Topic: Key Issues in Classification & Departmental Audit under GST

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The dispute in classification arises on account of various factors. Some of them are:

A. Variation in rates i.e. rate of supply of goods or services.

B. Description of goods or services given in the notification.

C. Statutory interpretation of some of the phrases like principle supply, immovable property which are based on the facts.

The attempt is made in this lecture to explain the above by one or more examples. All Chartered Accountants should achieve proficiency in proper classification of the product.

A. Variation in Rates

1. Classification of pharmaceutical products

- The pharma industry manufactures medicaments. The pharma industry manufactures medicaments, cosmetics, food supplements, etc. It has been lead to dispute on classification of these items. Prior to 2017,the rate of tax on excise for all the three products were same. Therefore, there was not dispute on classification. However, now the following entries appear in the classification.

Schedule – 2 [12% Rate]

Sr. No.	Chapter/ Heading/ Sub-heading/ Tariff Item	Description of goods
62	3003	Medicaments (excluding goods of heading 3002, 3005 or 3006) consisting of two or more constituents which have been mixed together for therapeutic or prophylactic uses, not put up in measured doses or in forms or packings for retail sale, including Ayurvaedic, Unani, Siddha, Homoeopathic, or Bio-chemic systems medicaments.

Schedule – 3 [18% Rate]

Sr. No.	Chapter/ Heading/ Sub-heading/ Tariff Item	Description of goods
59	3305	Preparations for use on the hair [except Mehendi paste in cones]
60	3306	Preparation for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages [other than tooth powder.

The detail description in Sr. No. 59, 3305 covers shampoo and hair oil. The dispute can arise on classification of medicated shampoo and medicated hair oil. In case of B.P.L Pharmaceuticals as reported in 1995 (77) E.L.T. 485 (SC) , the Supreme Court has held that shampoos shall be classified as medicaments. The relevant extract is reproduced below:

> *29. We cannot ignore the above broad classification while considering the character of the product in question. Certainly, the product in question is not intended for cleansing, beautifying, promoting attractiveness or altering appearance. On the other hand it is intended to cure certain diseases as mentioned supra.*

30. The fact that the appellants have previously described the product as `Selsun Shampoo' will not conclude the controversy when the true nature of the product falls for determination. In fact, notwithstanding the fact that the appellants have described the product as Selsun Shampoo, the Central Board of Excise and Customs, as noticed earlier, has classified the same as patent and proprietary medicine. The respondents have accepted the same. Therefore, there is no force in the submission of the learned counsel for the respondents that the product

31. The contention based on Chapter notes is also not correct. One of the reasons given by the Authorities below for holding that Selsun would fall under Chapter 33 was that having regard to the composition the product will come within the purview of note 2 to Chapter 33 of the Schedule to Central Excise Tariff Act, 1985 is without substance. According to the Authorities the product contains only subsidiary pharmeceutical value and, therefore, notwithstanding the product having a medicinal value will fall under Chapter 33. We have already set out Note 2 to Chapter 33. In order to attract Note 2 to Chapter 33 the product must first be a cosmetic, that the product should be suitable for use as goods of Headings 33.03 to 33.08 and they must be put in packing as labels, literature and other indications showing that they are for use as cosmetic or toilet preparation. Contrary to the above in the present case none of the requirements are fulfilled. Therefore, Note 2 to Chapter 33 is not attracted. Again it is without substance the reason given by the Authorities that the product contains 2.5% w/v of Selenium Sulfide which is only a subsidiary curative or prophylactic value. The position is that therapeutic quantity permitted as per technical references including U.S. Pharmacopoeia is 2.5%. Anything in excess is likely to harm or result in adverse effect. Once the therapeutic quantity of the ingredient used, is accepted, thereafter it is not possible to hold that the constituent is subsidiary. The important factor is that this constituent (Selenium Sulfide) is the main ingredient and is the only active ingredient.

