CHAPTER 17

ASSESSMENT AND AUDIT



The section numbers referred to in the Chapter pertain to the CGST Act, 2017 unless otherwise specified. Examples/Illustrations/Questions and Answers, as the case may be, given in the Chapter are based on the position of GST law existing as on 30.04.2026.

LEARNING OUTCOMES

After reading this chapter, you shall be equipped to:

- understand and explain the different types of assessment which a registered or unregistered person may be subjected to.
- describe the concept of self-assessment and provisional assessment.
- identify and appreciate the different types of audit which may be conducted against the registered person.
- gain knowledge pertaining to circumstances under which special audit can be conducted.

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1. INTRODUCTION



What is the need for assessment & audit?

Assessment means determination of tax liability. There are several types of assessments in the GST regime i.e., self-assessment, provisional assessment, summary assessment and best judgment assessment.

GST is a trust-based taxation regime wherein the assessee is first required to self-assess his tax liability and furnish returns for declaring the taxable turnover, tax payable or refundable, input tax credit availed etc. (i.e., self-assessment). At this stage, there is no intervention by the tax officials.

Since the tax regime relies on self-assessment, there is a need to put in place a robust 'audit' mechanism in order to measure and ensure proper compliances of the provisions of law by the taxable person.

Chapter XII – Assessment [Sections 59 to 64] and Chapter XIII-Audit [Section 65 and 66] of the CGST Act contain the provisions relating to assessment and audit respectively. State GST laws also contain identical provisions in relation to assessment and audit.

Section 59 of the CGST Act requires each registered person to self-assess the tax payable. Section 60 stands for provisional assessment. Sections 61 provides for scrutiny of returns. Sections 62 to 64 give power to departmental officer for carrying out assessment in different situations. Sections 65 and 66 pertain to audit by tax authorities and by CA/CWA nominated by Commissioner, respectively.

Before going through the detailed study of Assessment and Audit provisions, let us first go through few relevant definitions.

Provisions of assessment and audit under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

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2. RELEVANT DEFINITIONS

- **Assessment** means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgment assessment. [Section 2(11)]
- **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. [Section 2(13)]
- **Chartered Accountant** means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949; [Section 2(23)]
- **Cost Accountant** means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959; [Section 2(35]
- **Prescribed** means prescribed by rules made under this Act on the recommendations of the Council. [Section 2(87)]
- **Proper Officer** in relation to any function to be performed under this Act, means the Commissioner or the officer of the central tax who is assigned that function by the Commissioner in the Board; [Section 2(91)]

3. SELF ASSESSMENT [SECTION 59]

Every person registered under the Act shall himself assess the tax payable by him for a tax period and after such self-assessment, he shall file the return required under section 39.

4. PROVISIONAL ASSESSMENT [SECTION 60]

Situations demanding Provisional Assessment

Provisional assessment provides a method for determining the tax liability in case the taxable person is unable to

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(a) determine the value of taxable goods and/or services; or

(b) determine the rate of tax applicable thereto at the time of supply.

There might be situations when these two determinants might not be readily possible and may be subject to the outcome of a process that requires deliberation and time.

Thus, where the taxable person is unable to determine—

(a) value of goods or services or both to be supplied by him; or

(b) the rate of tax applicable to the goods or services or both to be supplied by him,



he may furnish an application in prescribed form stating therein the reasons for payment of the tax on a provisional basis along with the documents in support of his request, electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

The proper officer may, on receipt of the application, issue a notice in the prescribed form requiring the registered person to furnish additional information or documents in support of his request and the applicant shall file a reply to the notice in**,** and may appear in person before the said officer if he so desires.

The proper officer shall issue an order**,** within a period not later than ninety days from the date of receipt of such request, allowing payment of the tax on a provisional basis indicating -

(a) the value or the rate or both on the basis of which the assessment is to be allowed on a provisional basis, and

(b) the amount* for which the bond is to be executed and security to be furnished. The value of security cannot exceed 25% of the amount* covered under the bond.

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Furnishing of Bond and Security

The payment of tax on a provisional basis may be allowed, if the taxable person executes a bond in the prescribed form along with the security.

The bond is a document whereby the taxpayer binds himself (i.e., agrees) to pay the differential tax, if any, payable on finalization of the provisional assessment. The security is required to be furnished in the form of a bank guarantee for an amount* as the proper officer may deem fit (subject to 25% of the amount* covered under the bond).

In order to save a taxpayer from the requirement of submitting separate bonds for different taxes, the GST law provides that the bond furnished to the proper officer under the Central/State Goods and Services Tax Act/Integrated Goods and Services Tax Act shall be deemed to be a bond furnished under the provisions of the other Acts and the rules made thereunder.

*the term "amount" shall include the amount of integrated tax, central tax, State tax or Union territory tax and cess payable in respect of such transaction.

