



SPECIAL AUDIT

AGENDA

Provisions

1

2 Audit
Planning

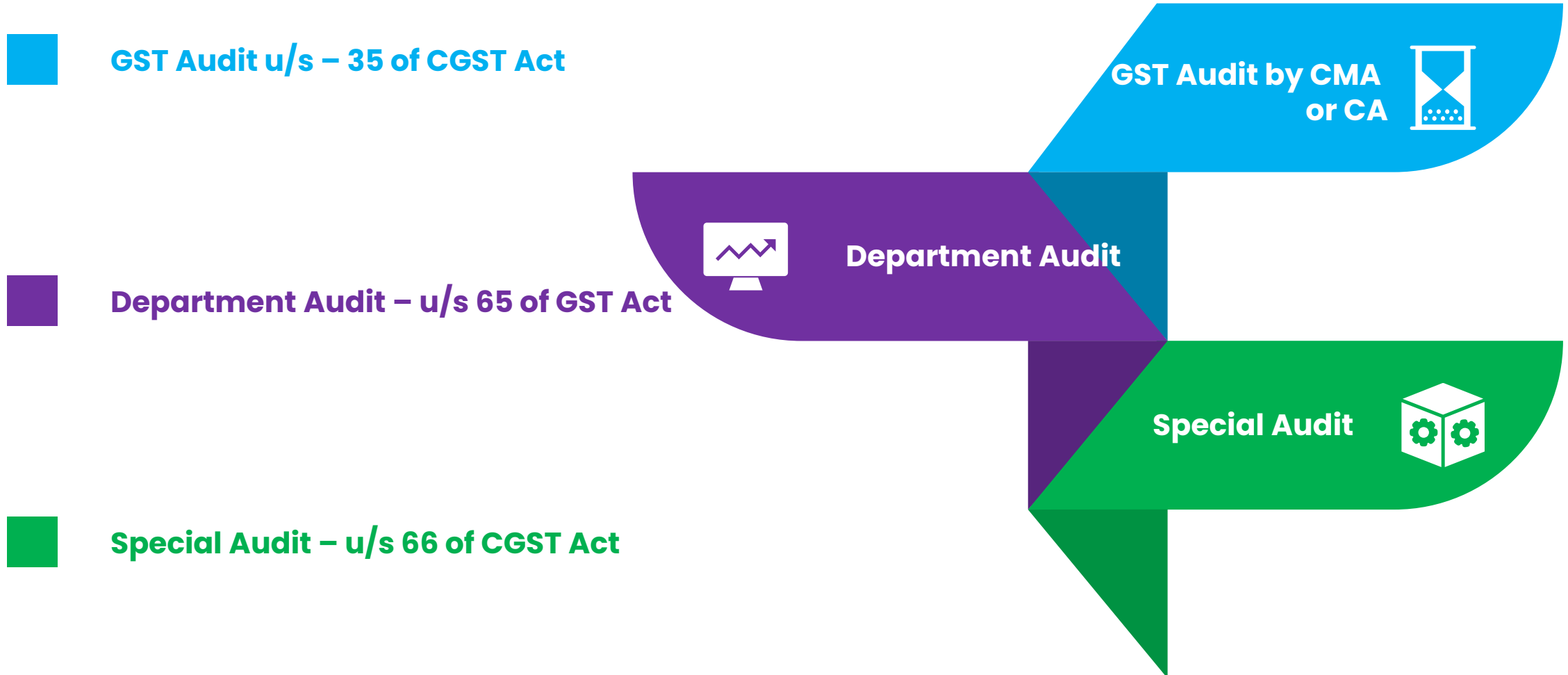
Reporting

3

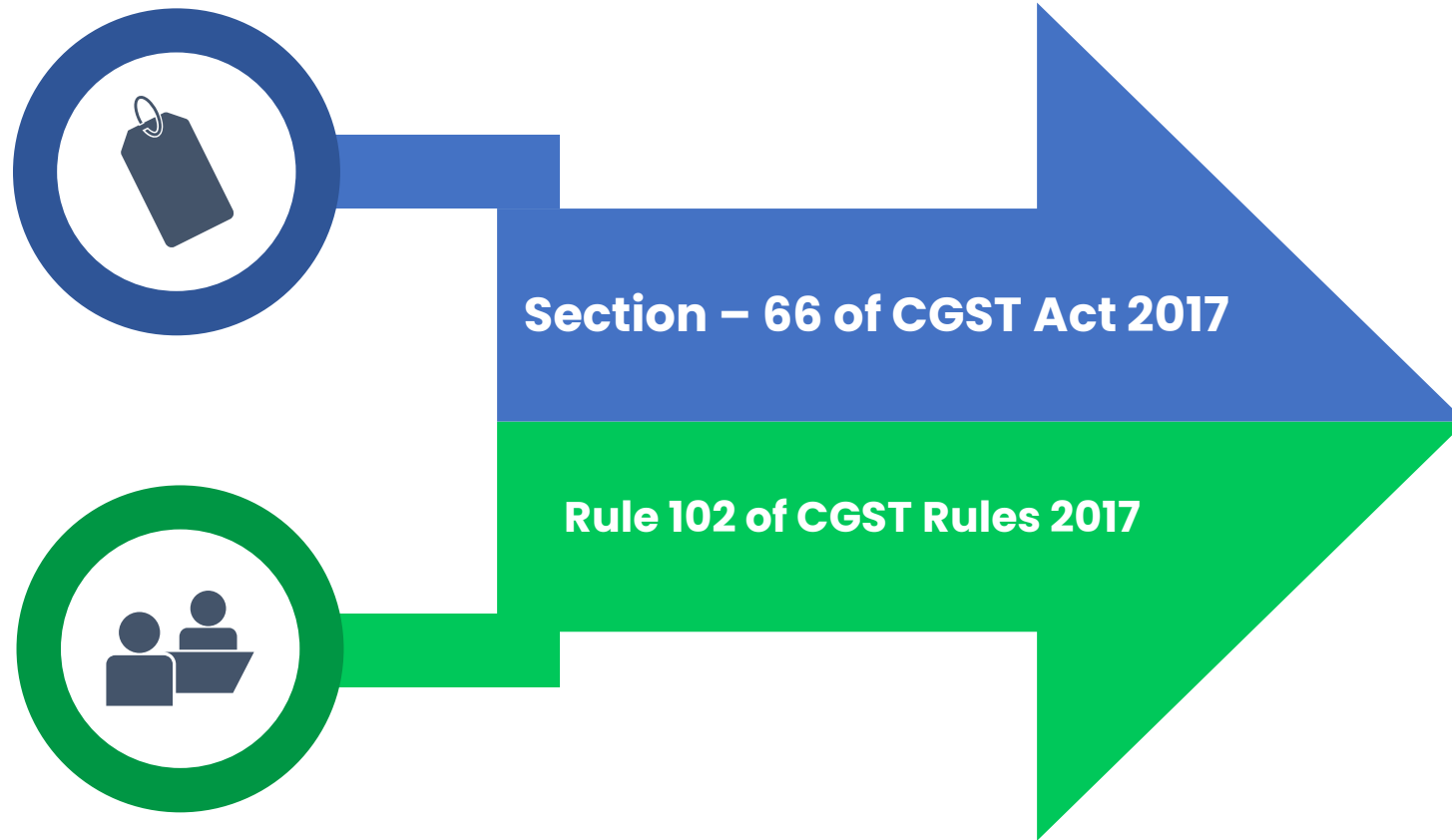
4 Q & A



TYPES OF AUDIT

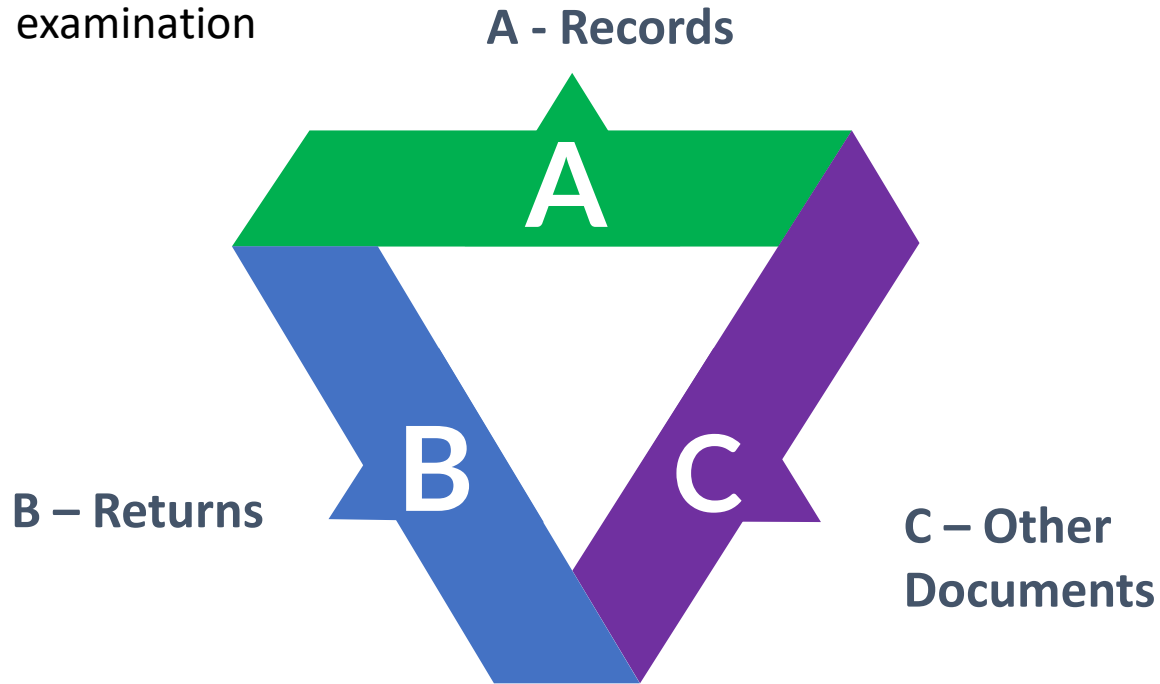


PROVISIONS

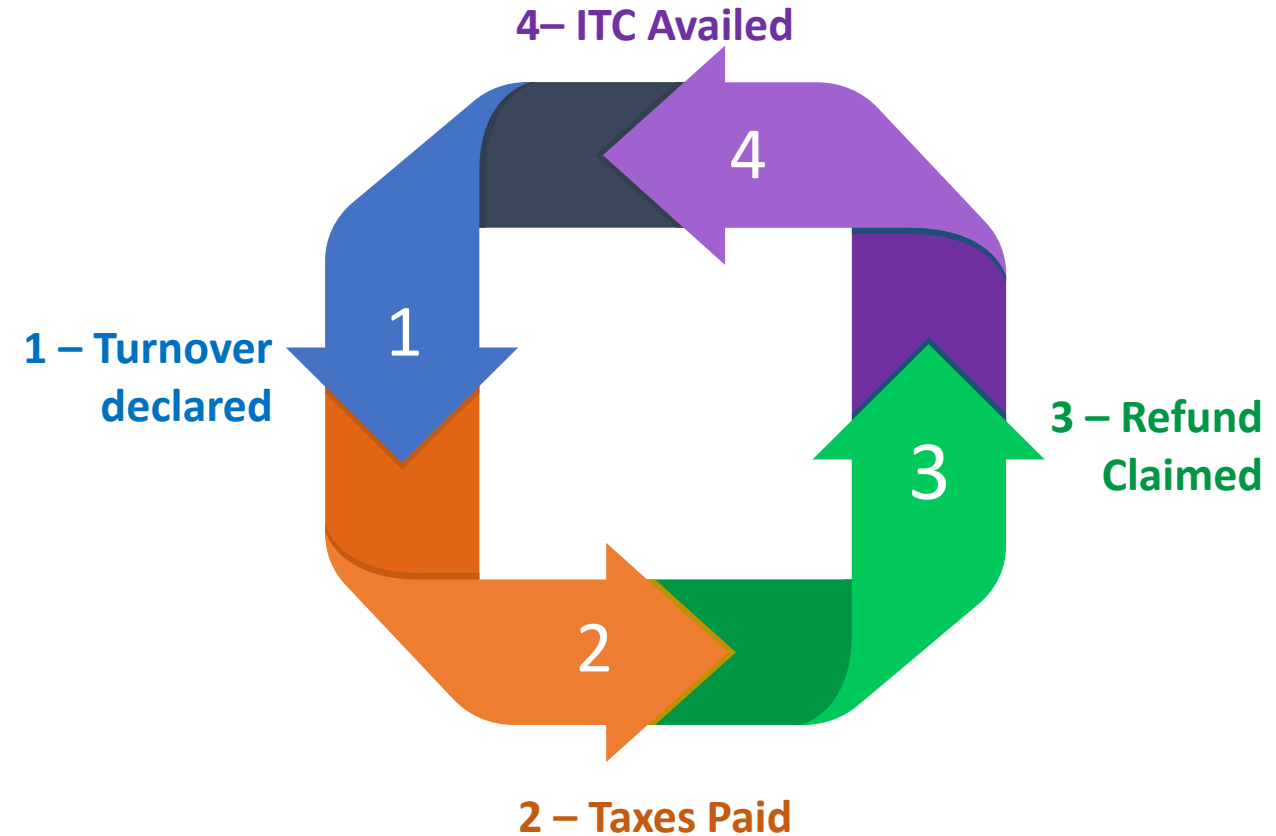


AUDIT – SECTION 2(13)

Audit Means
examination



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



To **assess his compliance** with the **provisions of this Act** or the rules made thereunder

SPECIAL AUDIT SECTION 66

1

During Scrutiny or inquiry or investigation an officer not below the rank of AC on authorization by Commissioner will ask for a CMA/CA to verify records

4

Opportunity will be provided to the registered person for any material gathered during the audit

2

Submit the report within 90 days and can be extended by another 90 days by AC

5

Remuneration for the audit will be approved by Commissioner

3

Special audit will not have any impact on any other proceedings under this Act or any other Act

