

Scrutiny of Returns under GST

By. Dr. N. Ahmad

Sec 61

Sec 61 of the CGST Act 2017, as applicable under IGST Act, 2017, UTGST Act 2017 & may be SGST law, authorizes the proper officer to scrutinize, verify the correctness of the returns and other data furnished by the taxpayer and communicate discrepancies noticed, if any, to the taxpayer and seek his explanation on such discrepancies. If the explanation offered is found acceptable by the proper officer, the proceeding shall be dropped, the taxpayer shall be informed and no further action in the matter shall be taken.

If however, the taxpayer -

- does not furnish a satisfactory explanation within 30 days of being informed (extendable by the proper officer), or
- does not take any corrective action in his return in which discrepancy is accepted,

the proper officer may initiate appropriate actions including:

1. Audit under section 65 or U/S 66 of the act
2. Inspection, search/seizure U/S 67

(2)

3. Adjudication proceeding for determining the tax liability U/S 73 or Section 74.

The return contains information regarding inter alia, details and classes of supply and receipts during a tax period, the output tax, input tax credit, tax payable, tax deducted at source etc. The related particulars primarily include the details of inward and outward supplies containing invoice wise details along with commodity codes (HSN).

The ~~scrutiny~~ scrutiny is to be conducted with a view to ascertain and verify the correctness of the said return, and related particulars. The words "correctness" or "correct" have not been defined in the act.

Webster's Encyclopaedia unbridged dictionary of the English language defines the word "correct" as "conforming to fact or truth free from error, accurate".

(3)

Accordingly, the process of scrutiny should be undertaken to ensure that all transactions undertaken by taxpayer during the tax period have been disclosed fully and clarified in the manner that has been mandated by, and is in conformity with the provision of law.

The rules may lay down a set of parameters along with the benchmark in the respect of each such parameter. The objective of the process of scrutiny would be to assess or verify the level of compliance of the return and related particulars with regard to such benchmarks. For this purpose the proper officer will also make use of any other relevant information regarding the formation of the taxpayer.

Cont.

(4)

The following table summarises the process flow and the forms specified for scrutiny of return under the draft assessment and audit rules.

<u>SN</u>	BY Whom	Event & Timelimit	Form NO.	Relevant Section of CGST Act 2017	Relevant provision of assessment and audit
1	PROPER OFFICER	Notice for scrutiny	GST ASMT 10	61(1)	2(1)
2	Assessee	Explanation in response to notice in form GST ASMT-10 within 15 days from the date of service of notice	GST ASMT 11	61(2)	2(2)
3	Proper officer	In case information submitted in GST ASMT-10 is acceptable to proper officer	GST ASMT - 12	61(3)	2(3)