Finalization of Provisional Assessment

The final assessment order has to be passed by the proper officer within a period of 6 months from the date of the communication of the order of provisional assessment. However, on sufficient cause being shown and for reasons to be recorded in writing, the above period of 6 months may be extended:

(a) by the Joint/Additional Commissioner for a further period not exceeding 6 months, and

(b) by the Commissioner for such further period as he may deem fit not exceeding 4 years

For finalization of assessment, proper officer shall issue a notice in prescribed form, calling for such information and records, as may be required and shall issue a final assessment order specifying the amount payable by the registered person or the amount refundable, if any.

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☞ **Where the tax liability as per the final assessment is higher than the provisional assessment,** i.e. the tax becomes due consequent to the order of final assessment: The registered person in addition to the differential tax shall be liable to pay interest on the tax due but not paid, at the rate specified under section 50(1) from the date the tax was due to be paid originally till the date of actual payment.

In simple words, in case any tax amount becomes payable subsequent to finalization of the provisional assessment, then interest at the specified rate will also be payable by the taxable person from the first day after the due date of payment of the tax till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.

☞ **Where the tax liability as per the final assessment is less than in provisional assessment** i.e. tax becomes refundable consequent to the order of final assessment, the registered person shall be paid interest at the rate specified under section 56 for any period exceeding 60 days from the date of receipt of application moved in accordance with the provisions of Section 54(1), till the date of refund of such tax.

In simple words, in case any tax amount becomes refundable subsequent to finalization of the provisional assessment, then interest (subject to the eligibility of refund and absence of unjust enrichment) is payable at the specified rate for the period of delay (i.e., beyond 60 days from the date of the final assessment order).

Release of Security

The applicant may file an application for release of the security furnished after issue of the final assessment order.

The proper officer shall release the security after ensuring that applicant has paid the amount specified in the final assessment order and issue an order within a period of 7 working days from the date of receipt of the application.

Illustration 1

ABC Limited is a supplier of medical equipment to various hospitals. While supplying the equipment ABC Limited is not sure about the rate of IGST

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applicable on such supplies, i.e. 18% or 28%. You are required to advise ABC Ltd. in this situation.

Answer

In such an event, ABC Limited can move an application for provisional assessment for seeking permission to discharge the tax liability provisionally @ 18% upon the submission of bond and security and subject to finalization of the assessment.

Upon finalization of the assessment, ABC Limited would be liable to pay the differential tax liability along with applicable interest if it is found that the applicable rate was 28% whereas ABC Limited paid the tax @ 18% pursuant to the order passed initially on its application for seeking provisional assessment.

5. SCRUTINY OF RETURNS [SECTION 61]

Verifying the correctness of return

The return furnished by a registered person may be selected for scrutiny by proper officer to verify its correctness. Where any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same with reference to the information available with him.

Issue of notice

In case any discrepancy is found during scrutiny of return, proper officer shall issue a notice to the said person informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding 30 days from the date of service of the notice, or such further period as may be permitted by him and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.

Reply to notice

The registered person to whom notice is issued within a period of 30 days from the date of service of the notice or such further period as may be permitted by the proper officer may–

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- accept the discrepancy as mentioned in the notice and pay the tax, interest and any other amount arising from such discrepancy and inform the same; or
- furnish an explanation for the discrepancy to the proper officer regarding non-acceptance of discrepancy.

Action by Proper Officer

Where the explanation furnished by the registered person or the information submitted is found to be acceptable, the proper officer shall inform him accordingly and no further action shall be taken in this regard.

In case no satisfactory explanation is furnished by registered person or where the registered person, after accepting the discrepancies, fails to take the corrective measure in his return for the month in which the discrepancy is accepted, the proper officer may take recourse to any of the following provisions, namely:

(a) proceed to conduct audit under section 65 of the Act;

(b) direct the conduct of a special audit under section 66 which is to be conducted by a Chartered Accountant or a Cost Accountant nominated for this purpose by the Commissioner; or

(c) undertake procedures of inspection, search and seizure under section 67 of the Act; or

(d) initiate proceeding for determination of tax and other dues under Section 73 or 74 or 74A of the Act.

6. ASSESSMENT OF NON-FILERS OF RETURNS [SECTION 62]

Best Judgment Assessment

Notwithstanding anything to the contrary contained in section 73 or section 74 or 74A , where a registered person–

- fails to furnish the return under section 39 (monthly/quarterly) or under section 45 (final return), and

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- a notice under section 46 has been issued by proper officer to the defaulting taxable person requiring him to furnish the return within a period of 15 days and taxable person fails to file return within the given time;

the proper officer may proceed to assess the tax liability of said person (i.e. Return Defaulter) to the best of his judgement taking into account all the relevant material which is available or which he has gathered.

Time Limit for Assessment Order

The order of best judgment assessment shall be issued by proper officer in the prescribed form and a summary thereof shall be uploaded electronically in the prescribed form.

The Assessment Order shall be issued by Proper Officer within a period of 5 years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates (When the due date is extended, the extended due date becomes the said date for calculation of 5 years period).