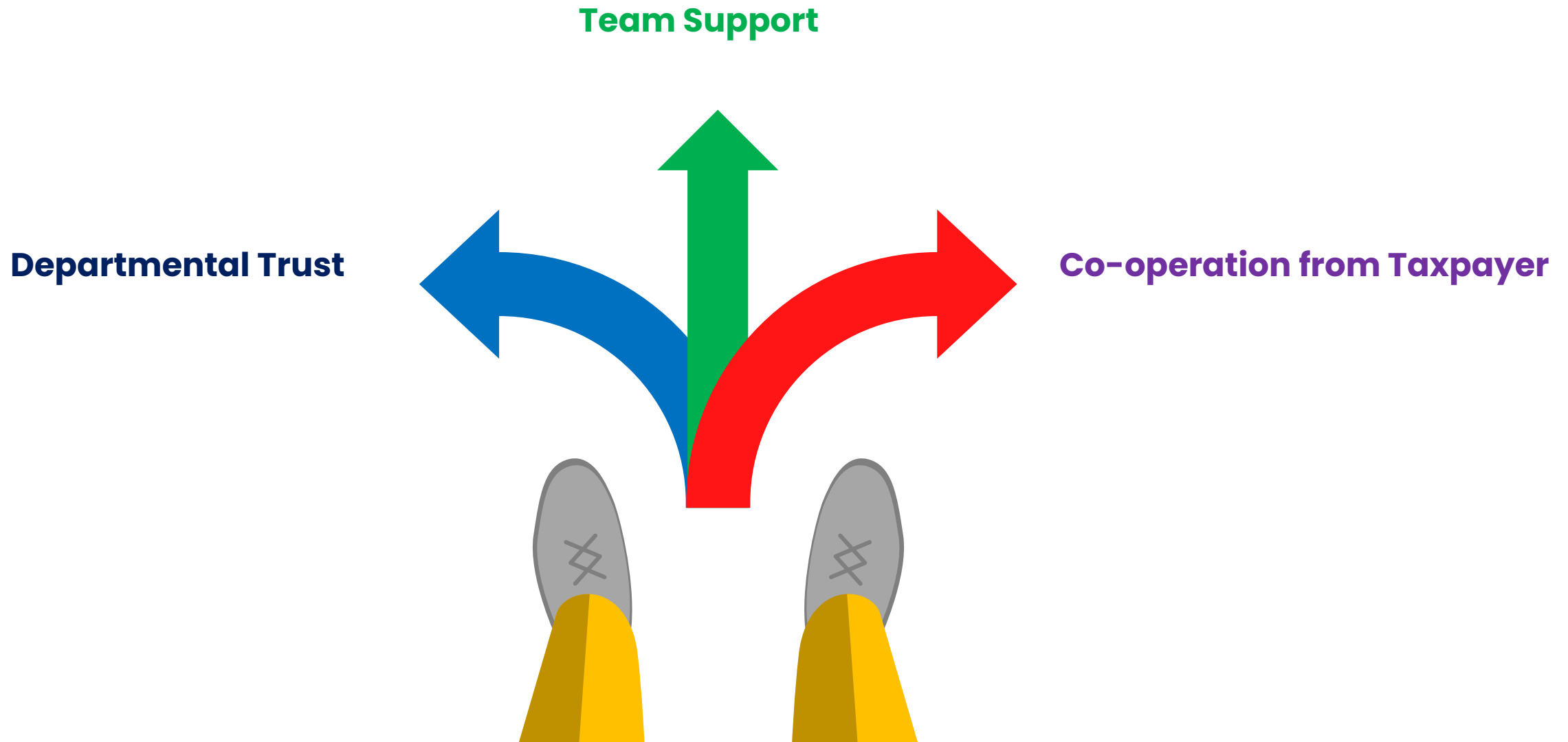
6

If any material discrepancy is found proceedings can be initiated under Section 73 or 74

