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Section 71 of CGST Act, 2017



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71. Access to business premises.

(1) Any officer under this Act, authorised by the proper officer not below the rank of Joint Commissioner, shall have access to any place of business of a registered person to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.

(2) Every person in charge of place referred to in sub-section (1) shall, on demand, make available to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66—

- i. such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;
- ii. trial balance or its equivalent;
- iii. statements of annual financial accounts, duly audited, wherever required;
- iv. cost audit report, if any, under section 148 of the Companies Act, 2013 (18 of 2013);
- v. the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961; (43 of 1961) and
- vi. any other relevant record,

for the scrutiny by the officer or audit party or the chartered accountant or cost accountant within a period not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.

Our Interpretation

Section 71(1)	<p><u>Access to business premises</u></p> <p>The term 'access' has not been defined in the GST law. 'Access' literally means approach or the means or power of approaching.</p> <p>Any proper officer duly authorized by the Joint Commissioner of GST is empowered to have access to any business premises. Such authorization shall be in writing and shall be restricted to business premises of the taxable person.</p>
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The proper officer has the power to access any place of business of a registered person to inspect its:

- books of account,
- documents, computers,
- computer programs,
- computer software whether installed in a computer or otherwise, and
- such other things,

for the purposes of carrying out any:

- audit,
- scrutiny,
- verification and checks

to safeguard the interest of revenue.

This provision facilitates access to a business premise which is not registered by a taxable person as a principal or additional place of business but has books of accounts, documents, computers etc which are required for audit or verification of accounts of a taxable person.

The Government have been issuing guidelines in the form of Standard Operating Procedures (SOP's) in relation to inspection of business premises. Such SOP's generally provide guidance on the following issues:

- Circumstances under which the access to the business premises of registered persons is available
- Proper officer to issue authorization for access to the business premises of a registered person and the officer to whom such authorization can be given
- Conditions required to be satisfied before issue of access authorization
- Procedure for issue of authorization for access to the business premises of a registered person
- Issue of system based access authorization
- Maintenance of access registers
- Procedure to be followed by authorized officer after receiving the access authorization
- Post access procedure to be followed by authorized officer
- Initiation of assessment proceedings after completion of process of visit

Section
71(2)

Duty of person in charge of premises

Every person in charge of place of business has to make available the following documents, on demand made by the proper officer, or the audit party deputed by the Additional/Joint Commissioner, or a CA/CMA nominated to carry out special audit:

- the records as prepared or maintained by the registered taxable person
- trial balance or its equivalent
- Statements of annual financial accounts, duly audited, wherever required
- cost audit report, if any, under section 148 of the Companies Act, 2013
- income-tax audit report under section 44AB of the Income-Tax Act, 1961
- and any other relevant record

The records / documents should generally be made available within 15 working days of requisition or extended period as may be allowed by the said officers/audit party/chartered accountant /cost accountant for the purpose of scrutiny or audit.

If any other relevant records are maintained at the said premises, they may also be required to be produced.

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