1. Let's assume that the due date of filing of Annual Return for F/Y 2023-24 is 31.12.2024. If a person defaults in filing of return for any tax period falling in F/Y 2023-24, period of 5 years shall be reckoned from the due date of filing of Annual Return for F/Y 2023-24 i.e. 31.12.2024. Accordingly, the best judgment assessment can be made by Proper Officer on or before 31.12.2029.

Withdrawal of Assessment Order

Where the registered person furnishes a valid return for the default period within 60 days of the service of the assessment order passed on best judgment basis, the said assessment order shall be deemed to have been withdrawn but the liability for payment of interest under sub-section (1) of section 50 or for payment of late fee under section 47 shall continue.

However, where the registered person fails to furnish a valid return within 60 days of the service of the assessment order, he may furnish the same within a further period of 60 days on payment of an additional late fee of ₹ 100 for each day of delay beyond 60 days of the service of the said assessment order and in case he furnishes valid return within such extended period, the said assessment order shall be deemed to have been withdrawn, but the liability to pay interest under section 50(1) or to pay late fee under section 47 shall continue.

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Guidelines to ensure uniformity in the implementation of the provisions of law in relation to non-filers of returns

(i) System generated message would be sent to all the registered persons 3 days before the due date to nudge them about the filing of return by the due date.

(ii) Once the due date for furnishing return under section 39 is over, a system generated mail/ message would be sent to all the defaulters immediately after the due date to the effect that the said registered person has not furnished his return for the said tax period; the said mail/ message is to be sent to the authorized signatory as well as the proprietor/ partner/ director/ karta, etc.

(iii) After 5 days of due date of furnishing the return, notice under section 46 shall be issued electronically to the defaulters requiring then to furnish return within 15 days.

(iv) If the return is not filed within 15 days of the said notice, the proper officer may proceed to assess the tax liability of the said defaulter under section 62, to the best of his judgment taking into account all the relevant material which is available or which he has gathered and would issue assessment order. The proper officer would upload the summary of such order in the prescribed form.

(v) For the purpose of assessment of tax liability under section 62, the proper officer may take into account the following:

- Details of outward supplies available in GSTR-1
- Details of inward supplies auto-populated in GSTR-2A
- Information available from e-way bills
- Any other information available from any other source including inspection under section 71 of the CGST Act

(vi) If the defaulter furnishes a valid return within 60 days of the service of assessment order under section 62, the said assessment will be deemed to have been withdrawn.

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(vii) If the said return remains unfurnished within the statutory period of 60 days from the service of assessment order under section 62, the proper officer may initiate proceedings under section 78 and recovery under section 79 of the CGST Act.

Based on facts available, in some cases, the Commissioner may resort to provisional attachment to protect revenue under section 83 of the CGST Act before issuance of assessment order under section 62. Further, proper officer would initiate action under section 29(2) of the CGST Act for cancellation of registration in cases where the return has not been furnished for the period specified in section 29

[Circular No. 129/48/2019 GST dated 24.12.2019]

7. ASSESSMENT OF UNREGISTERED PERSONS [SECTION 63]

Best Judgment Assessment

Notwithstanding anything to the contrary contained in section 73 or section 74 or 74A ,where a taxable person–

- fails to obtain registration even though liable to do so; or
- whose registration has been cancelled under sub-section (*2*) of section 29, for any of the following reason, namely—

  (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or

  (b) a person paying tax under composition levy under section 10 has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or

  (c) any registered person, other than a person specified in clause (*b*), has not furnished returns for such continuous tax period as may be prescribed; or

  (d) any person who has taken voluntary registration under sub-section (*3*) of section 25 has not commenced business within six months from the date of registration; or

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(e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts:

but who was liable to pay tax, the proper officer may proceed to assess the tax liability of said unregistered person to the best of his judgement for the relevant tax periods.

Issue of Notice

Before making the assessment, proper officer shall issue a notice to a taxable person containing the grounds on which the assessment is proposed to be made on best judgment basis and shall also serve a summary thereof electronically in the prescribed form. The taxable person shall be given 15 days' time to furnish his reply, if any. Thereafter, an order shall be passed and summary thereof shall be uploaded electronically in the prescribed form.

However, no such assessment order shall be passed without giving the person an opportunity of being heard.

Time Limit for Assessment Order

The assessment order shall be issued by proper officer within a period of 5 years from the due date for furnishing the annual return for the financial year to which non-payment of tax relates.



2. Let's assume that the due date of filing of Annual Return for F/Y 2023-24 is 31.12.2024. If the liability of a person to take registration arises at any time in the F/Y 2023-24 for the reason that his turnover crosses the prescribed threshold limit, period of 5 years shall be reckoned from the due date of filing of Annual Return for F/Y 2023-24 i.e. 31.12.2024. Accordingly, best judgment assessment can be made by proper officer on or before 31.12.2029.