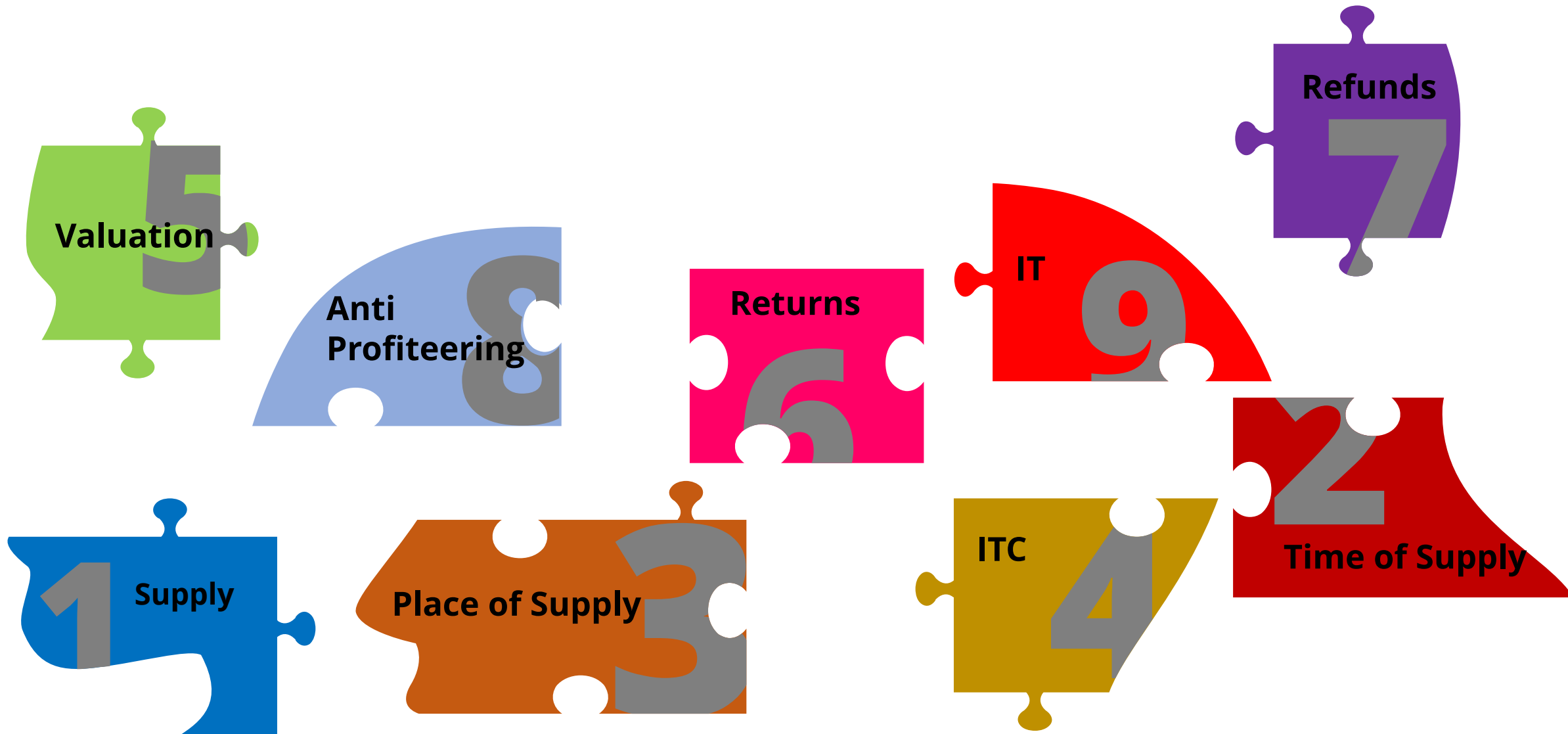
SPECIAL AUDIT – RULE 102



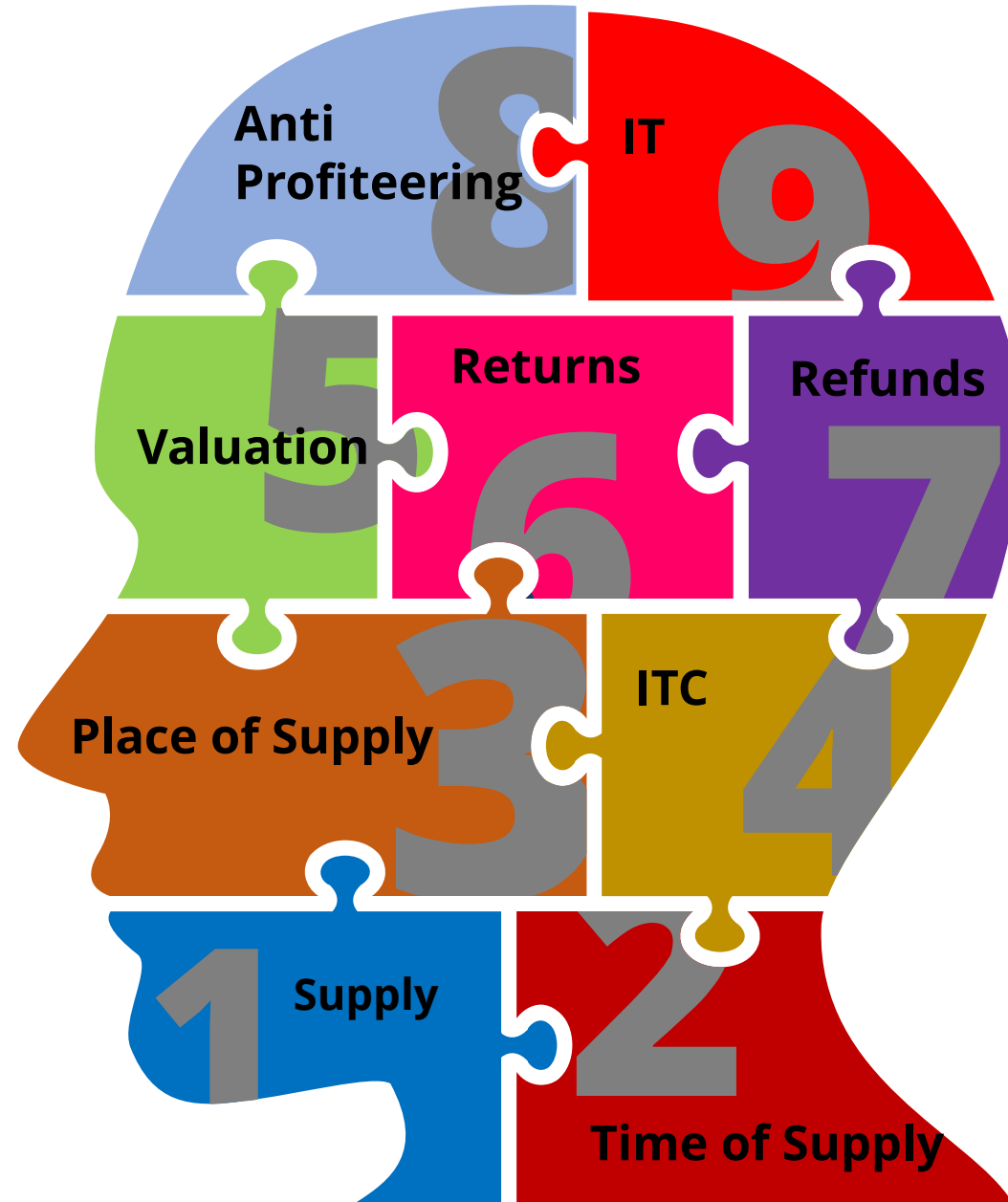
SPECIAL AUDIT – CHALLENGES



SPECIAL AUDIT – COVERAGE



SPECIAL AUDIT – COVERAGE



SPECIAL AUDIT – EXMAPLE

1. Consultancy agency based in Mumbai
2. they are into educational consulting – they tie up with foreign universities and enroll Indian Students through them
3. They collect fees from the students in INR and deduct their service charges and pay the foreign universities
4. Student A is from Pune
5. Student B is from Surat
6. University X is located in Singapore, Y in Germany
7. Amount is paid to universities in US Dollars

SPECIAL AUDIT – EXAMPLE

The educational consultancy claims that the services provided by them are export of services and hence they not collecting taxes from the students.

Do you agree or not? If yes or not why? Under which provisions?

Say A Pays 25,000 USD in INR

Say B Pays 45,000 USD in INR

the consultancy retains 25% and pays the balance to universities

Goods and Services have been supplied before the tax rate changes

i)) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earliest

ii) where the invoice has been issued prior to the change in rate of tax but payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or

iii) where the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;

Time of Supply of Goods or Services for Tax Rates Changes – Section 14

- **Goods and Services have been supplied before the tax rate changes**
- **Rate is decreased from 28% to 18%**

Sl. No	Date of change in Tax Rate	Date of Supply of Goods	Date of Issue of Invoice	Date of Receipt of Payment	Time of Supply	Reason
1	1-Jan-18	25-Dec-17	20-Jan-18	25-Jan-18	20-Jan-18	Earliest of the Invoice or Payment date
2	1-Jan-18	25-Dec-17	24-Dec-17	25-Jan-18	24-Dec-17	Date of Issue of Invoice
2	1-Jan-18	25-Dec-17	20-Jan-18	10-Dec-17	10-Dec-17	Date of Receipt of Payment

Goods and Services have been supplied after the tax rate changes

i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment

ii) where the invoice has been issued and payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or

iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice:

Time of Supply of Goods or Services for Tax Rates Changes – Section 14

- Goods and Services have been supplied after the tax rate changes
- Rate is decreased from 28% to 18%

Sl. No	Date of change in Tax Rate	Date of Supply of Goods	Date of Issue of Invoice	Date of Receipt of Payment	Time of Supply -	Reason
1	1-Jan-18	25-Jan-18	20-Dec-17	20-Jan-18	20-Jan-18	Date of Receipt of Payment
2	1-Jan-18	25-Jan-18	24-Dec-17	22-Dec-17	22-Dec-17	Earliest of the invoice or payment date
2	1-Jan-18	25-Jan-18	22-Jan-18	10-Dec-17	22-Jan-18	Date of issue of Invoice

SPECIAL AUDIT – COVERAGE

Section 37 – 48

Verify if returns are filed within the due dates and interest if paid as per the provisions if not along with late fee .



Rules 46 – 55

Verify if relevant documents are issued for all the transactions as per the provisions .



Section 16 & 17

Verify if Input tax credit is claimed as per Provisions – eligibility / blocked / restricted .



