

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES:  
ORISSA, CUTTACK.**

No.III(I)52/09 12492 /CT

Dt.08/07/2009

**CIRCULAR**

To

**All the JCCTs.**

**Sub: Audit check sheet (for audit of TIN dealers).**

Instances have come to the notice of this office that the audit reports submitted so far were not comprehensive and qualitative. It implies that audit was not conducted in proper manner by covering all relevant aspects of accounts. Considering the expediency of the situation, an audit check sheet has been developed for guidance of all concerned after inviting suggestions from all the Joint Commissioners and incorporating those in the check sheet.

A copy of the audit check sheet is enclosed herewith which may be circulated among all the ACSTs, STOs and ASTOs working under your jurisdiction for information and reference. All officers should be suitably instructed to conduct audit and submit audit report along with a copy of the Audit Check Sheet duly filled in which shall form part of the Audit Visit Report. The audit check sheet will not only guide the officers conducting audit but will also be a handy tool in drafting the audit assessment order. Therefore, compulsory use of audit check sheet for conducting tax audit may be insisted upon to make the audit and audit report meaningful and uniform. The JCSTs / ACSTs while accepting audit reports shall ensure submission of Audit Check Sheet along with the Audit Visit Report.

It is hereby instructed that, on completion of audit, Audit Visit Report of LTU dealers shall be submitted to the Joint Commissioner of the Range and in case of other TIN dealers, Audit Visit Report shall be submitted to the respective Assistant Commissioner of the Circle. Accordingly, the heads of each of the audit team constituted by you may be suitably instructed to submit audit reports as instructed above. On receipt of audit report of LTU dealers, the Joint Commissioner shall allocate the reports for assessment between the Deputy Commissioner in charge of LTU and himself. Similarly, the Assistant Commissioner of the Circle shall allocate the audit reports among the Sales Tax Officers of the Circle and shall retain some reports for assessment by himself. While making such allocation, care shall be taken not to allocate the Audit Visit Report to the Sales Tax Officers who was a member of the audit team for audit of the said dealer.

The aforesaid instructions shall be followed scrupulously by all concerned.

**Sd/-**  
**(T.K Pandey)**  
**Commissioner of Commercial Taxes,**  
**Orissa, Cuttack.**

## **AUDIT CHECK SHEET**

**(For audit of TIN dealers)**

Name of the Head of the audit team with designation:

Names of other officers of the team with designation:

(i)

(ii)

(iii)

1. Name and address of the dealer with TIN:
2. Whether applied for refund u/r 65/66 (Yes/No)?  
If yes, (a) Amount of refund claimed (i) u/r 65:  
(ii) u/r 66:  
(b) Date of refund application:

3. Date of issue of notice in (i) Form VAT-301:  
(ii) Form E-25:

4. Date of service of notice on the dealer:

5. (a) Date of commencement of Audit:

(b) Date of completion of Audit:

6. Tax period(s) for which Audit is conducted:

From	To

7. Status of business (Please tick mark whichever is applicable)

Proprietorship	Partnership	HUF	Public Ltd. Company	Private Ltd. Company	Cooperative Society	Any other (specify)

8. Name & Designation of the Authorized person /  
person (s) present at the time of audit:

9. Nature of business:

**(Tick mark as applicable)**

Trading	Manufacturing	Leasing	Mining	Works contract	Restaurant	Any other (Specify)

- 10.

- (a) Place of business as per Registration Certificate
- (b) Additional place of business / godown as per Registration Certificate
- (c) Any application for amendment of additional place of business or godown pending for disposal but dealer utilizing that place as additional place of business
- (d) Any place / godown detected which the dealer has not declared but using it as place of business / godown.


11. Findings / observations on books of accounts (including accounts maintained electronically):

A.

Name of the books of accounts / registers maintained	Maintained up to which date last invoice / challan / bill, etc entered	Total No. of invoice, challan, bill etc. received / issued, but not entered	Value of such invoice / challan bill etc. not entered	Adverse Remark / Observation if any for such non-entry
(1)	(2)	(3)	(4)	(5)
Purchase register				
Receipt Register				
Sale Register				
Despatch register				
Challan register				
Stock register				
Any other register (specify)				

B.

	Last one issued with number and date
Tax invoice	
Retail invoice	
Challan	

C. Cash book and cash verification

Maintained up to which date	Closing balance on the date last maintained	Details of Closing balance		Cash found on verification	Discrepancy noticed, if any
		Cash in hand	Cash in bank		

D. Bank accounts

Sl. No.	Name of the bank	Account No.	Updated upto which date	Closing Balance up to the date maintained	Discrepancy noticed, if any w.r.t. the bank balance as per cash book**
1.					
2.					
3.					
4.					
5.					

