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File No. SGST/2726/2023-PLC11

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Circular No.12/2023**Sub:-** KSGST Act, 2017- Procedure to be followed by the Audit

Monitoring Committee (AMC) for completing the

Audit procedure under section 65 of the KSGST Act,

2017- Instructions-R eg.

Ref:- 1. G.O (Ms) No. 55/2022/Taxes dated 02.08.2022.2. Circular No. 05/2023 dated 08.01.2023 of the Commissioner
of State Tax

1. As per the G.O. refer red to above, the Government of Kerala has granted sanction to restructure the State Goods and Service Tax Department, including the establishment of 140 audit team. Further, the government also directed the Additional Commissioner (Audit) to conduct monthly audit monitoring committee meetings for each audit Joint Commissioner jurisdiction.

2. An audit is considered com plete when the department finalizes an audit report that may include objections identified during the audit. However, prior to finalizing the objections, the initial objections raised by the audit team may be discussed by a committee of officers in a monthly or periodic meeting known as the "Audit Monitoring Committee (AMC)." The Chairperson of the AMC will be

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the Additional Commissioner (Audit) at the Audit Headquarters in Ernakulam. Therefore, in accordance with the audit scheme and to ensure transparency, the Draft Audit Report (DAR) should be deliberated upon in the AMC before issuing the Final Audit Report (FAR) in FORM GST ADT-02. The implementation of the AMC system will help reduce unproductive disputes and standardize practices.

3. In the given circumstances, the Commissioner of State Tax, exercising the powers conferred by Section 168 of the Kerala State Goods and Services Tax Act, 2017, hereby prescribes the procedures for the conduct of the monthly meeting of the AMC as follows:

i. On conclusion of the verification, preferably within 5 working days, the Deputy Commissioner of the Audit Division, with the help of the respective audit team, shall draw up a DAR containing the observations made in the course of the audit after considering explanations and documents provided by the auditee in respect of such discrepancies, along with the legal provisions and revenue impact. Where any finding is based on any circulars, clarifications, or notifications, the same shall be referred to in the DAR. The DAR shall be submitted to the Zonal Joint Commissioner (Audit) through e-office or email within 7 working days from the date of conclusion of verification. A copy of the DAR shall be forwarded to the respective jurisdictional Joint Commissioner, Taxpayer Services, and to the respective jurisdictional officers (Assistant Commissioner/State Tax Officer, Assistant State Tax Officer/Deputy State Tax Office, Taxpayer Services Circle) of the taxpayer.

ii. The Zonal Joint Commissioner (Audit) shall promptly transmit the DAR to the Audit Headquarters via e-office or email within 3 working days upon receiving it from the Audit Division. The transmission should include any specific remarks, if applicable.

iii. Upon receiving the DAR, the jurisdictional officer of the Taxpayer Services Circle shall carefully review the audit findings.

iv. The Monitoring Committee Meeting (MCM), which is the meeting of the AMC, shall be organized every month by the Chairperson of the AMC, either physically or virtually. The Chairperson will communicate the schedule, venue, or mode of the meeting well in advance, preferably at least 7 days prior to the meeting.

v. If necessary, the Chairperson of the AMC may exercise their discretion to schedule more than one meeting in a month.

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vi. The Audit Monitoring Committee (AMC) shall be composed of the following members:

Chairperson and Convenor	[The Additional Commissioner of State Tax (Audit)]
Special Invitees	<ol style="list-style-type: none"> 1. Commissioner of State GST 2. Special Commissioner 3. Additional Commissioner -1
Members	<ol style="list-style-type: none"> 1. All Zonal Joint Commissioner of State Tax (Audit) 2. Jurisdictional Joint Commissioner of State Tax, Taxpayer Services 3. Deputy Commissioner of State Tax (Audit) of the concerned Audit Division 4. Concerned Audit Team 5. Jurisdictional officers of the taxpayer: Divisional Deputy Commissioner, Assistant Commissioner / State Tax Officer and Assistant State Tax Officer/Deputy State Tax Office, Taxpayer Services Circle 6. Officers of the Audit Headquarters nominated by the Additional Commissioner (Audit)

vii. The Chairperson of the AMC may invite any expert officer from the department to the MCM to discuss a specific case, if necessary.

viii. The DAR will be reviewed during the MCM with the relevant Audit team.

ix. During the MCM, the Joint Commissioner of State Tax, Taxpayer Services, respective Divisional Deputy Commissioner and the jurisdictional officers of the Taxpayer Services Circle, on behalf of the auditee, may raise any objections they have against the audit findings.

x. The MCM will verify the sustainability/applicability of the observations and legal provisions mentioned in the DAR during the audit period. Following discussions, the MCM will make decisions regarding the observations made by the audit team.

- xi. The MCM may identify certain additional areas that require further examination by the audit team before finalizing the audit paragraphs, if any.
- xii. The decision made by the MCM regarding the settlement of audit objections, including the recovery of all dues or dropping of unsustainable audit objections, shall be considered final.
- xiii. In the event of any disagreement among the members of the AMC regarding any audit findings, the Chairperson will make the final decision on such matters.
- Xiv. The Chairperson of the AMC shall keep a record of the attendance of members, and these details shall be documented in the minutes of the meeting.
- xv. The minutes, which include the decisions made on each observation discussed during the meeting, shall be communicated to all the members present at the MCM within seven working days from the date of the MCM.
- xvi. Upon receiving the minutes based on the discussions held in the MCM, the Deputy Commissioner of the relevant Audit Division, with the assistance of the respective Audit Team, will finalize the observations and prepare the Final Audit Report (FAR) within five working days.
- xvii. The Deputy Commissioner of the respective Audit Division, who is the proper officer, shall serve the Final Audit Report (FAR) in FORM GST ADT-02 to the auditee through the common portal within seven working days upon receiving the minutes.
4. This circular shall be deemed to be effective from 10.01.2023.



COMMISSIONER

To:

All Concerned