Section 7

Supply – all transaction are classified as supply as per GST



Section 12, 13 & 14

Verify if the tax invoice is issued as per provisions of Time of Supply

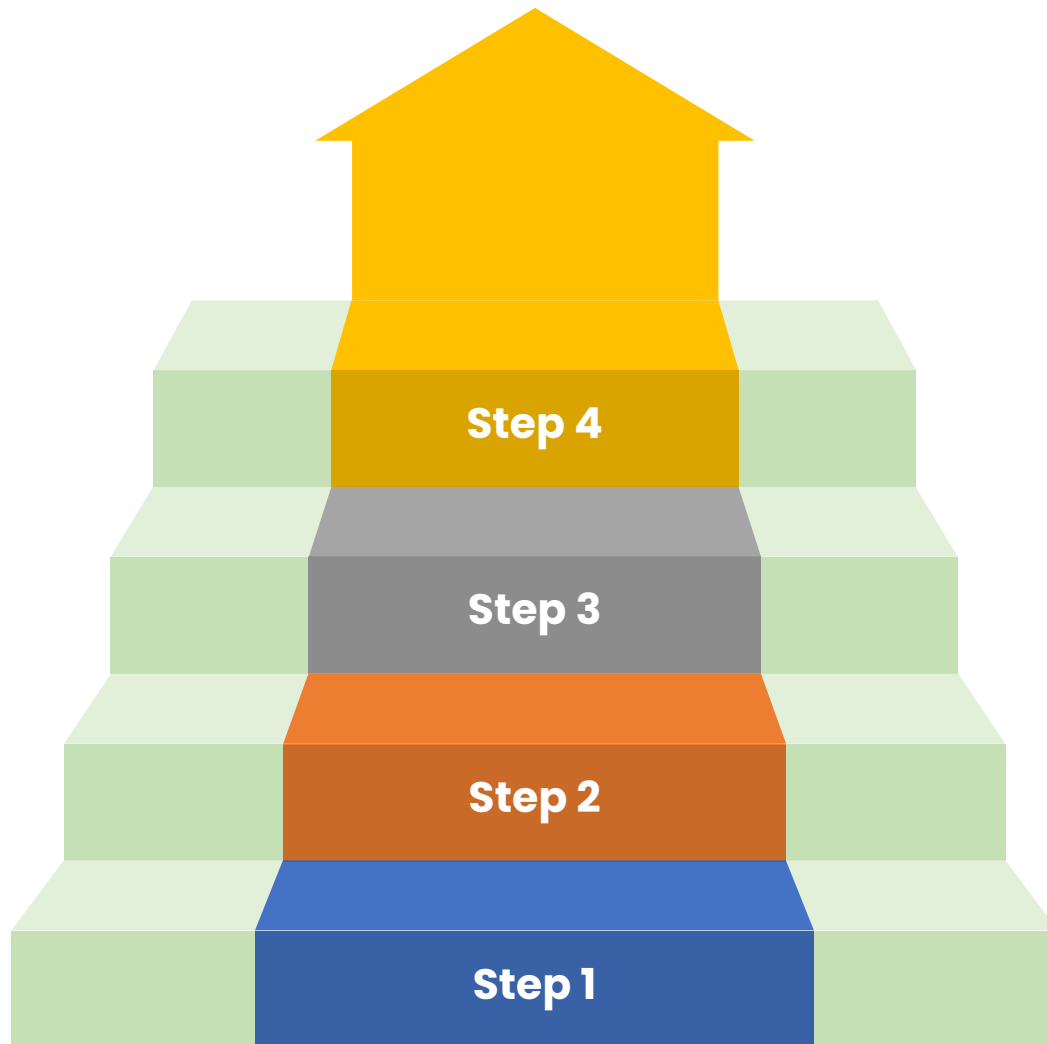


Section 10 to 14 IGST A

Verify if the provisions of place of supply are followed or not



SPECIAL AUDIT – COVERAGE



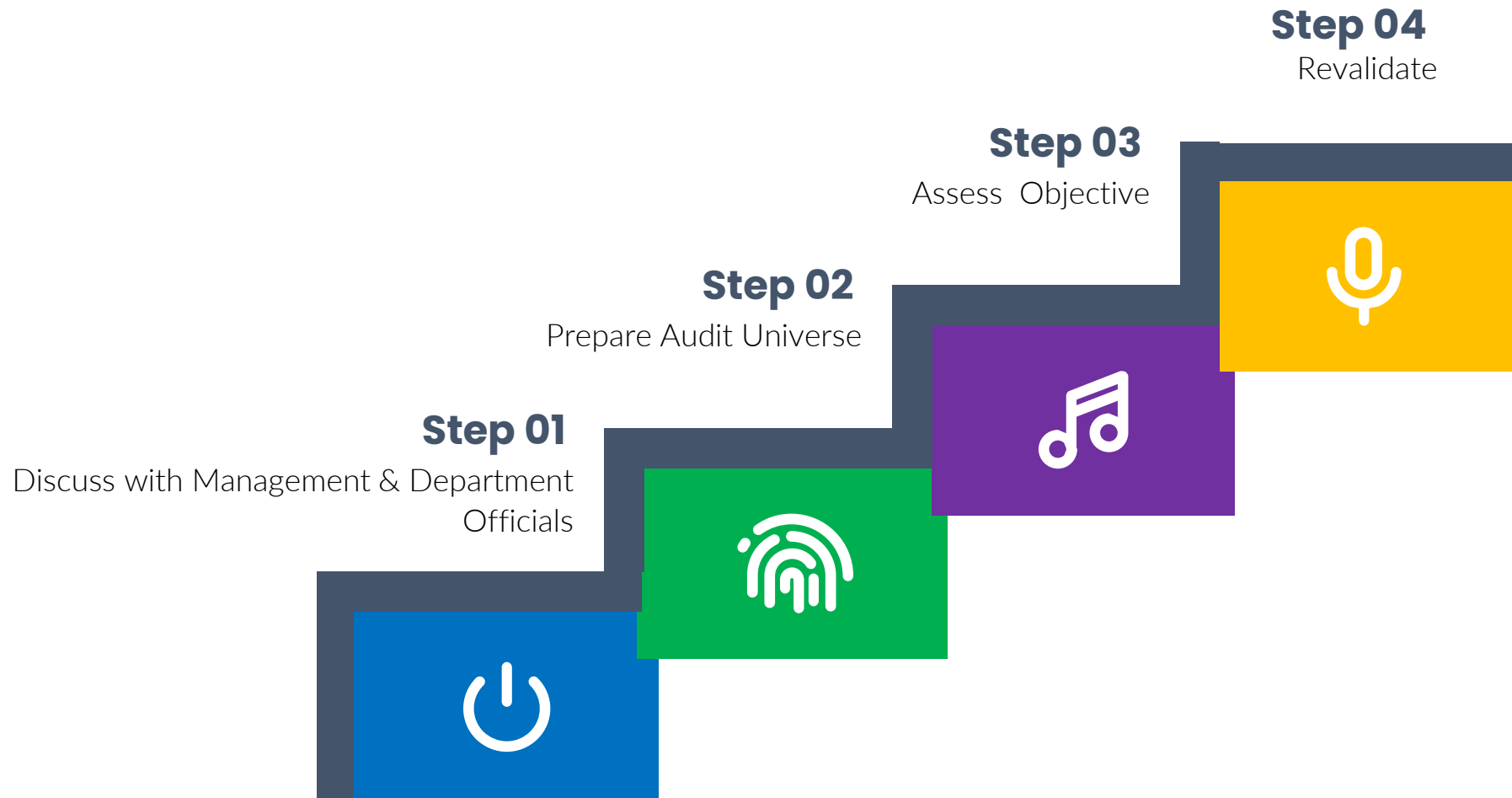
Depute Team and Complete the Audit

