

# AUDIT BY GST AUTHORITIES - HOW TO HANDLE?



CA SUMIT B JHUNJHUNWALA

07.05.2022

## COVERAGE

---

- Background
- Legal Framework
- Procedure
- Requirements of Tax Authorities
- Common Issues Raised by Tax Authorities & Way Forward
- Handling Pressure Situations

## BACKGROUND

---

- In erstwhile era, taxpayers were subjected to EA-2000 audit, Desk review, Scrutiny, etc in many forms and in various stages
- Similar provisions exist in GST as well whereby the authorities are conducting parallel proceedings in form of Scrutiny, Assessment, Audit, Investigations, etc.
- GST Audit : Audit means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder 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 his compliance with the provisions of this Act or the rules made thereunder

## LEGAL FRAMEWORK

---

- **Audit by tax authorities u/s 65**
  - Rule 101
  - Form ADT-01
  - Form ADT 02
- **Access to Registered Premises u/s 71**
- **GST Audit Manual 2019**

## AUDIT BY TAX AUTHORITIES U/S 65

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.

The officers referred to in sub-section (1) may conduct audit

- at the place of business of the registered person or in their office.

The registered person shall be informed by way of a notice

- not less than 15 working days prior to the conduct of audit in such manner as may be prescribed.

The audit under sub-section (1) shall be completed

- within a period of 3 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 3 months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding 6 months.

**Explanation.**—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.

## AUDIT BY TAX AUTHORITIES U/S 65

During the course of audit, the authorised 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.

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.

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.

## ACCESS TO BUSINESS PREMISES

---

71. (1) Any officer under this Act, authorised by the proper officer not below the rank of Joint Commissioner, shall have access to any place of business of a registered person **to inspect**

- books of account,
- documents,
- computers, computer programs, computer software **whether installed in a computer or otherwise and**
- such other things as he may require and which may be available at such place,

**for the purposes of carrying out any audit**, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.

## ACCESS TO BUSINESS PREMISES

---

(2) Every person in charge of place referred to in sub-section (1) shall, on demand, **make available** to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66-

- such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;
- trial balance or its equivalent;
- statements of annual financial accounts, duly audited, wherever required;
- cost audit report, if any, under section 148 of the Companies Act, 2013 (18 of 2013);
- the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961); and
- any other relevant record,
- **for the scrutiny by** the officer or **audit party** or the chartered accountant or cost accountant **within a period not exceeding fifteen working days from the day when such demand is made**, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.

## PROCEDURE OF AUDIT

(1) The period of audit to be conducted section 65(1) shall be a financial year or part thereof or multiples thereof.

(2) Where it is decided to undertake the audit of a registered person in accordance with the provisions of section 65, the proper officer shall issue a notice in **FORM GST ADT-01** in accordance with the provisions of sub-section (3) of the said section.

(3) 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.

(4) 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.**

(5) On conclusion of the audit, the proper officer shall inform the findings of audit to the registered person in accordance with the provisions of sub-section (6) of section 65 in **FORM GST ADT-02.**

## REQUIREMENTS

---

- Nature of activity
- Organisation Structure
- Trial Balance, Audited Financial Statements
- State wise breakups
- GSTR1 GSTR 2A, GSTR3B, GSTR 9 , 9C
- Reconciliation
- ITC register
- RCM working
- ECL, ECrL
- Questionare

## QUESTIONNAIRE – GST AUDIT MANUAL 2019 ANNEX VI

- Goods Sector
  - Purchases – Inward Supplies
  - Outward Supplies
  - Stores
  - Tax Accounting
  - Job work
- Services
  - General
  - Invoicing pattern
  - Accounts & Records
  - Making of GST return
  - Place of Supply
  - Valuation
  - Amount to be included in taxable value
  - MIS

## COMMON ISSUES

### Outward Supply

- Notes to Accounts
  - Related party transactions
  - Earning in Forex - Export
- Other Income
  - Notice Pay
  - Damages,
  - Cr.W/Back
  - Forfeiture of Advance
- Unbilled Revenue
- Credit Notes issued

### Inward Supply

- GSTR 2A vs GSTR 3B
- Payment to vendors within 180 days
- Blocked Credit
- ITC on 'Personal Expenses'
- Apportionment of ITC
- Tran - I
- Credit Notes received

### RCM

- RCM paid vs 2A
- Ocean Freight
- Payment to Directors
- Notes to accounts
  - Payment in Forex
- Sch-I Services by Foreign Holding Co.

