

Jest Audit Manual

MAY 03, 2023

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THE

GST Council recently uploaded the 'Model All India GST Audit Manual 2023' prepared by the CoO on GST Audits. If you are not very familiar with CoO, it stands for 'Committee of Officers'.

The foreword to the manual states:

In taxation of goods and services (not as "activities", per se, but as "objects" or "events"), that had led to not only tax inefficiency had also interfered in investment decisions of businesses. (Did you understand that? If not, that's all about audit!)

Audit is also a specialized exercise which requires not only sound knowledge in law but also demands adequate skill. To facilitate all the States and the Centre in respect of audit in GST, a task of preparation of a comprehensive All India Model GST Audit Manual was allotted to the Committee of Officers on GST Audit.

The guidelines provided in the manual are intended to enable audit officers to carry out effective audits in a uniform, efficient and comprehensive manner adopting the best practices of the States and the Centre, as well as international practices.

The objective of this manual is to provide insights into the principles and procedures of audit and to give a holistic view of the entire process.

This manual has been designed to cater to a systematic workflow of audit, ranging from brief criteria of selection to the completion of the process.

What is Audit? The manual explains :

Audit is defined as, "a

detailed examination of records, returns and other documents maintained or furnished by the taxable person under this Act or Rules made thereunder or under any other law for the time being in force to verify, inter alia, the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or rules made thereunder".

Hence, GST audit is not restricted to the reconciliation of only the tax liability & payment of tax by a taxable person, but its scope is also extended to assessment with reference to the provisions of GST laws.

What they don't teach you in NACIN. The Audit Manual has no tips like:

- The auditor is the Hero and should show up to the taxpayer's office in a grand manner but avoid provocation.
- Auditors should avoid using jargon. Auditors love jargons, but taxpayers don't.
- You should "look before you leap" as eyeballing the numbers is not just for your optician.

- Observation is a powerful audit tool and auditors should watch for signs of deceit, like crossed fingers or nose-scratching.
- Auditors should use simple language; they should speak the taxpayers' language, even if it's not in the ISO 9001 language manual.
- Auditors should document findings properly and they should not be copy-pasting their own reports from previous audits.
- Auditors should listen actively and 'nodding your head and pretending to listen' is not enough.
- Use bullet points liberally...unless you're dealing with actual bullets.
- Auditors should avoid conflicts of interest; if your aunt owns the company, it's best to recuse yourself from the audit.
- Auditors should avoid jumping to conclusions...unless they happen to be trained in the long jump.

Some expressions not defined in the Manual:

Sampling error :- blaming the sample when the auditor is wrong.

Control deficiency : - when an auditor realizes that the only thing out of control is the length of the audit report.

Compliance testing : - when an auditor tries to find a needle in a haystack, and ends up with a handful of hay.

Risk assessment : - when an auditor stares at a blank piece of paper for hours, trying to figure out where to start.

The Lighter Manual:

The 'Model All India GST Audit Manual 2023' is a bulky serious document of 286 pages in nine chapters and eighteen annexures. To make it a little lighter, maybe this could be the format: -

Introduction :

Congratulations! You've been chosen to embark on a wild and wacky adventure known as the GST audit. This manual will serve as your trusted guide through the treacherous terrain of taxation.

Chapter 1: Getting Started:

Before you begin your audit, make sure you have all the necessary tools at your disposal: a calculator, a pen, and a healthy dose of caffeine. And don't forget your sense of humour - you'll need it.

Chapter 2: The Audit Process:

The audit process is like a roller coaster ride. There will be ups and downs, twists and turns, and at times, you may feel like you're about to lose your lunch. But hang in there - the end result will be worth it.

Chapter 3: Common Mistakes:

No one is perfect, not even the GST Auditor. In this chapter, we'll highlight some common mistakes to avoid during your audit, such as forgetting to carry the one, or accidentally hitting the delete button on your spreadsheet.

Chapter 4: Tips and Tricks:

In this chapter, we'll share some insider tips and tricks to help you navigate the murky waters of GST. For example, did you know that wearing a lucky pair of socks can improve your auditing skills?

Chapter 5: Surviving the Audit:

In this chapter, we'll give you some survival tips for getting through the audit process unscathed. Bring a packed lunch, wear comfortable shoes, and if all else fails, pretend you're in a spy movie and you're on a top-secret mission.