8. SUMMARY ASSESSMENT IN CERTAIN SPECIAL CASES [SECTION 64]

When Summary Assessment can be made

Summary assessments can be initiated to protect the interest of revenue with the previous permission of Additional Commissioner/Joint Commissioner when:

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- the proper officer has evidence that a taxable person has incurred a liability to pay tax under the Act, and
- the proper officer has sufficient grounds to believe that delay in passing an assessment order may adversely affect the interest of revenue.

The summary assessment order and a summary thereof shall be uploaded electronically in the prescribed form.

Withdrawal of Assessment Order

The Summary Assessment Order may be withdrawn by Additional Commissioner/Joint Commissioner, –

(a) on an application filed by taxable person for withdrawal of the summary assessment order within 30 days from the date of receipt of order; or

(b) on his own motion, where he finds such order to be erroneous and may instead follow the procedures laid down in section 73 or section 74 or 74A to determine the tax liability of such taxable person.

Deemed taxable person in case of supply of goods

Where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due under this section.



3. When tax evaded goods are under transportation or are stored in a warehouse, and the taxable person in respect of such goods cannot be ascertained, the person in charge of such goods shall be deemed to be the taxable person and will be assessed to tax.

9. AUDIT BY TAX AUTHORITIES [SECTION 65]

Who may conduct the audit?

Audit of any registered person may be undertaken by:

- the Commissioner; or
- any officer authorized by him, by way of a general or a specific order,

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Audit may be carried out at the place of business of the registered person or in their office. The period of audit could be for a financial year or part thereof or multiples thereof.

Thus, the Commissioner or any officer authorized by him, by way of a general or special order, may undertake audit of any registered person even for a part of financial year or for multiple financial years.

Where it is decided to undertake the audit of a registered person, the proper officer shall issue a notice not less than 15 working days prior to the conduct of audit.

What is meant by commencement of audit?

The term 'commencement of audit' is important because audit has to be completed within a given time frame in reference to this date of commencement. Commencement of audit means the later of the following:

a) the date on which the records/accounts called for by the audit authorities are made available to them, or

b) the actual institution of audit at the place of business of the taxpayer.

Time limit for completion of audit

The audit is required to be completed within 3 months from the date of commencement of audit. The period is extendable for a further period of a maximum of 6 months by the Commissioner.

How to conduct audit

The proper officer authorised to conduct audit of the records and books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him may verify the following and record the observations in his audit notes:

- documents on the basis of which the books of account are maintained and the returns and statements furnished under the Act and the rules made thereunder;
- the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of supply of goods or services or both, the input tax credit availed and utilized, refund claimed, and other relevant issues.

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During the course of audit, the authorised officer may require the registered person,—

a) to facilitate the verification of accounts/records available or requisitioned by the authorities,

b) to provide such information as the authorities may require for the conduct of the audit, and

c) to render assistance for timely completion of the audit.

Finalisation of Audit

The proper officer may inform the registered person of the discrepancies noticed, if any, as observations of the audit and the said person may file his reply.

The proper officer shall finalize the findings of the audit after due consideration of the reply furnished by registered person to the audit observations.

On conclusion of audit, the proper officer shall within 30 days inform the registered person whose records are audited, about the audit findings and the reasons for such findings. The proper officer shall also inform the said person his rights and obligations against such observations.

Where the audit 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 or 74A.

Practical points for reference:

(a) Unlike direct taxes regime, in the GST regime separate assessment order is not passed by the tax authorities for each financial year. In the GST regime the tax authorities may conduct audit of a taxpayer involving one or more financial year (including a part thereof). At the end of the audit, the tax authorities are required to communicate the findings of the audit for the entire audit period along with the reasons of such finding to the registered person whose audit is undertaken.

(b) Further, in the GST regime audit exercise may be carried out at the place of business of the office of the registered person. In such cases, a team

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of department's officials visits the premises of the registered person and carries out the audit as per the audit schedule communicated to the registered person.

10. SPECIAL AUDIT [SECTION 66]

When Special Audit may be directed and from whom?



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 (of goods and/or services) has not been correctly declared; or
- the credit availed is not within the normal limits,

he may, with the prior approval of the Commissioner, issue a direction to the registered person 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 and specified in the said direction.

The provisions of special audit shall have effect even if the accounts of the registered person have been audited under any other provisions of the GST Act or any other law for the time being in force.

Time limit within which audit to be completed

The Chartered Accountant or cost accountant as nominated by Commissioner shall submit a report of such audit duly signed and certified by him within the period of 90 days to the said Assistant Commissioner mentioning there in such other particulars as may be specified:

The Assistant Commissioner may extend the said period 90 days by a further period of 90 days –

- on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant; or

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- for any material and sufficient reason.

Who will bear the expenses of audit?

The expenses of the examination and audit of records including the remuneration of such Chartered Accountant or Cost Accountant, shall be determined and paid by the Commissioner and such determination shall be final.

How Special Audit Report to be dealt with?