## HANDLING PRESSURE SITUATIONS

---

- Insistence on Spot Recovery
- To avoid litigations: Payment of amount v/s Acceptance of Liability
- [Rate of Interest on Incorrect ITC Claim, 2A Mismatch, 42 Reversal](#)
- [Payment of Mandatory Penalty u/s 74 to close audit](#)
- [Blocking of ECrL](#)
- [Attachment of Bank/Property – Admitted Liability vs Disputed Liability](#)
- Flags raised by DGARM on various Ratio's

## HANDLING PRESSURE SITUATIONS

---

- Ensure the visitation is recorded in Visitor Log book
- Ensure Facts & Correct figures of the case are clearly submitted and on record of the Revenue
- Maintain calm & respectful demeanor, avoid challenging the authority
- Avoid verbal Arguments with visiting officer. Instead, try to explain the fact and legal position to higher ups verbally, followed by written submissions
- Resist the urge to file W.P. without proper consultation/ analysis





## CA Sumit Jhunjunwala

sumitj.ca@gmail.com

+91 99200 25532

Information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of particular situation.

## RATE OF INTEREST

- **50.** (1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18%, as may be notified by the Government on the recommendations of the Council.
- (3) A taxable person who makes **an undue or excess claim of input tax credit under sub-section (10) of section 42** or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24%, as may be notified by the Government on the recommendations of the Council
- Rule 42(2) (a) where the aggregate of the amounts calculated finally in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>', such excess shall be <sup>10</sup>[reversed by the registered person in **FORM GSTR-3B** or through **FORM GST DRC-03**] in the month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the **rate specified in sub-section (1) of section 50** for the period starting from the first day of April of the succeeding financial year till the date of payment



## BLOCKING OF ECRL

(1) The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been **fraudulently availed or is ineligible** in as much as

a) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under [rule 36](#)-

- i. issued by a registered person **who has been found non-existent** or not to be conducting any business from any place for which registration has been obtained; or
- ii. **without receipt of goods or services** or both; or

b) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under [rule 36](#) in respect of any supply, **the tax charged in respect of which has not been paid to the Government**; or

c) the registered **person availing the credit of input tax has been found non-existent** or not to be conducting any business from any place for which registration has been obtained; or

d) the registered person availing any credit of input tax is **not in possession of a tax invoice** or debit note or any other document prescribed under [rule 36](#).

## ATTACHMENT OF BANK/PROPERTY

**83.** (1) Where, after the initiation of any proceeding under

- Chapter XII (Assessment)
- Chapter XIV (Inspection, Search,...)or
- Chapter XV (Demands),

the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed.

**QUESTIONNAIRE FOR REVIEW OF INTERNAL CONTROL SYSTEM AND WALK THROUGH.**

PURCHASES – INWARD SUPPLIES

1. Whether all purchases are centralised or de-centralised. If all purchases are authorised by few key persons like owner or Managing Director etc, it may require in-depth study of purchases.
2. Whether all the purchases are made only by issue of purchase order and whether different series of purchase order are issued. Also, the issuance of series of purchase order is centralised in the purchase section. Are there any cases where purchases have been made without issue of purchase order?
3. Whether there is a system of authorised Vendor List. If not, what is the system of approving particular vendor? Are there instances where substantial purchases have been made through unauthorised vendors?
4. Whether rejected inward supplies are stored separately. What is the system of accounting for the rejected inward supplies/short quantity?
5. Whether for purchase returns, debit notes are issued?
6. Whether for rejected inward supplies any set procedure is followed.
7. At what stage ITC is availed, i.e. either before testing for rejection or after testing for rejection?
8. On the inward supplies rejected or short quantity received, whether the ITC reversal is done on each invoice basis or on monthly basis.
9. Whether any item supplied free of cost by the customer.