The Hon'ble Supreme Court in the case of Dabur India Ltd. [(2005) 4 SCC 9 has observed as follows:

> *From the above mentioned authorities, it is clear that in classifying a product the scientific and technical meaning is not to be resorted to. The product must be classifiable according to the popular meaning attached to it by those using the product. As stated above, in this case the Appellants have shown that all the ingredients in the product are those which are mentioned in Ayurvedic Text Books. This by itself may not be sufficient but the Appellants have shown that they have a Drug Controller's Licence for the product and they have also produced evidence by way of prescriptions of Ayurvedic Doctors, who have prescribed these for treatment of rickets. As against this, the Revenue has not made any effort and not produced any evidence that in common parlance the product is not understood as a medicament. In view of the above, the decision of the Tribunal on this aspect cannot be sustained and is accordingly set aside. It is held that the product would be medicament and classifiable as such under chapter.*

B. Description of Goods or Services

1. Whether Duty free import authorisation can be classified as duty free scrips:

- **Issues:** Whether GST is applicable on sales and /or purchase of DFIA (Duty Free Import Authorisations) as serial no. 122a of the Notification No. 2/2017 - C.T. (Rate) inserted vide Notification No. 35/2017-C.T. (Rate) dated 13/10/2017 exempts duty credit scrip.

- As per entry no. 122A of Notification No. 02/2017-Central Tax (Rate) dated 28/06/2017 duty credit scrips are exempted, the said entry reads as under:

122A	4907	Duty Credit Scrips

- **Judgement:** AAAR in case of **SPACEAGE SYNTEX PVT. LTD. 2019 (4) TMI 1542 – AAAR, MAHARASHTRA** has ruled that DFIA, also popularly known as duty paying scrips in the trade parlance and is equivalent to the duty credit scrips, as far as the tax treatment thereon, are concerned and accordingly, there will be nil rate of GST on the sale or purchase of DFIA as provided in Sr. 122A of the Notification 02/2017-C.T. (Rate) dated 28.06.2017 as amended by the Notification No. 35/2017-C.T. (Rate) dated 13.10.2017.

2. Classification of Printing Contracts:

The classification of goods is based on the description given in the Custom Tariff Act whereas the classification of services is given in the Notification No. 1/2017 – CT (Rate) is based on Central Public Classification (CPC) published by United Nation (UN). Thus, the dispute may arise more particularly in classification of printing contracts. The Entry No. 9988 is the description of some of the clauses i.e. (a), (d) & (da) which reads as follows:

(a) Printing of newspapers

(d) Printing of books (including Braille books), journals and periodicals

(da) Printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 percent or Nil.

Chapter 49 of the Custom Tariff Act classifies some of the products as follows

4901 - Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets

4902 – Newspapers, journals and periodicals, whether or not illustrated or containing advertising material.

Issue : Whether supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc., printed with design, logo, name, address or other contents supplied by the recipient of such supplies, would constitute supply of goods falling under Chapter 48 or 49 of the First Schedule to the Customs Tariff Act, 1975 (51of 1975) or supply of services falling under heading 9989 (i.e. Other manufacturing services; publishing, printing and reproduction services; materials recovery services) of the scheme of classification of services annexed to notification No. 11/2017-CT(R).

The Department vide Circular No. 11/11/2017-GST dated 20th Oct 2017 has dealt with the above issue and clarified as under:

> *2. In the above context, it is clarified that supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.*

*3. Principal supply has been defined in Section 2(90) of the **Central Goods and Services Tax Act** as supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.*

4. In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.

5. In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.

C. Statutory Interpretations

1. Composite Supply/Mixed Supply:

The term 'composite supply' and 'mixed supply' has been defined in Section 2(30) & 2(71) of the GST Act as follows:

> ***(30) "****composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;*
>
> ***Illustration.****— Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principle supply.*
>
> ***(74) "****mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.*
>
> ***Illustration.****— A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately;*

The Section 8 of the GST Act provides determination of rate of tax for composite supply and mixed supply which reads as follows:

> ***8. Tax liability on composite and mixed supplies.—*** *The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—*
> *a) composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and*
> *b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.*

The determination of principle supply for any supply is based on the facts and is highly disputable issue more particularly when the rate of tax on the two supplies varies. For example repair of the medical machines and supply of medicines along with toothpaste. Toothpaste attracts 18% GST whereas medicines attracts 12% GST.