The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.

On conclusion of special audit, the registered person shall be informed of the findings of special audit.

Where the special audit results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the process of demand and recovery will be initiated against the registered person under section 73 or section 74 or 74A.

Practical points for reference:

(a) Upon the conclusion of an audit under section 65 or special audit under section 66, the registered person is communicated the proposed tax, interest and other liabilities, if any, along with the audit findings and the registered person is called upon to discharge the liabilities.

(b) In case the registered person discharges the liabilities as proposed, no further action is taken. Otherwise, the authorities may initiate the proceedings against the registered person under sections 73 or 74 or 74A for determination of the tax liability of the person audited.

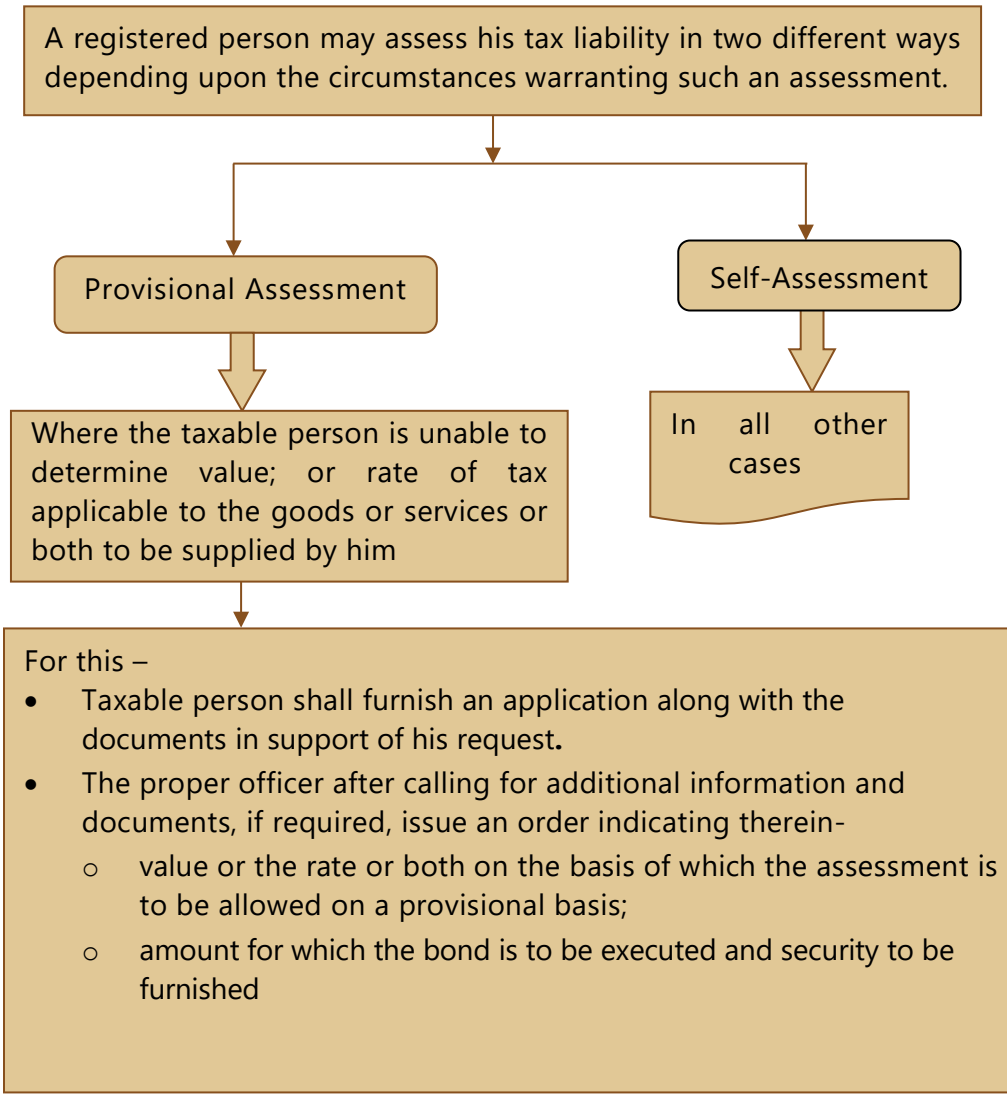
(c) Thus, non-payment of the liability proposed on the culmination of audit or special audit does not automatically results in initiation of the recovery proceedings under the law. In the case of such non-payment, further proceedings are required to be initiated under section 73 or 74 or 74Afor determination of the tax liability.

