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Section 66 of CGST Act, 2017 read with Rule 102

| Section 66: Special audit | |
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| Section 66(1) | 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 has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing 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. |
| Rule 102: Special Audit | |
| Rule 102(1) | Where special audit is required to be conducted in accordance with the provisions of section 66, the officer referred to in the said section shall issue a direction in FORM GST ADT-03 to the registered person to get his records audited by a chartered accountant or a cost accountant specified in the said direction. |
| Section 66(1), read with Rule 102(1) Interpretation | <p>Situation warranting Special Audit</p> <p>When any officer not below the rank of Assistant Commissioner, at any stage of inquiry, investigation or any other proceeding before him, has the opinion that:</p> <ul style="list-style-type: none">➤ The turnover has not been correctly declared, or➤ The credit availed is not within the normal limits <p>Then, in such cases, the officer with the prior approval of the commissioner, will communicate to the registered person, to get his accounts audited by a Chartered Accountant or Cost accountant as may be nominated by the Commissioner. Such intimation is to be given in ADT-03 to the registered person by the authorized officer.</p> |
| Section 66(2) | <p>The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the said Assistant Commissioner mentioning therein such other particulars as may be specified:</p> <p>Provided that the Assistant Commissioner may, on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days.</p> |
| Rule 102(2) | On conclusion of the special audit, the registered person shall be informed of the findings of the special audit in FORM GST ADT-04. |

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| Section 66(2) read with Rule 102(2) Interpretation | <p><u>Time limit for completion of special audit</u></p> <p>The appointed CA or CMA shall submit the duly signed & certified Audit report within 90 days to the Assistant commissioner. The said period of 90 days may be further extended up to 90 days by Assistant commissioner on the application made by such registered person or CA or CMA on material and sufficient reasons shown to him.</p> <p>Further on conclusion of Special Audit, the Registered person shall be informed of the finding of the special audit in ADT-04.</p> |
| Section 66(3) | The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the registered person have been audited under any other provisions of this Act or any other law for the time being in force. |
| Section 66(3) Interpretation | <p><u>Special audit to have overriding effects</u></p> <p>Audit under section 66(1) may be conducted irrespective of the fact that the Books of Accounts have earlier been audited under any other provision of law, like:</p> <ul style="list-style-type: none"> • Books of Accounts audited under the Companies act, or • Books of Accounts audited under the Income Tax Act, or • Any other law, for the time being in force |
| Section 66(4) | The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit under sub-section (1) which is proposed to be used in any proceedings against him under this Act or the rules made thereunder. |
| Section 66(4) Interpretation | <p><u>Opportunity of being heard to registered person</u></p> <p>The opportunity of being heard must be given to the registered person, in respect of any material gathered which is proposed to be used in any proceedings against him, during special audit.</p> |
| Section 66(5) | The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final. |
| Section 66(5) Interpretation | <p><u>Expenses of special Audit</u></p> <p>The expenses related to special audit including Auditor's Remuneration shall be determined and paid by the Commissioner.</p> |
| Section 66(6) | Where the special audit conducted under sub-section (1) 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. |
| Section 66(5) Interpretation | <p><u>Consequences of Special Audit Findings</u></p> <p>During the course of Audit, if the Auditors has detected any non-payment or short payment, or tax erroneously refunded, ITC wrongly claimed, then the proper officer may initiate action under section 73 & 74 for demand and recovery of such amount in default.</p> |

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