Judgement: Appellate Authority for Advance Ruling, Karnataka in case of **IN RE: M/s. Cartus India Private Ltd. 2020 (8) TMI 523** has held that pre-requisite of a 'mixed supply' is that there should be two or more supplies provided together. When there is no supply or only one taxable supply being provided, the question of determining whether it is mixed supply or not does not arise.

2. Classification of Works Contracts Service:

ISSUES

- Whether installation of HVAC amounts to works contract service or not.
- Whether supply of labour with furniture amounts to supply of works contract service or not?
- Whether installation of electric wiring, electric circuit amounts to supply of works contract or not?
- Whether service of plumbing amounts to supply of works contract or not?

Definition of Works Contract:

> *2(119) —"works contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;*

3. Interpretation of immovable property

SOLID & CORRECT ENGINEERING WORKS & ORS. 2010 (4) TMI 15 - SC

Facts: Attachment of the plant in question with the help of nuts and bolts to a foundation not more than 1½ feet deep intended to provide stability to the working of the plant and prevent vibration/wobble free operation. Whether the machine which is not assimilated in permanent structure would be considered to be moveable so as to be dutiable under the Central Excise Act?

Held: Supreme Court interpreted the definition of immovable property as defined in General clause act, 1897 read with Section 3 of the Transfer of Property Act for classifying whether machine is movable property or immovable property.

> *Section 3(26) of the General Clauses Act includes within the definition of the term "immovable property" things attached to the earth or permanently fastened to anything attached to the earth. The term "attached to the earth" has not been defined in the General Clauses Act, 1897. Section 3 of the Transfer of Property Act, however, gives the following meaning to the expression "attached to the earth":*
>
> *"(a) rooted in the earth, as in the case of trees and shrubs;*
> *(b) imbedded in the earth, as in the case of walls and buildings;*
> *(c) attached to what is so imbedded for the permanent beneficial enjoyment of that to which it is attached."*

- The Court observed that, the machine was fixed by nuts and bolts to a foundation not more than 1½ feet deep and it was only to provide stability and not because the intention was to permanently attach it to the earth, but because a foundation was necessary to provide a wobble free operation to the machine.

- The setting up of the plant itself is not intended to be permanent at a given place. The plant can be moved and is indeed moved after the road construction or repair project for which it is set up is completed.

- The degree and nature of annexation is an important element for consideration.

- An attachment without necessary intent of making the same permanent cannot constitute permanent fixing, embedding or attachment in the sense that would make the machine a part and parcel of the earth permanently. Supreme Court held that the plants in question were not immovable property so as to be immune from the levy of excise duty. Consequently, duty would be levied on them.

B. Principle of classification

There are lot of disputes with regard to classification of the product The judiciary has laid-down certain principal for classification of the product. This are summarized below :

a. **Commercial/Trade Parlance:** If meaning of goods/service is not defined in relevant provision in GST Act, then, meaning of the goods/service has to be judged in the manner understood by the people dealing with it i.e. the goods/service should be understood in the commercial sense. For example, whether the product should be classified as cosmetic or medicament shall be judged by the manner in which the people dealing the product understand. Dunlop India vs. UOI 1983 (13) ELT 1566 (SC) substantiate this principle.

This is the basic principle to determine the classification of goods or service. Affidavits from persons like customers, distributors, dealers along with purchase orders from customer, description of product in invoice raised by supplier, normally substantiate the manner in which the product is understood in the commercial parlance.

b. **Definition given in statute or chapter note/section note etc.** – The principal of classification of product as per **trade parlance is not absolute principle**. The statute making authority have the power to define the product in a particular manner. The Hon. Supreme Court in the case of *Akbar Baharuddin vs. Collector of Central Excise,* 1990 (47)ELT 161 (SC) has held that tariff entry shall not only be based on **trade parlance and understanding between the person in the trade**. The said doctrine of commercial understanding should be departed where the statute either in the act or chapter note or in schedule or anywhere else defines the product in a particular manner. The definition in the statute will take precedence over the commercial understanding of the product in the trade.