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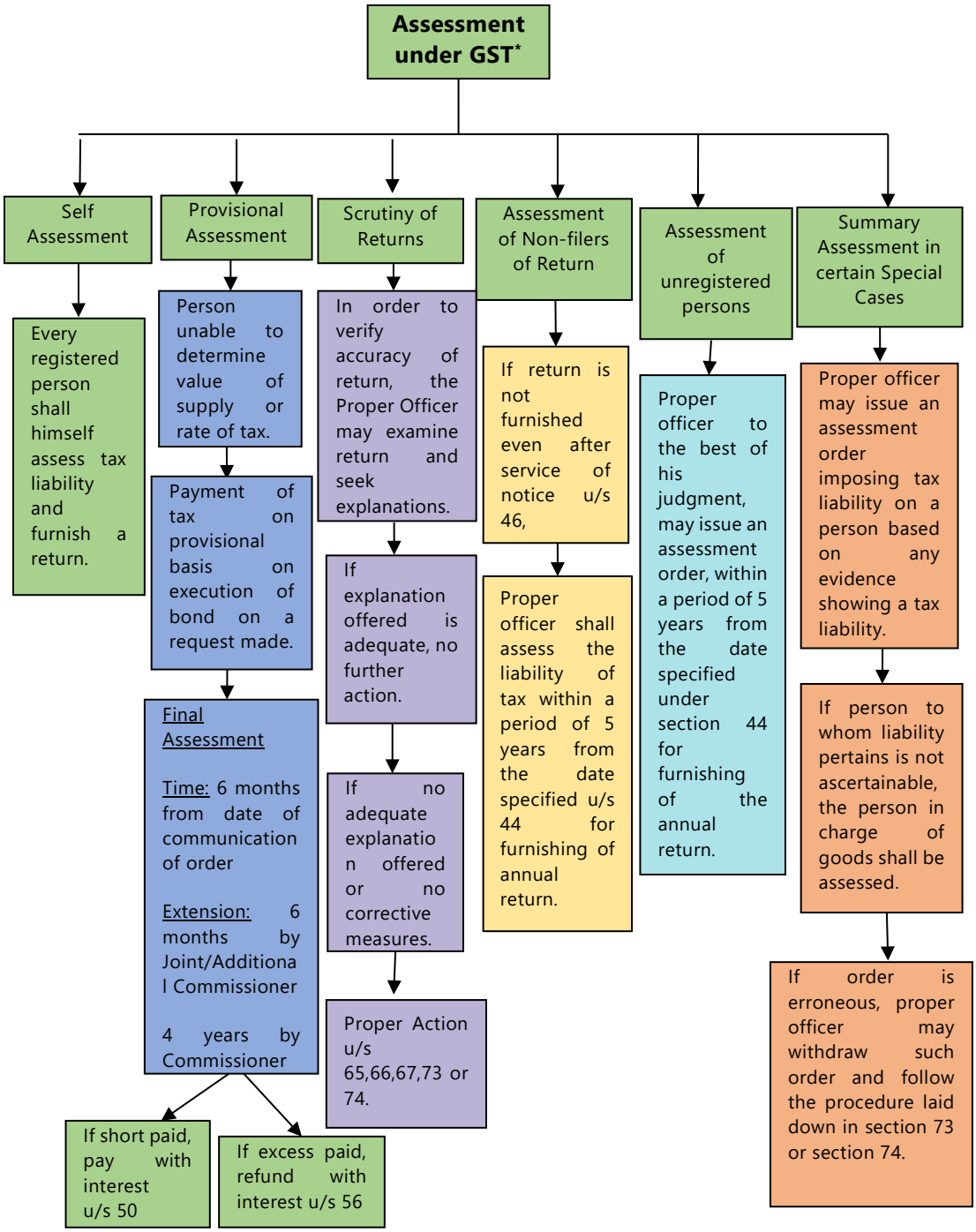
LET US RECAPITULATE

The discussion under this chapter are summarised by way of diagrams to help students remember and retain the key provisions in a better and effective manner:

