Audit - CA Final, May 2026

*Audit under GST (**Section 65-66 + Rules 101-102**)*

Sec	Section Heading	Key Pointers / Remarks
1. *Concept & Scope of Audit*		
2(13)	***Audit – Definition***	***Statutory compliance examination*** → *Examination of records, returns & documents maintained/furnished by **registered person**.* • ***Cross-statute reach*** → *includes records under* any other law. • ***Dual objective*** → *(i)* ***Quantitative verification*** *(turnover, tax, refund, ITC) (ii)* ***Qualitative compliance assessment.*** Audit ≠ Adjudication; fact-finding stage preceding Sec 73/74/74A.
2. Types of Audit *[M.Imp]*		

- **Sec. 65** | **General Audit** *(routine control) – for **Administrative Oversight*** | **Department Audit** - *by Commissioner / Authorised Officer*
- **Sec. 66** | **Specific Audit** *(exceptional intervention – by* PO (≥ AC) + *with approval of Commissoner)* – when ***Pending Proceedings → Complexity & Revenue Concern*** | **Professional Audit** - *by CA/CMA*

Basis	Section 65 – Audit by Tax Authorities	Section 66 – Special Audit
Statutory Framework	Sec. 65 r/w Rule 101	Sec. 66 r/w Rule 102
Nature & Objective	**Departmental compliance audit** of any RP	**Expert-based audit in complex / revenue-sensitive cases** of any RP

		Operates notwithstanding audit under GST or other law Cost borne by Government
Trigger & Stage	Commissioner-directed audit (independent power)	During scrutiny / inquiry / investigation / other proceedings
Authority & Approval Structure	**Commissioner** (or **authorised officer) initiates**	**Proper Officer** (≥ AC) **forms opinion + prior approval of Commissioner**
Grounds / Basis	No complexity condition required	**Complexity of case + interest of revenue** + incorrect valuation OR abnormal ITC
Audit Performer	**Departmental officer (with team)**	**CA / CMA nominated by Commissioner**
Audit Period Scope	**Financial year / part / multiples (Rule 101(1))**	**Case-specific examination** ***(not FY-bound)***
Initiation (Form + Notice)	**ADT-01 + 15 working days prior notice** (Sec. 65(3))	**ADT-03** written direction *(*no 15-day rule)*
Commencement Rule	**Later** of: **records made available** OR **institution at PoB**	**From date of direction for special audit.** *(*implied)*
Time Limit for Audit Completion ***(& Extension)***	**3 months** **+ extension up to 6 months** *(reasons recorded in writing by Commissioner)*	**90 days** **+ extension up to 90 days** *(on application by RP / CA / CMA / sufficient reason)*
Communication ***of Audit Findings***	**ADT-02 within 30 days of conclusion**	**ADT-04 on conclusion.** *(*no 30-day rule)*
Post-Audit Consequence	**If detection → Proceedings under Sec. 73 / 74 / 74A**	**Same consequence → Sec. 73 / 74 / 74A**

Technical Issue:

Audit on De-Registered Person – *for the period when he was registered*

Issue: Whether audit can be initiated after cancellation of GST registration for a period when the person was registered — does "registered person" mean **currently registered** or **registered during the audited period**?

- **Section 65 (Regular Audit): Judicial divergence** — *Madras HC (Restrictive View)* holds audit impermissible post-cancellation; *Bombay HC (Expansive View)* permits audit for the financial year when registration was active, relying on **Rule 101 (period-based audit)** and **Section 29(3) (survival of liability)**.

- **Section 66 (Special Audit):** Proceeding-triggered provision; where **Sections 61 / 67 / 70 / 73 / 74** proceedings survive cancellation, special audit — being ancillary — logically survives as a verification tool for that period.

- ***Logical Position:*** **Cancellation ends registration status, not statutory liability; where liability survives, verification mechanisms under Sections 65 and 66 should logically survive, subject to judicial interpretation.**