- For example heading 2848 reads as follows –

HEADING	DESCRIPTION OF GOODS
2848	Phosphides, whether or not chemically defined, excluding ferrophosphorus

- But chapter note 7 of the chapter 28 reads as follows –

  "7. Heading 2848 includes copper phosphide (phosphor copper) containing more than 15% by weight of phosphorus."

- Thus, chapter notes or section notes can give definition of certain product

c. **Description in HSN has persuasive value** – The detail description given in HSN has persuasive value. Under the General Agreement for Trade and Tariff, commonly known as GATT agreement, World Trade Organization (WTO) has been formed. The Customs Coordination Council (CCCN) working under WTO has published Harmonized System Nomenclature (HSN) which is normally adopted by all countries who have signed the GATT Agreement for the purpose of classification of the products for Customs. In India, classification under Central Excise and in various state VAT is also based on HSN. The classification made in GST is also based on HSN. Harmonized System Nomenclature published by CCCN gives a detailed description of various products which are covered under a particular heading or sub-heading. The description in HSN is very helpful in deciding the classification of the product. The Hon. Supreme Court in the case of *Wood Crafts Products Ltd., 1995 (77) ELT 23 (SC)* has held that the description in HSN Explanatory Note has persuasive value.

The same principle is repeated in the case of *Business Forms Ltd.,* 2002-142-ELT-18 (*SC*). Thus, description given in HSN is very useful in determining classification of the product.

d. Most specific description to be preferred over general description – It is general principle of classification that most specific description shall be preferred over a more general description. In the case of *Dunlop India Ltd. vs. Union of India 1983 (13)* ELT1566 in para 37, the Supreme Court has observed *'when an article has by all standard a reasonable claim to be classified under an enumerated item in the Tariff Schedule, it will be against the very principle of classification to deny it the parentage and consign it to the orphanage of the residuary clause.'*

In the case of *Moorco (India) Ltd. vs. CCE* (*supra*), the Supreme Court has observed *'**in either situation, the classification which is most specific has to be preferred over the one which is not specific or is general in nature.***

e. **Functional use of the product** –**Functional use** of the product can certainly be one of the factor in determining the classification, but cannot be the **sole criteria** for determining the classification. Normally use of the product is not relevant as the product is required to be classified in the condition in which it is supplied. However, sometimes, tariff heading itself provides the use of the product. In such a case, the ultimate use of the product is very important for classifying the product. For example, entry No. 2309 in Central Excise Tariff Act is “preparation of a kind used in animal feeding”. It is evident from the description itself that preparation shall be used in animal feeding.

f. **Essential Characteristic** – The product is purchased and sold due to its essential characteristic. The principles for determining the essential characteristic are –

- Cost of components of the product
- Functionality of the product

g. Importance of expert opinion and other evidentiary value – Very often, when there is dispute regarding nature of goods, it will be advisable for the authorities as well as the taxable person to obtain opinion from technical experts or person dealing in the goods to know the true character of the goods. **It has no binding effect, but only guiding effect on the authorities because ultimately, decision of proper classification of the product is to be decided by the jurisdictional authority**.

The Courts/ Tribunals have given due weightage to the technical experts' opinion and technical meanings to the terms, while deciding on the classification/ technical matters:

Parle Agro Pvt Ltd - 2017 (352) ELT 113 (SC)

The Apex Court in the said judgement has held that while interpreting an entry in a taxing statute having a technical meaning, commercial meaning or trade understanding of a term cannot be adopted and instead, technical and scientific meaning of the said term shall be looked into or placed reliance upon.