Take the Taxpayer in to Confidence

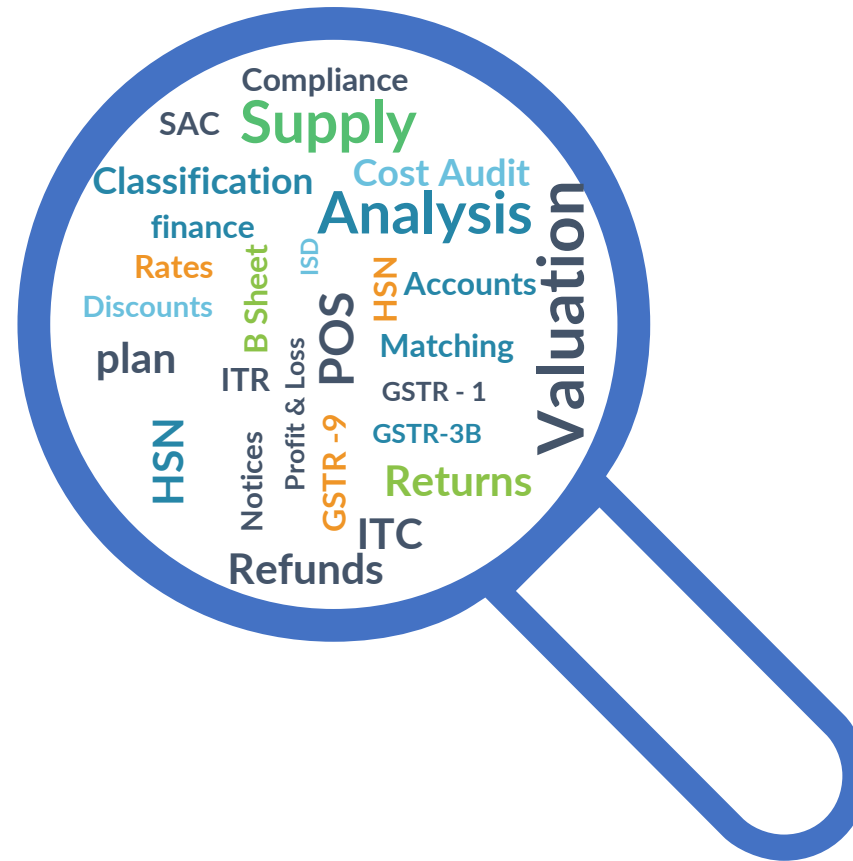
Understand the Requirements

Identify the Need of the Department

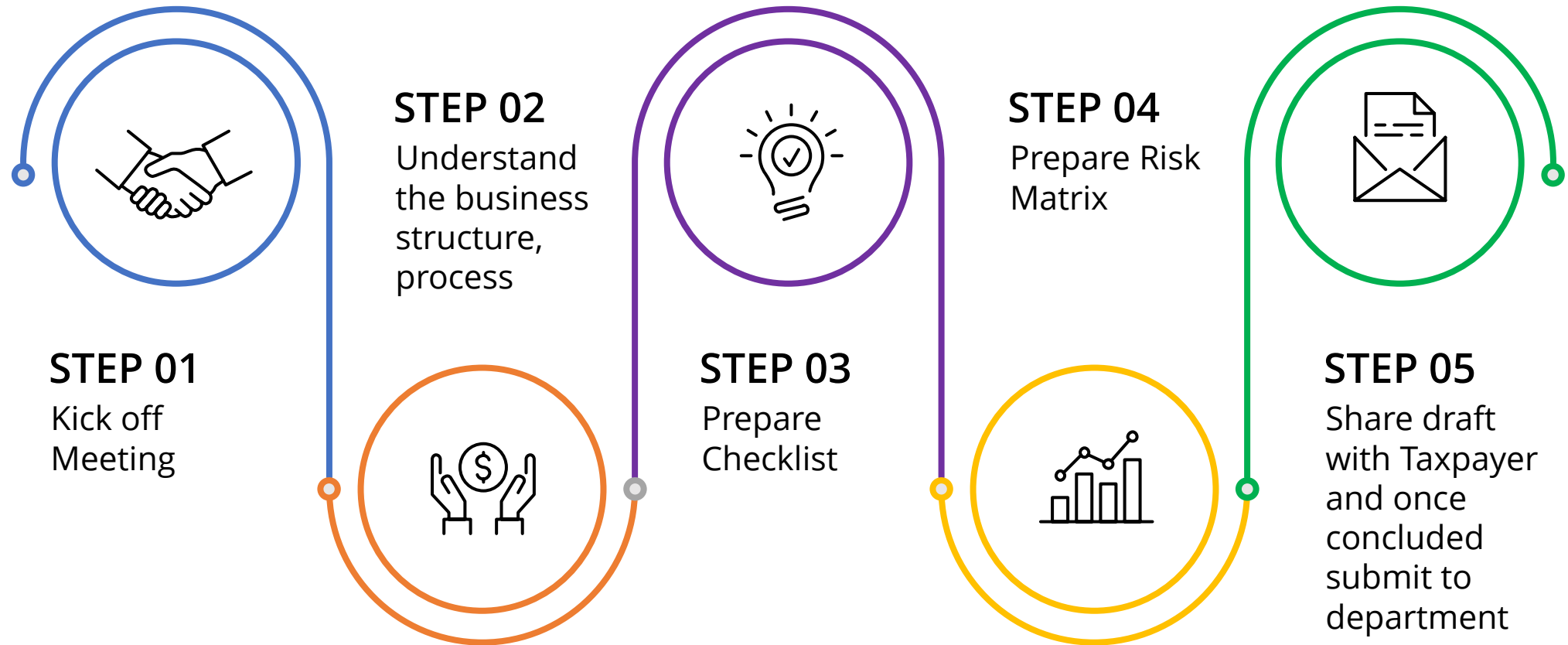
Preparation Steps



AUDIT UNIVERSE

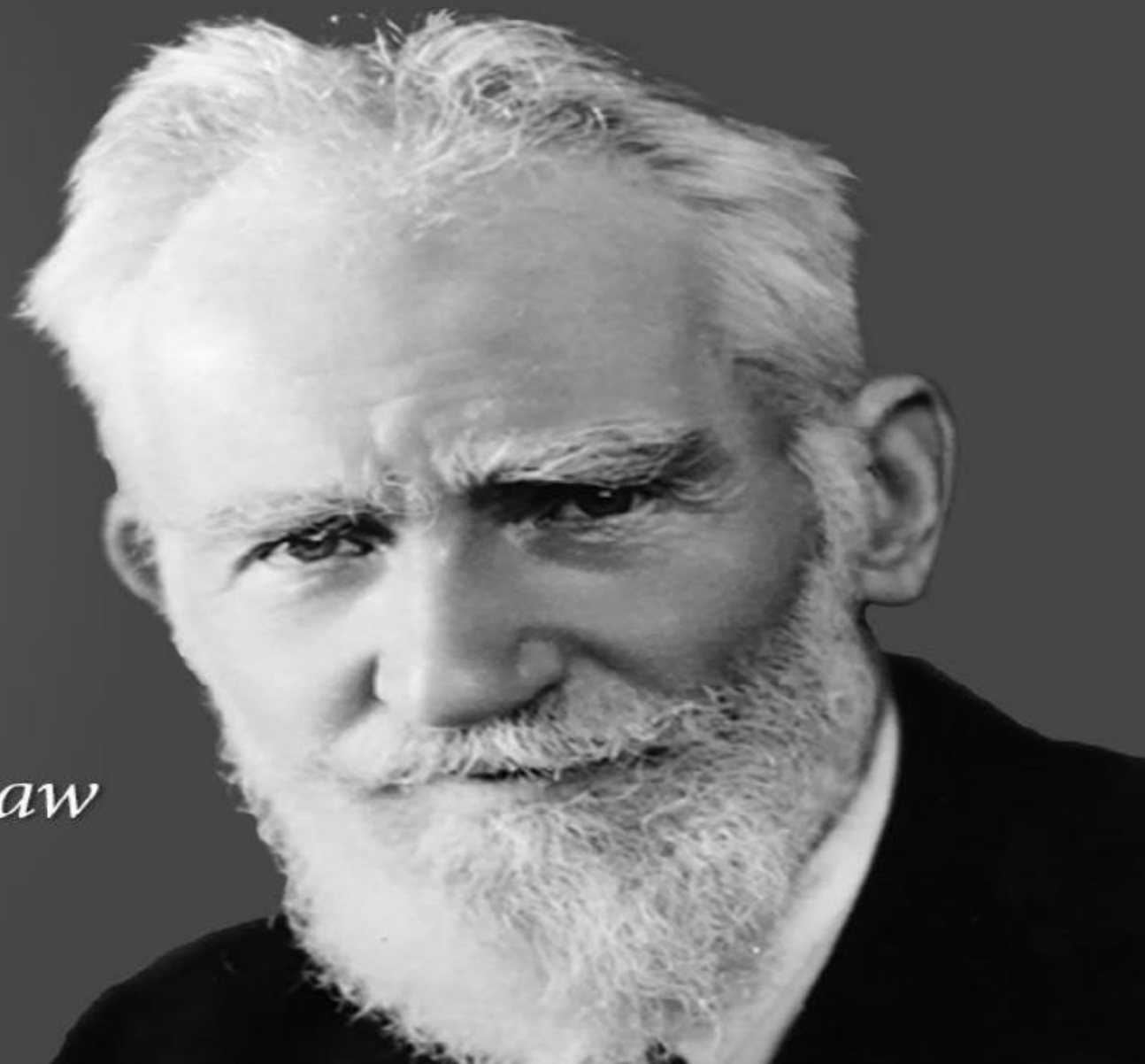


SPEICAL AUDIT METHODOLOGY

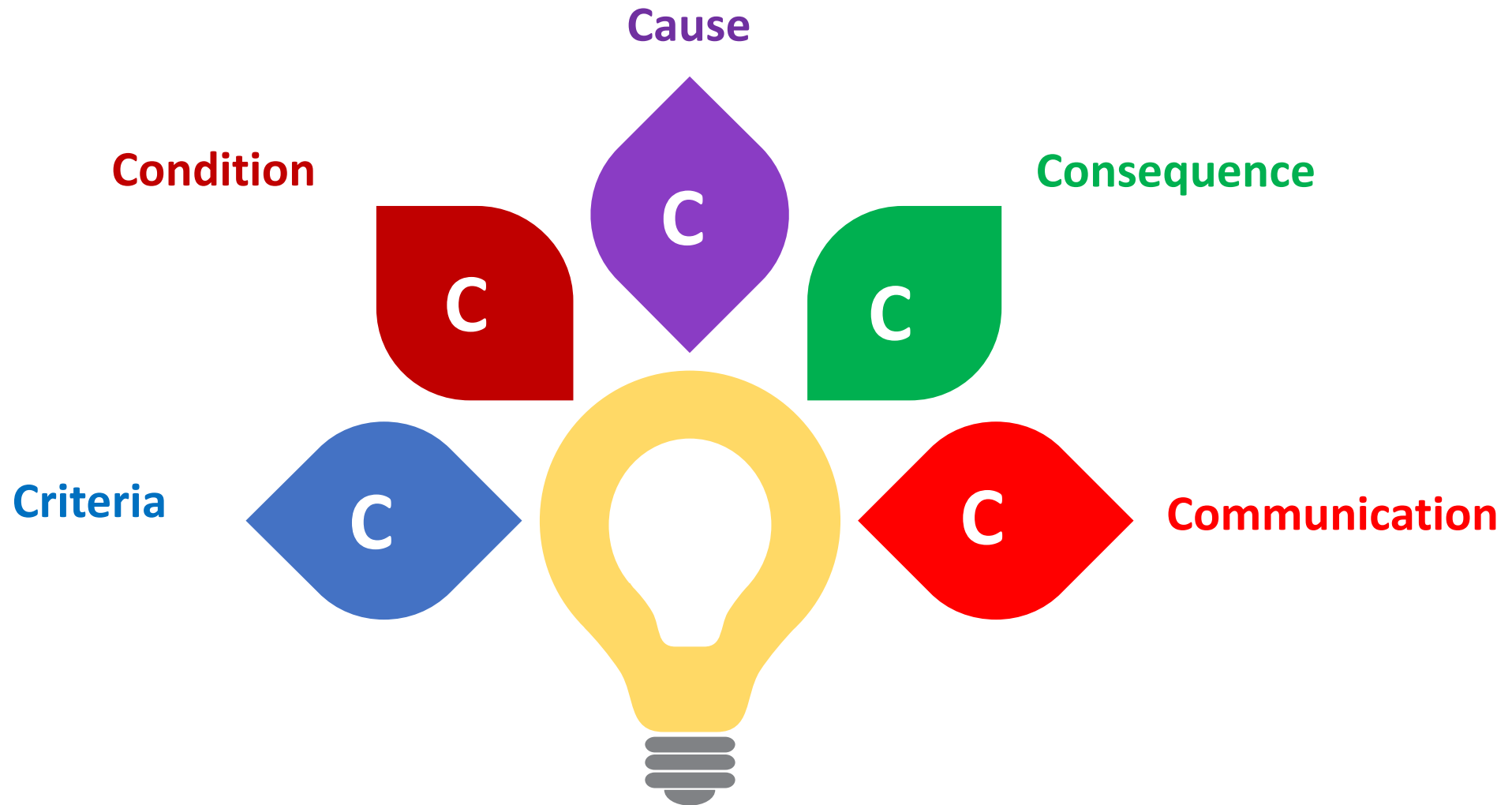


“The single biggest
problem in
communication is
the illusion that
it has taken place.”