\* where cash book is maintained, the Audit Team is required to verify the bank account, physical cash available on the date of visit and other cash transactions reflected in the cash book with reference to the sales and purchases and to give their views.

\*\* where bank accounts are not updated, the audit team is required to call for updated bank statement and also to reconcile the balance with actual cash transactions i.e. deposits and withdrawals in the pipe line are to be reconciled to arrive at the correct balance.

**12. Physical stock verification**

Sl. No.	Description of goods	Physical stock found		Stock position as per the stock register maintained ***	Discrepancy noticed, if any	Reasons and views of audit
		As per actual counting / measurement*	As per best estimate**			
i.						
ii.						
iii.						
iv.						

\* The units of measurement i.e. number, dozen, cases, k.g, liters and quintals etc. are to be mentioned.

\*\* The basis of estimate needs be mentioned clearly in the audit visit summary.

\*\*\* where stock account is not maintained or where detailed stock verification is not possible, the audit team to examine the correctness of the stock of some selected items by applying their prudence.

**13. Details of purchases during the period under audit**

a) WITHIN THE STATE	As per return		As per audit		
	Value excluding tax (As per the returns)	Input tax	Value as per Audit (based on actual verification)	Input tax as per Audit	Discrepancy noticed, amount involved (give detail remarks in the summary of audit visit report)
1% tax rate					
4% tax rate (non MRP goods)					
4% MRP goods (as per MRP value)					
12.5% tax rate					
Capital goods					
Goods for sale by transfer of right to use					
Exempt goods					
Schedule C goods					
Local purchase of goods from unregistered sources					
<b>Total</b>					

**b) Purchase / receipt from out side the state (Trading dealers only)**

	Purchase	Stock transfer value	Purchase in course of import	Value as per Return (v) = (ii+iii+iv)	Value as per Audit	Discrepancy noticed, if any
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
(1) Tax exempted						
(2) 1% taxable						
(3) 4% taxable						
(4) 12.5% taxable						
(5) Schedule						

'C' goods						
(6) Capital goods						
<b>Total</b>						
<b>Grand Total</b>						

c) Purchase* / receipt from out side the state (Manufacturer only)					
As per return					
Purchase	Stock transfer	Purchase in course of import	Total	Value as per books of accounts	Discrepancy noticed, if any
(i)	(ii)	(iii)	(iv) = ( i+ii+iii)	(v)	(vi)

\* Audit to quantify the total purchase of capital goods separately.

**14. Details of sale / transfer during the period under audit**

SALE WITHIN THE STATE					
	Value excluding tax (As per the returns)	Output Tax	Value as per Audit (based on actual verification)	Output Tax	Discrepancy noticed, amount involved (give only value) (other detail remarks be given in the summary of audit visit report)
1% tax rate					
4% tax rate excluding MRP goods					
12.5% tax rate excluding MRP goods					
Sale of goods on which tax collected on MRP					
Exempt goods					
Schedule C goods					
Capital goods					
Sale by transfer of right to use					
Value of goods subject to tax u/s 12*					
<b>Total</b>					

\* - audit to indicate the amount which is subject to levy of tax u/s 12 of Orissa Value Added Tax Act

**15. Input Tax Credit**

	As per return	As per audit	Reasons in brief for difference for between audit figures and return figures (detailed reasons may be furnished in the in the summary of the report )
(1) *Opening balance ( as at sl. No.5 of the return of the first tax period taken up for audit) (Here check the c/f balance of the preceding tax period)			
(2) Add (+) ITC accrued during all the tax periods taken up for audit (excluding capital goods and goods for sale by transfer of right to use) <b>Audit team should verify all tax invoices for this purpose.</b>			
(3) Add (+)			
A. Input tax on purchase of capital goods (Sl. No.26 of the new return form of all the tax periods under audit).			
B. Input tax on goods for sale by transfer of right (Sl. No.27 of the new return form of all the tax periods under audit)			
C. Input tax on stock held on the date of registration / conversion by issue of Form VAT-608 / 01.04.2005.			
D. Increase of ITC due to receipt of debit note in all tax periods.			
E. <b>Sub-Total</b>			
(4) <b>Total ITC accrued ((1)+(2)+(3)(E))</b>			
(5) <b>Deduct</b>			
(i) Non-Creditable amount of input tax on account of branch transfer / consignment sale despatch of goods otherwise than by way of sales ( <b>Box 4(6) of Annexure I of new return form</b> ).			
(ii) Reduction of ITC in excess of CST payable, as per clause (d) to the proviso in sub-section (3) of Section 20 ( <b>as at serial 5 of Annexure II or Sl. No. 8 of Annexure-II-A of new return form</b> )			
(iii) Reduction of ITC for sale value less than corresponding purchase value as per sub-section (8-a) of Section 20 (total of column 7(e) of the table in Annexure VI or column 9(v) of Annexure VI-A whichever is applicable of new return form)			
(iv) ITC to be reversed for other reasons (as per column 8-D of Annexure –VII of new return form)			