OUTWARD SUPPLIES

1. What is marketing pattern - is it through depot, stockist, C&F agent related person or directly by the registered person?
2. How many series of outward supply /GST invoices are generated? For example, there can be different series for outward supplies, export supplies, scrap, other items and job work.

3. Whether all different series of invoices of out ward supplies are entered in one outward supply account or in different outward supply account.
4. Who authorises for despatch of outward supplies?
5. Whether any charges for erection/commissioning collected?
6. Whether Tax invoices are issued for composite supply of both goods and erection & Commissioning (which involves applicability of rate of tax of principal supply, viz., goods)?
7. Whether any materials supplied to the recipients at free of cost?
8. Any amount for marketing expenses, Advertisement, Royalty, Handling Charges, Packing Charges, Warranty, after sales service and Insurance received from recipient in any manner?
9. Whether commercial invoices and outward supply invoices (Tax Invoices under GST) are same or different?
10. Who is authorised to fix the price of outward supplies and whether any printed price circulars are issued?
11. Who is authorised to make supplementary outward supply invoices or debit note for price variation/additional recoveries (advertisement, after sales service, additional packing, insurance, freight, depot charges)?
12. Whether outward supply figures mentioned in GSTR1 are tallying with the records maintained by the registered person?
13. Whether any goods were received for repair etc. on return by the recipients?
14. Types of discounts given and how are they accounted for in relevant records.
15. Whether recipients' accounts are debited with the net amount of invoice or gross amount?

#### STORES

1. Whether receipt in the stores record are shown only after inspection of inward supplies or before inspection.
2. What is the frequency of stock taking of all the items? How difference is accounted for and what reports are prepared.
3. What is the frequency of physical inventory for high value items (A category in ABC analysis) whether a report is prepared for stock verification and put-up to management and what is the frequency of reporting?
4. For inward supplies covered by insurance claim what is the procedure for filing the claim. Whether such inward supplies are entered in the store register or these are shown in separate account. Whether any register or report is prepared for all such claims.

5. What are the records maintained for inward supplies sent out for Job Work? Whether scrap is received back or job work price is adjusted.
6. How the defective/ damaged inward supplies are reflected in the books of accounts?

#### TAX ACCOUNTING

1. Whether GST paid on inward supplies are shown separately in purchase account?
2. Whether all inward supply invoices are entered for full value and thereafter for rejected/stock quantity, credit note or sales return invoice is prepared.
3. Whether GST payable on outward supplies made and shown separately in outward supply account?
4. In case of capital goods whether full value including GST is debited in the books or net value is shown in the capital goods account.
5. In case of capital goods fully written off whether GST deducted from such expenditure account or not?
6. What is the system to check GST liability (payment through Electronic Cash ledger / Electronic Credit Ledger) as shown in the financial records with the GST records? Whether any reconciliation is made for the differences?

#### JOB WORK

1. Whether any input/output ratio has been determined for sending the input for job work.
2. What are the records maintained for sending inputs for job work (either directly from the supplier of inputs/ from the place of business of the registered person) and whether the records show quantity of inputs sent, quantity of final product to be received, actually received and variation?
3. Whether any monthly or periodic statements are prepared for each job work and at what level the statements are verified for taking corrective action?
4. What is the system of treatment of scrap generated at job worker? Whether it is brought back to the registered person's premises or allowed to be disposed off by job worker?
5. Whether the finished goods after job-work are being supplied from job-worker's premises.
6. When the finished goods are not received back from the job worker in time (180 days), what action is taken by the company and what accounting treatment is done for the same?