Chapter 6: Dealing with Difficult taxpayers:

Ah, the difficult taxpayer - the bane of every auditor's existence. In this chapter, we'll teach you some mind tricks for dealing with these pesky individuals. Remember, you are supposed to behave as if the taxpayers are always right, but that doesn't mean they're not annoying.

Chapter 7: The Art of Creativity:

Auditing may seem like a dry and boring process, but it doesn't have to be. In this chapter, we'll explore the creative side of auditing. Why not turn your spreadsheet into a work of art? Or compose a catchy jingle about GST? The possibilities are endless.

Chapter 8: Conducting the Opening Meeting:

It's like the first day of school, but instead of a teacher, you're the auditor, and instead of a classroom, you're in someone's office. We'll help you navigate the awkwardness of introducing yourself, explaining what you're doing there, and making sure everyone knows where the bathroom is.

Chapter 9: Embracing the Madness:

Let's face it - auditing is a crazy, unpredictable ride. In this chapter, we'll teach you how to embrace the madness and go with the flow.

Chapter 10: The Aftermath:

Congratulations, you've survived the GST audit! But what now? In this chapter, we'll give you some tips for recovering from the audit process. Treat yourself to a spa day, take up yoga, or start planning your next vacation. You deserve it!

Chapter 11: The Audit Report:

Ah, the audit report - the document that strikes fear into the hearts of taxpayers. In this chapter, we'll show you how to make the audit report less daunting and more approachable. Consider adding a few emojis or a witty pun to lighten the mood.

Chapter 12: Handling Audit Anxiety:

Auditing can be a nerve-wracking experience, especially if you're new to the game. In this chapter, we'll teach you some relaxation techniques for handling audit anxiety. Try deep breathing, yoga, or imagining your taxpayers and your bosses in clown costumes - whatever works!

Chapter 13: The Power of Laughter:

Laughter is the best medicine, even when it comes to auditing. In this chapter, we'll explore the power of humour in the audit process. Consider telling a joke or two during the audit - it may not make you the funniest auditor in the world, but it can make the process more enjoyable for everyone involved.

Chapter 14: A Guide to Auditing in Style:

Who says auditing has to be drab and boring? In this chapter, we'll show you how to audit in style. Wear a tie, sport a brightly coloured blazer, or bring your pet goldfish to the audit. Just remember, style is subjective - what works for you may not work for everyone else.

Chapter 15: The Final Frontier:

Auditing may seem like the final frontier, but it's just the beginning. In this chapter, we'll explore the possibilities that lie beyond the audit process. Who knows - you may just discover your true calling as a stand-up comedian, a professional yodeller, or a Bollywood dancer. The

sky's the limit!

Chapter 16: The Secret Life of Auditors:

Ever wondered what auditors do when they're not auditing? In this chapter, we'll take a peek into the secret life of auditors. Some may take up extreme sports, others may practice the art of meditation. The possibilities are endless!

Chapter 17: The Dos and Don'ts of Auditing:

In this chapter, we'll give you some dos and don'ts for auditing. Don't fall asleep during the audit. Do keep an open mind. Don't comment on the taxpayer's taste in music.

Chapter 18: The Auditing Olympics:

Auditing may not be an Olympic sport, but that doesn't mean you can't compete like an athlete. In this chapter, we'll explore the world of auditing competitions. From speed-auditing to spreadsheet races, these events can bring out the best in even the most competitive auditors.

Chapter 19: The Future of Auditing:

What does the future hold for auditing? In this chapter, we'll take a speculative look at the future of Auditing. Will robots replace auditors? Will audits take place in virtual reality? Only time will tell, but one thing is certain - auditing will continue to be an important part of the GST World.

Chapter 20: The End... Or Is It?:

Congratulations, you've reached the end of the GST Audit Manual... or have you? In this final chapter, we'll leave you with a cliff-hanger ending. Will you continue on your auditing journey? Will you switch careers and become a professional wrestler? The choice is yours. Just remember, auditing is not just a job - it's an adventure.

The manual will end with a flowchart that illustrates the various steps involved in audit planning, with the final step being "pray for success."

Until Next week