(v)	VAT paid on goods for use in mining, generation of electricity including captive power plant.			
(vi)	VAT paid on goods which are not input			
(vii)	Decrease of ITC due to receipt of credit note			
(viii)	Non-creditable amount tax for other reasons (only amount is to be shown here, detail reasons to be discussed in summary of Audit Visit Report)			
(ix)	<b>Sub-Total</b>			
<b>(6) Net creditable input tax</b>				

<b>16. Input tax adjusted during the period under audit (Total ITC as at 15(6) – input tax carried forward in the last tax period)</b>	<b>As per return</b>			<b>As per audit</b>		
	<b>VAT (A)</b>	<b>CST (B)</b>	<b>Total (C)</b>	<b>VAT (D)</b>	<b>CST (E)</b>	<b>Total (F)</b>

<b>17. Total Net tax payable (Total out put tax – Total input tax adjusted against VAT payable)</b>	<b>As per return</b>	<b>As per audit</b>	<b>Audit Remark</b>

<b>18. Total tax paid</b>			
<b>A. Self deposit*</b>			
<b>B. TDS**</b>			
<b>C. Payment at the check gate***</b>			
<b>Total</b>			
<b>Balance tax payable</b>			

\* Annex separate statement on payment made by a dealer with reference to PCR No. and date

\*\* Particulars of TDS certificate in respect of TDS and particulars of deposit of TDS with PCR No.

\*\*\* Money receipt No. and Date and name of check gate / LP / Mobile in respect of such payment

**19. Observation on manufacturing (It is mostly subjective and audit will determine the points of audit depending on the case)**

	<b>As per books of accounts</b>	<b>As per observation of audit</b>
(a)	Description of finished goods manufactured by the dealer	
(b)	By products, if any	
(c)	Raw materials used for manufacturing of the finished goods	
(d)	Input, output ratio if any prescribed or approved by any Authority	
(e)	Whether the output ratio is as per the norms prescribed	
(f)	Rate of tax applicable on finished product	



(g)	Rate of tax admissible for byproducts		
(h)	Result of verification of Central Excise Register on the quantity manufactured		
(i)			
(j)			
(k)			

**20. Audit of statutory forms –**

**a. Waybill -**

Opening balance at the beginning of the 1 <sup>st</sup> tax period taken up for audit	No. of forms received from the office in all the tax periods under audit	No. of forms utilized as per utilization statement submitted in the office during the period under audit	Value of goods brought from outside the State in all the tax periods	Value of goods Despatched to outside the State		No. of forms pending with the dealer	Reason for pendency
				Sale	Transfer		

**b. (1) C Form -**

Opening balance	No. of forms received from the office	No. of forms utilized during the period under audit	Balance forms available with the dealer	Value of goods purchased from outside the State during the period of audit against form 'C'	No. of forms pending for issue to the selling dealer

**(2) – Check with reference to CST Registration Certificate and give findings whether Form-C has been used for goods purchased from outside the State not allowed in the CST Registration? If yes, give details.**

**Or**

**Whether goods purchased on Form-C have been utilized for the purpose other than that allowed in the CST Registration? If yes, give details.**

c. F Form -

Opening balance	No. of forms received from the office	No. of forms utilized during the period under audit	Balance forms available with the dealer	Value of goods received from outside the State during the period under audit against form 'F'	No. of forms pending for issue to the transferor

d. H Form -

Opening balance	No. of forms received from the office	No. of forms utilized during the period under audit	Balance forms available with the dealer	Value of goods purchased in course of export against form 'H'	No. of forms pending for issue to the selling dealer	Details of export

e. Any other Form like Form-I, E1 / E2 etc. prescribed under the CST Act-

Opening balance	No. of forms received from the office	No. of forms utilized during the period under audit	Balance forms available with the dealer	Value of goods involved	No. of forms pending for issue	Remarks

21. Observation On Sale / Transfer To Out Side The State

a) Interstate Sale

Nature of sale	As per return		As per Audit		Discrepancy noticed, if any (give detail remarks in the summary of audit visit report)	No. of form 'C' collected and submitted
	Sale value	Tax	Sale value	Tax		
(1) Tax exempted						
<b>(2) taxable against Form-C</b>						
(i) @ 1%						
(ii) @ 4%						
(iii) @ 3%						
(iv) @ 2%						
(3) taxable sale without Form C*						
<b>Total</b>						

\* - In case of interstate sale not supported by Form-C audit to compute the tax as per the tax rate applicable on the date of transaction (rate of tax applicable before and after 01.04.07 to be applied carefully).