~ George Bernard Shaw



5 C'S OF SPECIAL AUDIT REPORTING









SPECIAL AUDIT REPORT

Special Audit Report – Essentials

Accurate	Objective	Clear	Concise	Constructive	Complete	Timely
Free from errors and distortions and faithful to the underlying facts	Fair, impartial, and unbiased and is a result of a fair-minded and balanced assessment of all relevant facts and circumstances	Easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information	To the point, avoid unnecessary elaboration, superfluous detail, redundancy, repetitiveness and wordiness	Helpful to the auditee /client and the organization and leads to improvements where needed	Lacking nothing that is essential to the target audience and includes all significant and relevant information and observations to support recommendations and conclusions	Opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action

SPECIAL AUDIT REPORT

Special Audit – Executive Summary Sample

Sr. No.	Audit Observation	Action Plan	Risk Rating
1			
2			
3			
4			
5			
6			

“If you talk to a man in
a language he understands,
that goes to his head.
If you talk to him in his
language, that goes to
his heart.”

Nelson Mandela



Empanelment

SPECIAL AUDIT – ELIGIBILITY

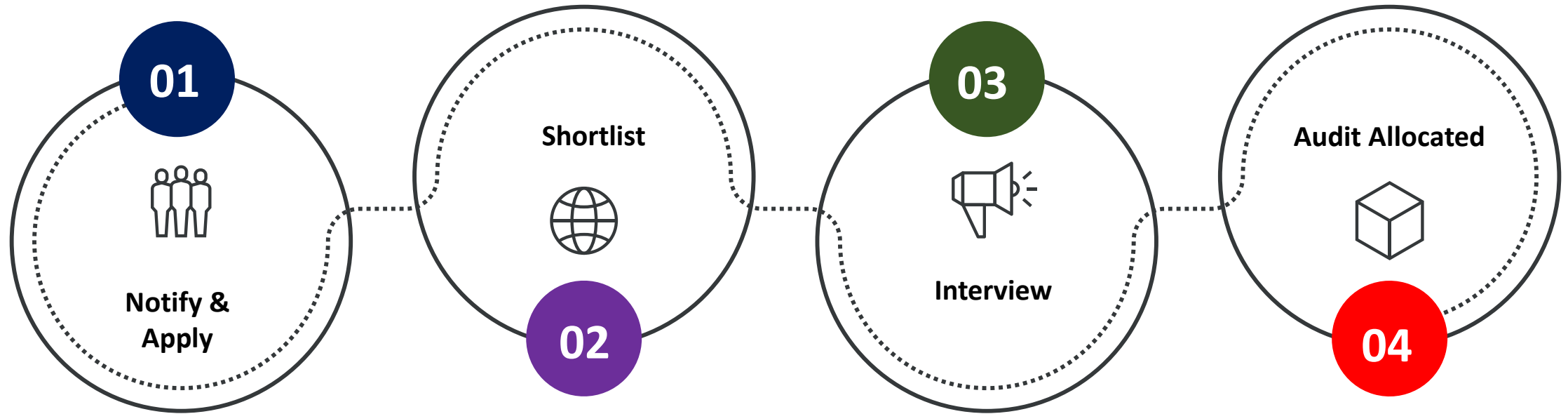
1. Be a member of the CA,/ICWA and should have valid full time Certificate of practice issued by the respective institutions

2. Possess experience of at least five years of practice in the field of Central Excise, Service Tax and GST matters:

3. iii. Not have been held guilty of any professional misconduct under the Cost and Works Accountants Act, 1959 (as amended) or Chartered Accountants Act. 1949 (as amended) during past five years or penalized under Chapter V of the Finance Act, 1991 or Customs Act, 1962 or Central Excise Act, 1944 or The Central Goods & Services Tax Act, 2017

4. Not be facing any investigation or enquiry by the CBIC or any of its subordinate offices for many violations under the Service Tax Law or the Customs Act, 1962 or the Central Excise Act 1944 or The Central Goods & Services Tax Act, 2017.

SPECIAL AUDIT – EMPANELMENT PROCESS



SPECIAL AUDIT – AUDITOR OBLIGATIONS



Audit should be conducted based on the Reference Communicated

He may be required to travel to the Taxpayer's Location/s

Tax on Tax / Tax Cascading

Audit should be conducted in co-ordination with department office and he/she may also visit

The nominated Auditor should not have any business relation with the taxpayer directly

Audit report has to be submitted within the time period to Commissioner – detailed report

On receipt of audit report, the department may call for clarifications and if required have to complete the audit

SPECIAL AUDIT - FEES

Audit Fee – As per Delhi Audit II

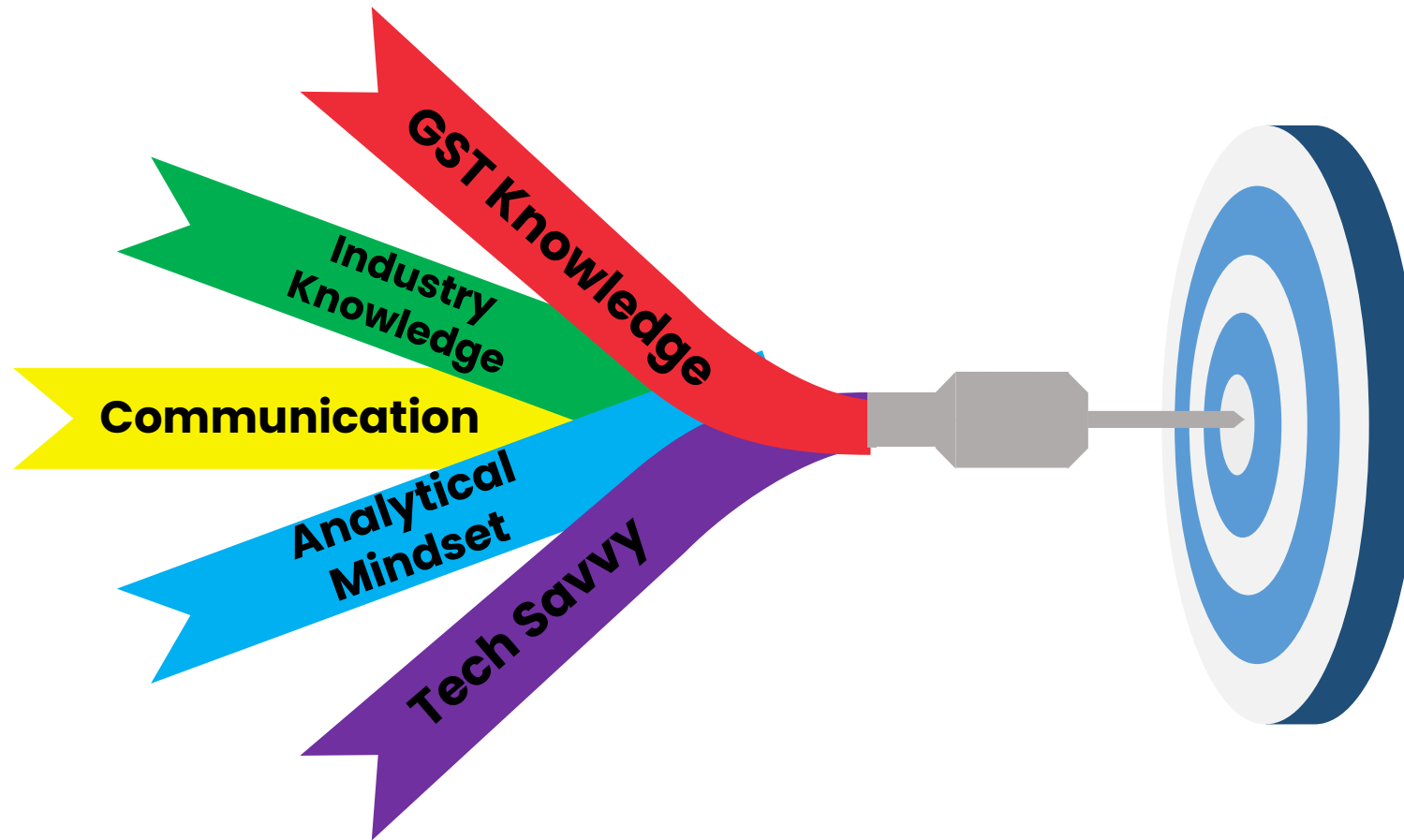
Sr.No	Tax Paid by the Unit	Fee Amount
1	Up to ₹ 10 Crores	₹ 15,000
2	₹ 10 Cores to ₹ 100 Crores	₹ 25,000
3	₹ 100 Cores to ₹ 200 Crores	₹ 35,000
4	Above ₹ 200 Crores	₹ 50,000

