

# 50K notices sent to cos after GST audit

It's first comprehensive audit exercise by GST authorities

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**T**he goods and services tax (GST) authorities have issued around 50,000 show-cause notices (SCN) to several companies and partnership firms across sectors, including real estate and jewellery, following the findings of an audit exercise they started earlier this financial year.

This is the first comprehensive audit exercise since the inception of the GST regime. It has covered annual GST returns filed by firms in the first two years of the tax regime —2017-18 and 2018-19; in some cases, the audit has even covered 2019-20 and 2020-21. Annual GST returns for 2020-21 were filed in December 2021.

Audit of companies by the GST authorities is in addition to the GST audit that firms do if the turnover of registered taxpayers is ₹2 crore and above in a financial year.

The show-cause notices have been served after scrutinising several documents during the audit under different Sections of the Central GST (CGST) Act, depending on the issue being flagged during the audit, said a government official privy to the development.

The notices served could be for different reasons, including mis-declaration, tax not paid, short-payment, wrongly availed input-tax credit, incorrect classification of goods/services and export items, mismatch in sale

## UNDER SCANNER

▶ The auditing exercise by central GST officials covers annual returns for 2017-18 and 2018-19

▶ In some cases, returns for 2019-20 and 2020-21 have also been reviewed

▶ Authorities have scrutinised about 100,000 accounts

▶ Assesseees asked to furnish explanations before the department in 15-30 days

▶ State GST officials, too, have started audit exercise



ILLUSTRATION: AJAY MOHANTY

and purchase of items, and so on. Issues and causes differ from companies to companies, another official said.

"Until September, around 20,000 notices had been served to firms where inconsistencies were found. Over 30,000 notices were issued after that. The exercise is ongoing as an audit is done in three months for large businesses; sometimes it goes on for six months if there are complexities. Small businesses audit concludes in a few weeks. Such exercises are significant as they help detect irregularities and fix business issues, and improve returns," said one of the officials cited above.

The department is learnt to have scrutinised about 100,000 GST registered accounts and

## CBIC detects ₹62K crore of evasion using fake invoices

Tax authorities have detected ₹62,000 crore worth of GST evasion using fake invoices during the past three years, said a senior official of the Central Board of Indirect Taxes and Customs. This is the primary reason the government has kept such offences out of the increased monetary threshold of ₹2 crore in the GST Council meeting on Saturday.

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accordingly picked them up for auditing.

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