Bharat Textile Processings 2004 (171) E.L.T. 86 (Tri. - Chennai)

- *"13…… The technical opinions are binding and it cannot be brushed aside lightly without any rebuttal evidence on records."*

h. **Importance of ISI Specification** –In may cases, the product is manufactured as per ISI specification Sometimes, the taxable person also affixes ISI mark on the product. The ISI specification certifies the quality of the product and not the name or character. View of the ISI shall be looked at some amount of credibility for deciding the classification. It can be used as specialised material in expert opinion, but other tangible consideration should also weigh while determining the classification. Therefore, description of product in ISI has limited value in determining the classification of goods.

i. **Finance Minister's Speech** – in some case, Finance Minister in Finance Bill may make certain reference while introducing the changes. Speech of the Finance Minister represents the manner in which the authorities have understood the change. Therefore, the speech of the Finance Minister can be helpful in deciding the classification as held by the Hon. Gujarat High Court in the case of *ECHJAY Industries vs. UOI* 1988 (34) ELT 42 (Guj).

j. **Importance of Trade Notice/Circulars, etc.** – Section 168 of GST Act empowers the Board or the Competent Authority of the State wherever it considers necessary for the purpose of uniformity in implementation of the Act to issue such orders, instructions or directions to GST Officers as may deem fit. It has been consistently held that trade notices, tariff advices, circulars, press notes *etc*. issued by the authorities are hardly relevant for the purpose of classification of the product under Central Excise Act as it cannot override the true meaning or interpretation underlined statutory provisions. The classification has to be decided by the authorities based on the description of relevant tariff entry and not on the basis of tariff advice or instructions or circulars *etc.*

k. **Report by Chemical Examiner** – Very often, the authorities insist upon testing of the product in order to determine the true character and nature of the product. Section 154 of GST Act also provides taking of samples. It has been consistently held that the role of Chemical Examiner is only to provide the content of the product or the nature of the product, but not to decide classification of the product. Mention of classification in the test report shall be ignored. The Hon. Gujarat High Court in the case of *Stadfast Paper Mills vs. Dr.Kohli*, Former Collector of Central Excise, Baroda and others 1983 (12)ELT 744 (Guj) has held that Chemical Examiner is required to provide the constituent of different material contained in the article to substantiate the nature of product. If the report mentions the classification of product, the same shall be ignored.

l. **Provision at the relevant time -** Sometime, the tariff description of the entry may be amended over a period of time. While classifying the product, the tariff description of relevant period should only be used for classification. For example, say, goods are supplied in the month of August 2017. Further assume there is amendment in the tariff entry in April 2018. The classification of the product based on tariff description in August 2017 should only be considered while classification for supplies made in August 2017. Subsequent amendment will not be relevant for the purpose of deciding the classification.

m. **Beneficial classification -** It is a well established principle that when the goods are classified under two different items or said items or ambiguous sentences leave reasonable doubt about its meaning, then benefit of doubt is given to the manufacturer and the classification should be adopted which is beneficial to the manufacturer. This is based on the principle that when the legislature has not clearly laid down the provisions of law benefit of doubt is given to the manufacturer. The Hon. Bombay High Court in the case of *Garware Nylons Ltd. vs. UOI* 1980 (6) ELT 249 (Guj) has held that the classification beneficial to the assessee should be adopted.

n. **Burden to prove classification on department** – It has been held under Central Excise Act that burden to prove is primarily on the excise authorities to establish whether particular products falls under one tariff heading or another when the manufacturer has classified the product in a particular tariff heading and the department intends to classify it in a different heading. The department must produce enough evidence to substantiate that the product must classify differently. In other words, the burden of proof of particular classification is on the department. This burden can be shifted to the assessee when the classification adopted by him is not totally correct.

o. **Exemption notification cannot interpret tariff heading or sub heading** – Sometimes, the department provides exemption to a particular product and specifies the tariff entry for that product. In such cases, the department has been taking plea that the product should be classified under the heading mentioned in the exemption notification. It has been consistently held that exemption notification cannot interpret the tariff entry nor it can provide norms for the purpose of classification. The classification of product must be decided based on description of tariff entry.

p. **Jurisdiction to decide classification** - The jurisdiction to decide the classification is on the jurisdictional officers of the supplier of goods/service. The classification cannot be decided by the jurisdictional officer of recipient of goods/service. They have no authority to change the classification adopted by supplier of goods/service. The Hon. Supreme Court in the case of *Sarvesh Refractories,* 2007 (218) ELT 488 (SC) has held that classification cannot be changed by jurisdictional officer of recipient.

