p><b>The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him.</b></p> <p>The chartered accountant or cost accountant 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:</p>

<p><b>First Proviso</b></p>	<p>01.07.2017 to till date</p>	<p><b>Extension of the Audit period by a further period of ninety days.</b></p> <p><b>Provided that</b> the Assistant Commissioner may, on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days.</p>
<p><b>Section 66(3)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Special Audit may be directed notwithstanding that the accounts of the registered person have been audited under any other provisions of this Act or any other law for the time being in force.</b></p> <p>The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the registered person have been audited under any other provisions of this Act or any other law for the time being in force.</p>
<p><b>Section 66(4)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Opportunity of being heard</b></p> <p>The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit under sub-section (1) which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.</p>
<p><b>Section 66(5)</b></p>	<p>01.07.2017 to till date</p>	<p><b>Determination and payment of the expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant</b></p> <p>The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final.</p>
<p><b>Section 66(6)</b></p>	<p>01.07.2017 to till date</p>	<p><b>The proper officer may initiate action under section 73 or section 74 where the special 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</b></p> <p>Where the special 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.</p>