

SECTION 99A: AUDIT

The PO may carry out the audit of assessment of imported goods or export goods or of an auditee under this Act either in his office or in the premises of the auditee in such manner as may be prescribed.

Auditee to preserve and make available relevant documents :-

- Auditee is to preserve following records for conduct of an audit for a period of **5 years**
 - true and correct information
 - records including electronic records
 - documents or accounts
- The auditee shall **render assistance** and cannot refuse the PO or his team in discharging their duty

Selection for Audit:-

The selection of auditee is based on risk evaluation though appropriate selectively criteria.

Manner of conducting audit:-

1. **Audit Location:** The PO may conduct the audit in their office or at the auditee's premises.
2. **Document Request:** The auditee may be asked to provide documents, records, or information, including electronic formats.
3. **Advance Notice:** A minimum of 15 days' advance notice is given to the auditee before conducting the audit.
4. **Inspection:** The officer may inspect imported/exported goods or request samples from the auditee if necessary.
5. **Clarifications:** The officer must inform the auditee of objections and allow them to clarify with supporting documents.
6. **Voluntary Payments:** If the auditee agrees with the audit findings, they can make voluntary payments, which must be reflected in the report.
7. **Mandatory Compliance:** Auditees must comply with furnishing requested information/documents for audit completion.
8. **Completion Timeline:** Audits at the auditee's premises must be completed within 30 days. Extensions up to 60 days can be approved by the jurisdictional comm.

Assistance of Professionals:-

If the PO, having regard to the nature and complexity of the audit,

- is of the opinion that the audit has to be done
- with the assistance of a professional or expert
- may do so, with the previous approval of the PC/Comm.

Penalty

Penalty shall **extend to ₹ 50,000** if any provision contravenes by Auditee.

Types of Audit-Transaction Based Audit (TBA) and Premise Based Audit (PBA)**1. Transaction-Based Audit (TBA):**

- Focuses on auditing specific transactions.
- Can later convert to Premises-Based Audit (PBA).

2. Premises-Based Audit (PBA):

- Conducted under Section 99A of the Customs Act, 1962.
- Reviews import/export over a period, financial statements, and contracts.
- Involves examining related entities concerned with import/export activities.
- It also enable the department to bridge the communication divide and usher in a new era of partnership with trade.
- Further, Board may also select any criteria or Theme for the audit

Executive Commissionerates to assist Audit Commissionerates

1. Support in Audits: Executive Commissioners assist Audit Commissionerates in conducting theme-based and premises-based audits.

2. Chief Commissioners' Role:

Oversee and monitor audit progress and performance.

Review 5% of audit reports selected randomly from quarterly submissions to ensure compliance with procedures.

SECTION 99B: Verification of identity and compliance thereof

1. Purpose: POs may verify a person's identity for revenue protection or anti-smuggling measures.

2. Verification Methods:

- Aadhaar authentication or submission of prescribed documents / information.
- Alternative means of identification allowed if Aadhaar authentication fails due to technical or other reasons.

3. Exemptions: Sub-section (1) doesn't apply to specific persons or classes as prescribed.

4. Authority to Suspend Benefits:

- The PC or Comm. can suspend various benefits if a person fails to:
 - Comply with requirements or submits incorrect documents/information.

5. Suspended Benefits:

- Benefits that can be suspended include:
 - Clearance of imported/exported goods
 - Sanction of refund, drawback, or exemption from duty
 - Licenses or registrations under the Act
 - Any import/export-related monetary benefits

6. Failure to Authenticate: If the person fails to authenticate their information as required, they may be denied all of the above benefits.

7. Duration of Suspension: Suspension remains until the person complies with the requirements or provides correct documents/information.

8. Aadhaar Number Definition: The term "Aadhaar number" refers to the unique ID number under the Aadhaar Act (2016).