Different ways to assess the tax liability by a registered person

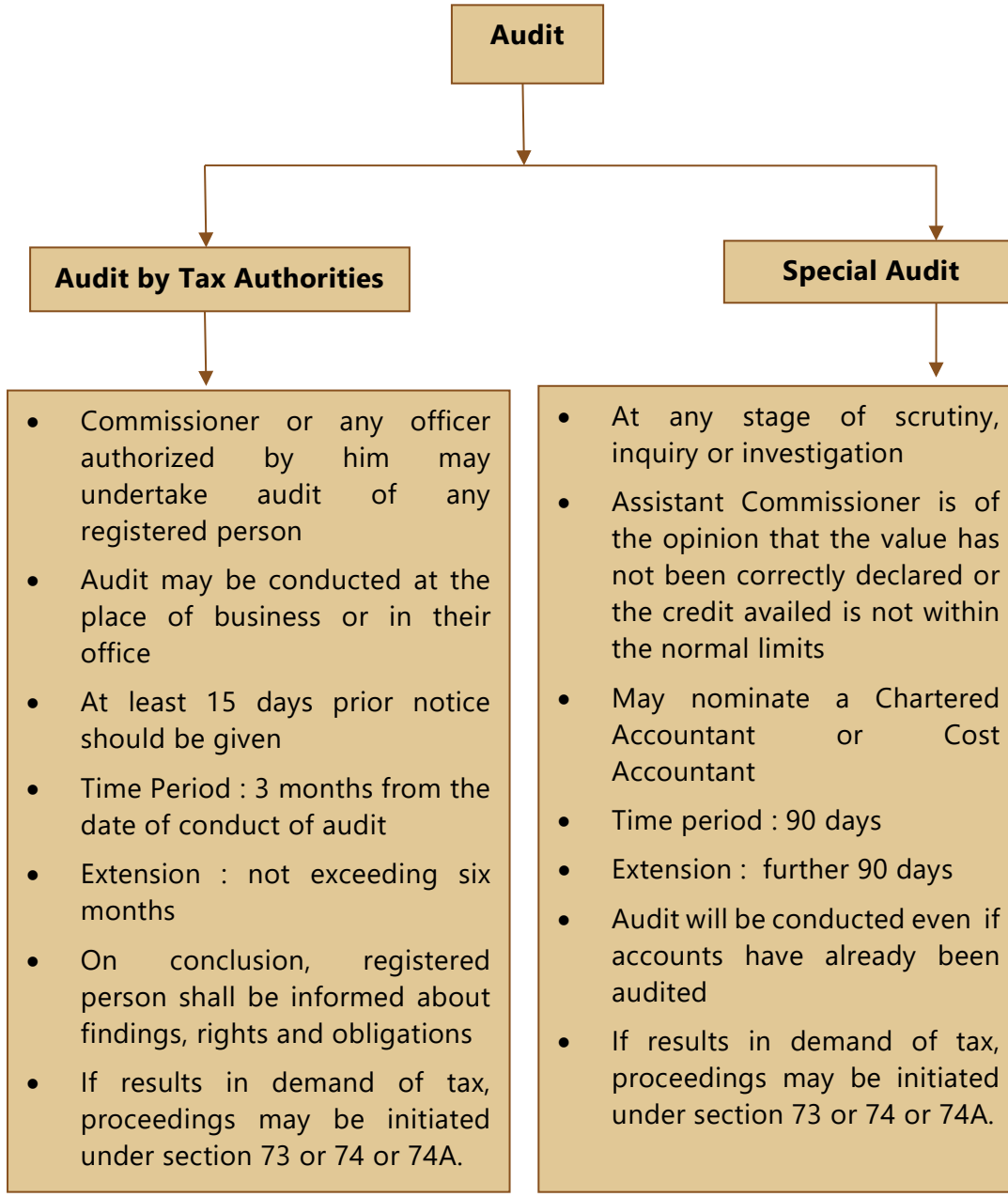


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*This is not an exhaustive list of assessments under the GST law. In addition to the types of assessments listed herein above, determination of the liability of a taxpayer can be made under Sections 73 or 74 of the CGST Act (discussed in detail separately).

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TEST YOUR KNOWLEDGE

1. *Is summary assessment order to be necessarily passed against the registered person?*
2. *Whether principal of natural justice is must to be followed before passing assessment order against the unregistered person?*
3. *Explain in what cases, assessment order passed by proper officer may be withdrawn under CGST Act, 2017?*
4. *Explain the difference between Audit by Tax Authorities under section 65 and Special Audit under section 66 of the CGST Act, 2017.*
5. *Explain the recourse that may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in the return filed, while conducting scrutiny of returns under section 61 of the CGST Act, 2017.*
6. *Write a brief note on Summary Assessment in certain special cases as per section 64 of the CGST Act, 2017.*
7. *Kulbhushan & Sons has entered into a contract to supply a consignment of certain taxable goods. However, since it is unable to determine the value of the goods to be supplied by it, it applies for payment of tax on such goods on a provisional basis along with the required documents in support of its request.*

   On 12thJanuary, the Assistant Commissioner of Central Tax issues an order allowing payment of tax on provisional basis indicating the value on the basis of which the assessment is allowed on provisional basis and the amount for which the bond is to be executed and security is to be furnished.

   Kulbhushan & Sons complies with the same and supplies the goods on 25thJanuary thereafter paying the tax on provisional basis in respect of said consignment on 19thFebruary.

   Consequent to the final assessment order passed by the Assistant Commissioner of Central Tax on 21stMarch, a tax of ₹ 1,80,000 becomes due on the consignment.

   Kulbhushan & Sons pays the tax due on 9thApril. Determine the interest payable, if any, by Kulbhushan & Sons in the above case.

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Assuming all the other facts remaining the same, if consequent to the final assessment order passed on 21st March, a tax of ₹4,20,000 becomes refundable on the consignment, refund of which is applied by Kulbhushan & Sons on 9th April and tax was refunded to it on 5th June, determine the interest receivable, if any, by Kulbhushan & Sons in the given case.



ANSWERS

1. No. In certain cases, like when goods are under transportation or are stored in a warehouse, and the registered person in respect of such goods cannot be ascertained, the person in charge of such goods shall be deemed to be the registered person and will be assessed to tax.