7. Whether the processed inward supplies after conversion into outward supplies are sold by the principal directly from the premises of Job-worker?
8. Whether outward supplies are made after transferring the same to any other place from the job-worker's premises?

## **Part B- SUPPLY OF SERVICES**

### **QUESTIONNAIRE FOR REVIEW OF INTERNAL CONTROLS**

(Information to be filled in by the Auditor before filling up the information in the working papers)

#### **A. Flow Chart showing manner of verification of transactions and documents during Walk Through and Audit.**

##### 1. Verification of Supply of Services and Income:

- File of correspondences with the client/customer
- Quotation/Tender files
- Cost sheet to work out approximate cost of service (eg. cost of A.M.C., Advertisement cost)
- Price List (in cases where price of services are fixed as in case of Insurance Premiums, Cable Operators, Coaching Centres).
- Booking Register (eg. in case of Mandap keeper, Convention Centre, tour operators).
- Service Agreement/Contract like Agreement for Technical consultancy.
- Job cards/work statements (eg. in case of AMC or repair of vehicle, job card may show value of services and material used)
- Invoices/Receipts
- Income Register/ Debit Notes
- Customer's ledger Account (to verify total amount billed, by way of invoice, debit note, payment received, credit note issued)
- GST returns

##### 2. Receipt of Inputs (including goods and services – Inward supplies) and availment of ITC thereon

- Vendor/Supplier list
- Correspondence with vendor/supplier
- Tender/Quotation documents
- Purchase Order
- Purchase invoices/bills
- Debit Notes (for return of input services)
- Purchase Register
- Ledger Accounts of inward suppliers (to verify the date of payments for inputs)
- Bank Account/Cash Account (to verify random cases for payments in respect of inward supplies)

- Verify use of inputs (eg. use of telephone for output services or for non-taxable work, insurance for property used for output services)
- Verify ITC register maintained if any
- Verify relevant GSTR 3Bs and GSTR9/ GSTR 9C

### 3. Financial Record Scrutiny

- Trial Balance
- Check all Income Accounts (showing credit balances) in Trial Balance.
- Compare value of Income Accounts with value of taxable services shown in relevant GST returns.
- Verify invoices/bills/other documents of Income Accounts on which GST is not paid.
- Verify major expenses accounts to confirm whether any recoveries made from customer/client are adjusted in the expenditure account.
- Check Journal Vouchers/Debit Notes to verify recoveries from Customer/clients on which GST is not paid.

### 4. Use of Inputs/ Input Services in Exempted Services:

- Check details of Input Services on which ITC was availed
- Check, if any, record maintained for quantifying inward supplies used for exempted outward supply services or non-taxable activity.
- Verify use of inward supplies by verifying documents
- Check costing of outward supply (prepared for submitting quotation or prepared for calculation of cost of output services)
- Check job card/work statement to find out exact quantum of use of input services.

## **B. Questionnaire for gathering information:**

### **1. General:**

01.	Name & address of the registered person.	
02.	Name and contact number of the 'Authorised person' for Audit.	
03.	GSTIN	
04	Whether the taxable person is also registered as an Input Service Distributor?	
05	Whether the taxable person is a Proprietary, Partnership firm, Limited liability Partnership firm (LLP), Pvt. Ltd Company, Public Limited Company?	



