

Common GST audit manual on the cards

GST Council may take up today expert panel's proposal to avoid multiplicity of audits by central, state authorities

SHRIMI CHOUDHARY

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The Goods and Services Tax (GST) Council is likely to consider in its meeting on Saturday uniform practices for GST audit for adoption by the Centre and the states.

At present, businesses are subject to a multiplicity of audits by the Central and state authorities with varying information requirements, different time limits, and several reconciliations.

While the tax authorities have their internal guidance in the form of the GST Audit Manual (GSTAM), the move seeks to have a comprehensive but common audit manual that would be more focused, efficient, and taxpayer-friendly.

BRINGING UNIFORMITY

▶ **GST Council set up an expert panel to develop** a comprehensive, efficient audit manual

▶ **Panel submitted its draft report in December**

▶ **The draft model takes into account the differential structure of GST administration**

▶ **Businesses are currently subjected to a multiplicity of audits by central and state authorities**

▶ **At present, tax authorities have their internal guidance in the form of GST Audit Manual**



“The All India GST audit manual takes into account the differential structures of GST revenue administration in different states and the Centre. It has compiled the best audit policy and practices of the Centre and

States,” said a senior government official privy to the issue.

The manual aims to be a comprehensive document with a holistic approach towards GST audit.

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The manual will not only facilitate the audit officers of the Centre and the states/Union Territories but will help those being audited, the official said.

Currently, even in cases of streamlined audits, taxpayers are asked to furnish pieces of information that are available with the tax authorities.

This manual has been designed to cater to a systematic workflow of audit, ranging from brief criteria of selecting to completing the process. It also includes mechanisms for joint and forensic audit.

“It is essential to have a GST audit manual applicable on a pan-Indian basis because this will bring in uniformity in the documents required for the audits and also the audit process, which will enable businesses to be well prepared,” said M S Mani, partner, Deloitte India.

A committee of officers on GST

audit was constituted in 2019 by the GST Council Secretariat. It comprised officers from the Central Board of Indirect Taxes and Customs, states, GSTN and GST Council secretariat. The panel had submitted its final report in 2020. However, state GST officers did not agree to the proposal of having a common manual. Another committee was reconstituted in May 2022 and it recently submitted its report.

Sources said the report broadly covered the common audit policy and practices adopted by tax jurisdictions across the country.

The report has two parts: The first part is documentation regarding GST audit practices and the policies of the Centre and the states that have implemented certain procedures and adopted certain practices. The second part is the model GST audit best practices and procedures that are recommendatory.

“A common audit manual will streamline audit procedures across jurisdictions and will be helpful for large companies with registrations

in multiple states to have identical processes and documentation,” said Bipin Sapra, partner, EY India.

In the pre-GST regime, the audit processes of the states/Union Territories were often lengthened owing to the procurement and production of various statutory forms by those being audited to claim statutory deductions. The GST regime does not require producing any such statutory forms and hence it is expected that a substantial time of both the auditor and those being audited will be saved. Furthermore, audit in the GST regime has been designed in such a way as to complete the process within a short time. This will require officers to concentrate examining the books of accounts of a particular auditee within a short timeframe while at the same time yielding optimum results from the auditing exercise.

SC...

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