2. Yes, principal of natural justice is must to be followed before passing assessment order against an unregistered person seeking to impose any financial burden on him.

3. Assessment order passed by the proper officer may be withdrawn in following cases:-

(i) **Assessment of non-filers of returns**-The best judgement order passed by the proper officer under section 62 of the CGST Act shall automatically stand withdrawn where a registered person files a valid return within 60 days of the service of the best judgment assessment order. However, the liability for payment of interest under section 50(1) of the CGST Act, 2017or for payment of late fee under section 47 of the CGST Act, 2017 shall continue.

However, where the registered person fails to furnish a valid return within 60 days of the service of the assessment order, he may furnish the same within a further period of 60 days on payment of an additional late fee of ₹ 100 for each day of delay beyond 60 days of the service of the said assessment order and in case he furnishes valid return within such extended period, the said assessment order shall be deemed to have been withdrawn, but the liability to pay interest under section 50(1) or to pay late fee under section 47 shall continue.

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(ii) **Summary assessment-**As per section 64(2) of the CGST Act, 2017,a taxable person against whom a summary assessment order has been passed can apply for its withdrawal to the jurisdictional Additional/ Joint Commissioner within 30 days of the date of receipt of the order.

If the said officer finds the order erroneous, he can withdraw it and direct the proper officer to carry out determination of tax liability in terms of section 73 or 74 or 74A of the CGST Act. The Additional/ Joint Commissioner can follow a similar course of action on his own motion if he finds the summary assessment order to be erroneous.

4. Audit by Tax authorities under section 65 of the CGST Act, 2017:-

1 The Commissioner or any officer authorized by him can undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.

2 The audit shall be completed within a period of 3 months from the date of commencement of audit. However, the Commissioner can extend this period by a further period upto maximum 6 months.

Special Audit under section 66 of the CGST Act, 2017:-

1 The registered person can be directed to get his records including books of account examined and audited by a chartered accountant or a cost accountant during any stage of scrutiny, inquiry, investigation or any other proceedings; depending upon the complexity of the case. Any officer not below the rank of Assistant Commissioner may order special audit, with the prior approval of the Commissioner, if he is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits.

2 Audit is to be completed within 90 days. However, the Assistant Commissioner can extend this period by a further period of 90 days.

5. If proper explanation is not furnished for the discrepancy detected in return filed, while conducting scrutiny of returns under section 61 of the CGST Act, 2017 of a registered person, the proper officer may:

(i) conduct audit of the registered person; or

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(ii) direct the registered person to get his records including books of account examined and audited by a Chartered Accountant or a Cost Accountant nominated for this purpose by the Commissioner; or.

(iii) exercise the powers of inspection, search and seizure with respect to the registered person, or

(iv) proceed to determine the tax and other dues of the registered person under Sections 73 or 74 of the Act.

6. As per section 64 of the CGST Act, 2017, summary assessments can be initiated to protect the interest of revenue with the previous permission of Additional/Joint Commissioner when the proper officer has evidence that a taxable person has incurred a liability to pay tax under the Act, and any delay by him in passing an assessment order may adversely affect the interest of revenue.

Additional/Joint Commissioner may withdraw summary assessment order on an application filed by taxable person within 30 days from the date of receipt of order or on his own motion, if he finds such order to be erroneous and may instead follow the procedures laid down in section 73 or section 74 or 74A to determine the tax liability of such taxable person.

Where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due under this section.

7. Section 60(4) of the CGST Act, 2017 stipulates that where the tax liability as per the final assessment is higher than under provisional assessment i.e. tax becomes due consequent to order of final assessment, the registered person shall be liable to pay interest on tax payable on supply of goods but not paid on the due date, at the rate specified under section 50(1) [18% p.a.], from the first day after the due date of payment of tax in respect of the goods supplied under provisional assessment till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.

In the given case, due date for payment of tax on goods cleared on 25th January under provisional assessment is 20th February.

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In view of the provisions of section 60(4), in the given case, Kulbhushan & Sons is liable to pay following interest in respect of the consignment of goods supplied:

= ₹ 1,80,000 × 18% × 48/365

= ₹ 4,261 (rounded off)

If, in the given case, it is assumed that consequent to the final assessment order passed on 21st March, a tax of ₹ 4,20,000 becomes refundable to Kulbhushan & Sons, answer would be as follows:

Section 60(5) of the CGST Act, 2017 stipulates that where the tax liability as per the final assessment is less than in provisional assessment i.e. tax becomes refundable consequent to the order of final assessment, the registered person shall be paid interest at the rate specified under section 56 [6% p.a.] from the date immediately after the expiry of 60 days from the date of receipt of application under section 54(1) till the date of refund of such tax.

However, since in the given case, refund has been made (05thJune) within 60 days from the date of receipt of application of refund (09thApril), interest is not payable to Kulbhushan& Sons on tax refunded.

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