06	Details of transactions with Associated Enterprise.	
07	Details of Taxable Supplies made	
08.	Details of Taxable inward supplies received for which tax has to be paid under reverse charge. (under Section 9(3)/ 9(4))	
09.	Details of exempted Services supplied, if any, & Notification No.	
10.	If both Taxable and Exempted Services are provided, whether ITC is being reversed as per the prescribed method	
11	Details of Exports	
12	Whether any periodical report/statement is furnished to any State / Central Government / Authority / Regulatory bodies? If yes, details thereof.	
13	Whether any offence case is booked in respect of GST, Income Tax, VAT/ Sales Tax. If so, details thereof.	
14	Whether any service is sub-contracted partially or wholly? If so, details thereof.	
15	Whether ITC on input services availed? If so, indicate details of major input services.	
16	Whether ITC on Capital Goods availed? If so, details of such Capital goods, along with their HSN	
17	Whether entire consideration payable to the supplier was paid to them within 180 days on inputs received? If not, whether reversal of ITC/ interest thereof was done?	
18	In case the registered person is an Input service distributor (ISD), whether he is having any unit supplying only exempted outward supplies? If yes, whether he is distributing the credit in respect of services related to that unit also?	
19.	Whether any amount payable/ paid to the supplier has been adjusted against the receipt/ receivable and net income shown in the P&L Account.	
20	Whether any advance payment is received towards outward supplies? If yes, whether GST is paid on such receipts?	
21.	Is there any expenditure to any entity abroad which has been made but on which taxable person is not required to pay GST under reverse charge mechanism? If yes, details thereof.	

22	Whether GST is paid on the gross value received including TDS amount deducted by the service recipients?	
23	Whether PF/ ESI or any other charges of the personnel of the service provider are being directly paid by the service recipients? If so whether GST is paid on such amount.	
24	Details of agreements entered into by the registered person for supplying / receiving services	
25.	Details of expenditure in foreign currency on which GST has neither been charged by the registered person nor it is payable under reverse charge mechanism	

## **2. Invoicing pattern**

01.	Is invoice issued in respect of all transactions? If not, reasons for not issuing invoice.	
02.	How many series of invoices are being used?	
03.	If more than one series is used, give details of each such series.	
04.	If there are more than one series of invoices, is GST paid on all the series of invoices?	
05.	If not, then the reasons for not paying GST on such series of invoices (e.g. exempted / exports / non-taxable services). Give details.	
06.	Whether the invoice contains the GSTIN?	
07.	Is invoice issued on the date of supply of service or before or later?	
08.	List the different heads under which amounts are billed in invoices and their corresponding heads in the Trial Balance.	
09.	Name the heads in the invoice on which GST is not paid.	
10	Are there any reimbursements billed in the invoice?	
11.1	Are there any debit/ credit notes issued for claiming reimbursements?	
12.	If yes, is GST paid on these reimbursements? If not, reasons thereof.	
13	Whether invoices are generated on Computer. If yes, then whether the Invoice Numbers are generated automatically or is fed manually. What safe guards are provided in the system for data security? Give the name and designation of the person having the authority to cancel an invoice.	

14.	Whether any amount is recovered by issue of debit note and whether it is included in the gross value of services?	
15	Give a brief on sale pattern of services liable to GST.	
16	Are any goods or services supplied by the service receiver free of cost or at subsidized price?	

### **3. Accounts and records**

01.	Whether accounts are prepared on mercantile basis or cash basis?	
02.	Whether the Accounts are maintained electronically? If yes, the name of accounting packages / computer software installed for maintaining accounts in the units like Tally, FAS etc:	
03.	Whether accounting software was switched over to some other software during the audit coverage period.	
04.	Whether any changes have been made in the accounting policies affecting GST liability relating to reimbursement of expenses, timing of payment of GST and treatment of payments in foreign currency?	
05.	Whether accounts are audited by Statutory Auditor? If so, name and address of the auditor.	
06.	Whether Cost Accounting records as prescribed under Section 148 of the Companies Act, 2013 are required to be maintained?	
07.	Whether Cost Audit is conducted and if yes report thereof is prepared?	
08	Whether there is any system of Internal Auditing?	

### **4. Making of GST return**

01	List the ledger/ accounts from where the monthly gross amount received is taken for taxable service.	
02	List the ledger/accounts from where the amount received towards gross monthly amount of Exports is taken.	
03	List the ledger/accounts from where the amount received towards gross monthly amount of exempted service is taken.	
04	List the ledger/accounts from where the gross monthly amount of amount received as pure agent is taken.	