SPECIAL AUDIT - FEES

Audit Fee – As per Kolkata

Sr.No	Tax Paid by the Unit	Product Range	Fee Amount
1	Up to ₹ 60 Crores	Up to 2 products More than 2 products	₹ 25,000 ₹ 35,000
2	₹ 60 Cores to ₹ 250 Crores	Up to 2 products More than 2 products	₹ 35,000 ₹ 50,000
3	₹ 250 Cores to ₹ 500 Crores	Up to 2 products More than 2 products	₹ 50,000 ₹ 75,000
4	Above ₹ 500 Crores	Up to 2 products More than 2 products	₹ 50,000 + ₹ 10,000 for additional ₹ 100 crores ₹ 75,000 + ₹ 10,000 for additional ₹ 100 crores

SPECIAL AUDIT – SUCCESS SUTRAS FOR SPECIAL AUDITOR



MISSION ACCOMPLISHED





CMA Bhogavalli Mallikarjuna Gupta

B. Com, ACMA, MFM, M.IOD, PGDCS

Qualified Online proficiency exam for Independent Directors



Over two decades of experience in the areas of Taxation, GST, Product Management, Sales, Operations, Marketing, Finance, Accounting, Costing, Project Accounting ERP & BI Implementation. Worked for Oracle, Infor, Logo, Systime & Dempo Group & worked in multiple verticals & geographies.

AWARDS/RECOGNITIONS

- Selected one among the 100 Digital Influences for 2020 by [YourStory](#)
- His podcasts find place in the top 10 Taxation podcasts in India for 2021
- Recognized by the Cyberabad Police for the Traffic Volunteering for 100 hours & for conducting drunken drive.
- GUINNESS WORLD RECORDS titleholder as a team member for the “Most people running up a single mountain.”

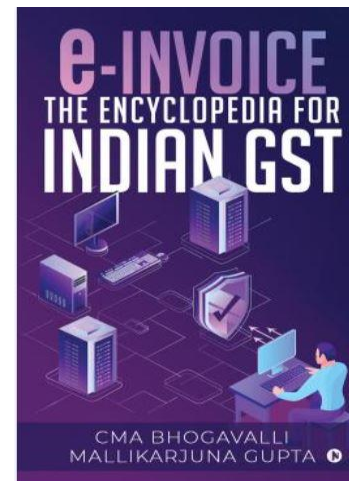
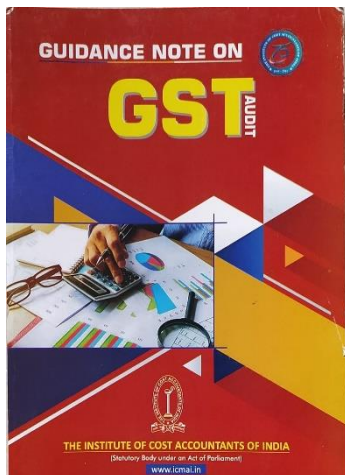
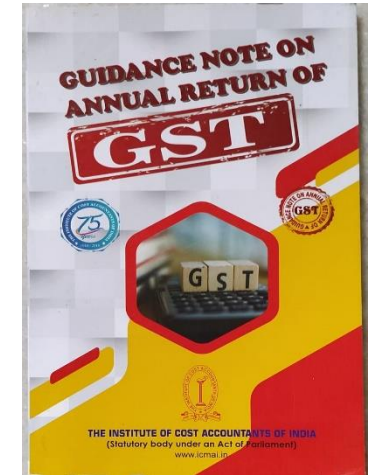
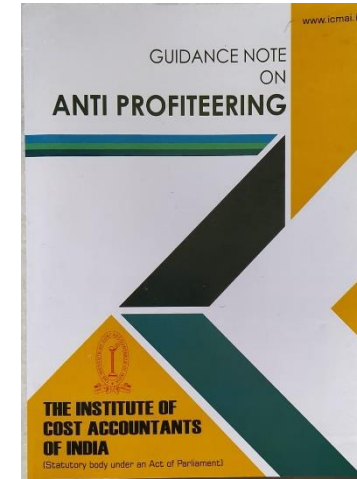
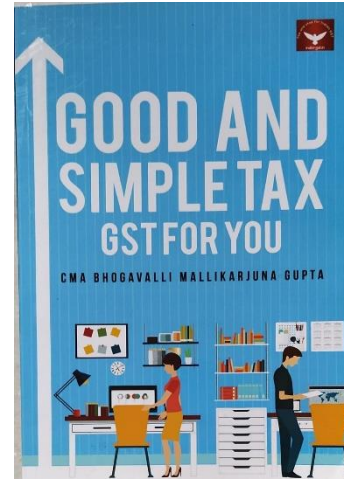
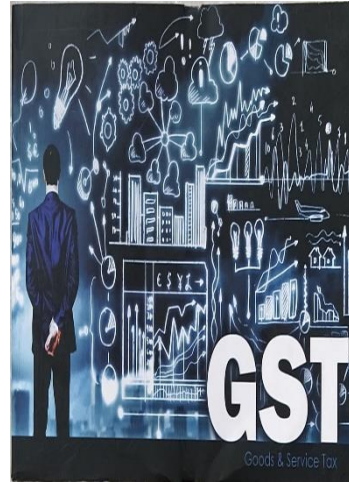
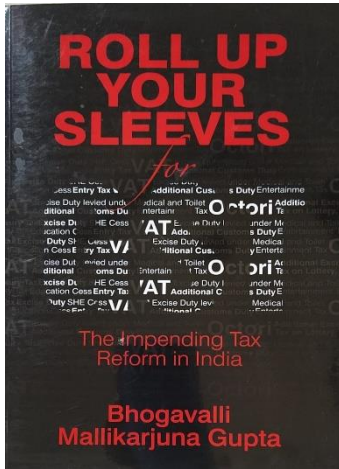
vCFO, GST & Management Consultant

Advisor @ COMQUO, a startup in compliance profiling of business partners

Member of

- GST Grievance Redressal Committee – Telangana
- Expert Member for Technology Development Fund Scheme of DRDO
- Corporate Laws & IBC and GST & Customs Committees at FTCCI Federation of Telangana Chambers of Commerce & Industry)
- Resource Person/Faculty - Institute of Cost Accountants of India, Regional Training Institute (CAG Auditors), National Academy of Customs, Indirect Taxes & Narcotics, Indian Navy and National Institute for Micro Small and Medium Enterprises (NI-MSME)

Books – Authored/Co Authored



My Coordinates



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to improve and communicate more effectively