- **If the revenue intends to carry the classification of goods to the 'Residuary Schedule' then burden of proof would be on department.**

- **Jyoti Laboratories Ltd. 2017 (7) G.S.T.L. 132 (Raj.)**

"29. The Apex Court, time and again, in the cases of Western India Plywood Ltd v. Collector of Customs - (2005) 12 SCC 731 = 2005 (188) E.L.T. 365 (S.C.), Dunlop India Ltd. v. Union of India - (1976) 2 SCC 241 = 1983 (13) E.L.T. 1566 (S.C.), has reiterated the well settled proposition that resort to Residuary Tariff Entry can only be made if a product does not squarely fall within any of the specified Entries, and a good deal of caution is required to be undertaken in the matter of classification, identification of an Entry and a description thereof would be relevant for assigning it to a particular Tariff Entry, and lodgment of an item in Residuary Category is approvable only if by no conceivable reasoning which can be brought within the purview of any other tariff item, ***and the burden always lie on the Revenue, if it intends to carry it to the Residuary Schedule."***

C. Rate for service classification

- The HSN gives the classification only for goods it does not give classification for services. The central product classification (CPC) developed by Statistical Commission under United Nation gives the classification of goods and services. The classification of services is given in CPC under Section 5 to 8. The chapter 99 of the classification under GST is based on CPC.

- The Scheme of Classification of Services adopted for the purposes of GST is a modified version of the United Nations Central Product Classification.

- The Explanatory notes for the said Scheme of Classification of Services is based on the explanatory notes to the UNCPC, and as recommended by the committee constituted for this purpose.

- The explanatory notes indicate the scope and coverage of the heading, groups and service codes of the Scheme of Classification of Services. These may be used by the assessee and the tax administration as a guiding tool for classification of services. However, it may be noted that where a service is capable of differential treatment for any purpose based on its description, the most specific description shall be preferred over a more general description.

- Generally GST rate for service is provided 2.5%, 6% and 9%. However, there are some of the example where the rate of GST is different from the above mentioned GST rates.

D. Departmental Audit under GST

There are 2 types of audits under GST Law, 2017.

- Section 65: Specific Audit
- Section 66: Special Audit

Particulars	**Provision of section 65**	**Provision of section 66**
Authority	The Commissioner or any officer authorized by him may undertake audit of any registered person	Chartered Accountant and Cost Accountant as may be nominated by Commissioner
When	By way of general or specific order	If the nature of transactions are complex.
Time limit	Audit shall be completed within 3 months from the commencement of audit. Extension of 6 months can also be granted	Audit shall be completed within 90 days and submit report to Assistant Commissioner. Extension of 90 days can be granted.

- The department has also started issuing notice for GST audit seeking the various details:
  - Registered person's Master profile – Profile of the company, details of additional place of business, HSN wise details of value of goods supplied and ITC.
  - Details of taxable/exempted/export supplies made
  - Details of supplies on which tax is payable under RCM
  - Method for valuation of supplies
  - Miscellaneous information such as organisation structure, basis for preparation of returns./
  - GSTAM Annexure-I/V & VI
  - Details of transactions with Associated Enterprise
  - Challans of tax payments, copies of ER-1, ST-3 etc.
  - GSTR-1, GSTR-2A, GSTR-3B, GSTR-9, GSTR-9A and GSTR-9C.
  - Copies of Annual Reports along with Directors/Individual Auditor Report, Trial Balances for the Audit Period. Income Tax Returns, ITR-V/VI along with Annexure (Form 3CA/3CD and 3CEB) if any for the Audit period.
  - Cost Audit, Tax Audit and Internal Audit Reports wherever applicable for the audit period

- Electronic Credit/Cash Ledger
- Abstract of Output Service Invoices (Taxable/Nil rated/Exempted/Zero rated) for the audit period.
- Abstract of Input Service Invoices for the audit period.
- Work Orders/Purchase Orders/Agreements for the Audit period. etc.

THANK YOU

BALANCED VIEW

PRESENTED BY

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