05	List the ledger/ accounts from where the gross monthly amount billed is taken.	
----	--	--

## **5. Place of supply**

1	Whether place of supply is correctly determined in case of supplies so as to identify supplies as whether inter-state or intra state supplies	
2	ZERO RATED SUPPLIES - Value of services exported if any, on which no GST has been paid?	
3	If so whether all such supplies are eligible to be treated as such ZERO RATED SUPPLIES	
4	Is the payment for services exported received by the service provider in convertible foreign currency? If not, list those transactions where amounts are not received in foreign currency.	
5	Is the payment for services exported received by the service provider in convertible foreign currency within the time limit prescribed by RBI? If not, give details.	
6	Whether any services has been exported to "Associated Enterprises". If yes, mention the value thereof.	

## **6. VALUATION OF SERVICES**

1	Is there any outward supply of goods involved in the course of providing service or otherwise?	
2	Is the value of goods supplied as mentioned in Point (1) above included in the gross amount charged as declared in GST	
3	"Gross Amount Charged" includes reimbursements billed for the purpose of determining value of supplies and in turn the tax liability?	
4	Is there any, Value of reimbursements on which GST is not charged	

## **7. AMOUNTS TO BE INCLUDED IN TAXABLE VALUE**

01	Whether any Goods / Services provided free of cost by the recipient	
02	Whether reimbursements received from recipient	
03	Whether any other expenditure borne by the recipient, which are otherwise to be borne by the supplier?	+

**8. MIS**

01	What is the organization structure?	
02	Who is responsible for billing and outward supplies?	
03	What reports are given to his seniors on the daily, weekly, monthly sales? Give sample copies?	

Note: After obtaining the above information, the auditors may physically examine the concerned ledgers/ documents which may be relevant for verification of the issues mentioned in the audit plan as well as any new additional issues that may be identified during the time of gathering of the information

**ANNEXURE – GSTAM- X**

DRAFT OF THE LETTER TO BE WRITTEN BY THE REGISTERED PERSON UNDER SECTION 73(6) OF THE CGST ACT, 2017,

To,  
The Commissioner  
GST Audit Commissionerate

Sir,  
*Subject: Letter given for waiver of show cause notice in terms of Section 73(5) of the CGST Act, 2017- reg.*

\*\*\*\*

I / We M/s \_\_\_\_\_, address \_\_\_\_\_ falling under the jurisdiction of Range \_\_\_\_\_ and Division \_\_\_\_\_ do hereby state and request as under:-

a) As per the provisions of Section 73(5) of the CGST Act, 2017, where any GST has not been levied or paid or has been short levied or short paid or erroneously refunded, the person, chargeable with the GST, may pay the amount of such duty before service of notice on him under sub section (1) of Section 73 and inform the GST officer in writing in terms of sub section (5) of section 73, who, on receipt of such information shall not serve any notice in respect of the amount so paid;

b) During the course of verification of our records / returns, by the Audit team from the office of Audit Commissionerate \_\_\_\_\_, it is observed that there is a short payment / non levy / non - payment of GST / wrong availment of ITC on account of reasons mentioned as per the Annexure enclosed hereto. We have agreed to the points raised during verification / scrutiny and have paid the said amounts of duty and / or reversed the ITC of Rs. \_\_\_\_\_ vide PMT-06 Challan No. \_\_\_\_\_ / ITC credit Register Entry No. \_\_\_\_\_ dated \_\_\_\_\_. We have also discharged the applicable interest liability.

4. In terms of the provisions of Section 73(6) of the CGST Act, 2017, we request that the demand show cause notice may not be issued to us in this case and no penalty may be imposed on us as the above short levy / short payment / non levy / non-payment / wrong availment of ITC are not intentional on our part.

5. We request that the above issues may be treated as closed with this letter since we have complied with the provisions of the GST law. It is hereby confirmed that this amount is paid voluntarily and no appeal will be filed against such payment or we will not claim any refund in future.

Yours faithfully

Date: \_\_\_\_\_

Place: \_\_\_\_\_

Signature CEO / Director / Authorised Signatory  
(Name & Designation)

M/s \_\_\_\_\_