**b) Stock Transfer / Consignment Sale**

	Value as per Return	Value as per Audit	No. of 'F' Form collected	Remark
i) Stock transfer against Form F				
ii) Stock transfer without Form F				

**22. Observation on export / deemed export / sale to SEZ / STP / EHTP / EOU**

Nature of sale	Description of goods	Total value of export / sale to SEZ / EHTP / STP / EOU as per return	Quantity exported / sold	Export / Sale value admissible as per audit (in Rs.)	Export / Sale Quantity admissible as per audit	Inadmissible sale, if any (State reasons in brief) (details can be summarized and annexed to the report) (in Rs.)
a) Export u/s 5(1) / 5(3) of CST Act						
b) Sale to SEZ / STP / EHTP / EOU						
<b>Grand Total</b>						

**23. A. Audit checks on direct export as referred to in Section 5(1) of the CST Act:**

Description of goods exported	Total quantity exported	Export invoice No. and date	Total export value*	Name and address of the foreign buyer
(1)	(2)	(3)	(4)	(5)

Export order number and date	Unit price in foreign currency (as per export order)	Port of lading / booking station	Port of discharge / destination	L.C No., if any
(6)	(7)	(8)	(9)	(10)

Name of the beneficiary	Name and address of the drawee Bank / branch (as per LC)	Payment realized (verify statement issued by the exporter banker)	Payment pending for realization
(11)	(12)	(13)	(14)

**B. Audit checks in case of deemed export as referred u/s 5(3) of the CST Act**

Description of goods sold in course of export	Name and address of the exporter buyer with TIN	Total quantity sold	Invoice No. and date	Total sale value
(1)	(2)	(3)	(4)	(5)

Date / dates of dispatch of goods to the exporter*	Export order number and date of the foreign buyer	Bill of lading No. and date	Port of lading / booking station	Port of discharge / destination	H Form number and date
(6)	(7)	(8)	(9)	(10)	(10)

\* Audit to compare the date of despatch with the date of export order to see whether the date of export order precedes the date of despatch of goods for the transaction to qualify as deemed export.

**C. Audit check in case of sale to SEZ / STP / EHTP / EOU**

Description of goods sold to SEZ / STP / EHTP / EOU	Total quantity sold	Invoice No. and date	Total sale value	Name and address of the dealer with TIN under the SEZ / STP / EHTP / EOU	Notification No. and date declaring it as a unit of the SEZ / STP / EHTP / EOU	Valid upto
(1)	(2)	(3)	(4)	(5)	(6)	(7)

**24. Observation on corresponding inputs (where goods are exported after manufacturing / processing):**

Sl. No.	Description of inputs	Quantity required for the goods exported / sold to SEZ / STP/ EHTP/ EOU	Corresponding Value* (in Rs.)	Corresponding input tax** (in Rs.)
1.				
2.				
3.				

\* Audit team to workout the quantity of each of the inputs required for the goods exported by adopting Standard Input Output Norms (SION) prescribed by DGFT and also to work out the proportionate purchase value and proportionate input tax from the relevant purchase bills on an average basis.

\*\* Audit team to check the total of this column with the amount of refund claimed and prepares the audit report accordingly.

**25. Export / Sale of goods to SEZ / EHTP / STP / EOU:**

Sl. No.	Description of goods	Total export / sale to SEZ / EHTP / STP / EOU (in Rs.)	Quantity exported / sold to SEZ / EHTP / STP / EOU	Corresponding purchase value* (in Rs.)	Corresponding input tax** (in Rs.)
1.					
2.					
3.					

\* Audit team to workout the proportionate purchase value and proportionate input tax from the relevant purchase bills.

\*\* Audit team to check the total of this column with the amount of refund claimed and prepare the audit report accordingly.

**Refund amount claimed**

**Refund amount admissible as per audit**

**Amount of refund found inadmissible**


**26. In case of refund of excess ITC u/r 66**

- (a) Tax periods to which the refund claim relates M.E/Q.E on
- (b) Close of the year to which the refund relates
- (c) 24 months from the close of the year to which the refund claim relates
- (d) Balance ITC at the close of the year to which the refund claim relates i.e. M.E / Q.E ending on 31.03..... (as at (b) above.)

31.03.....

(e) Balance ITC carried forward in subsequent 24 months:-

April	May	June	July	August	September

October	November	December	January	February	March

April	May	June	July	August	September

October	November	December	January	February	March

(f) Minimum balance (mention the month)

\* If the minimum balance of the any of the month is zero, refund claim is not admissible.

(g) Refund admissible as per minimum balance

(h) Amount of refund found inadmissible

27. (a) Due date of submission of audit report u/s 65 (Audit report prepared by Chartered Accountant)

(b) Actual date of submission of such report

(c) Period of delay in submission of report

28. **Statement if any recorded in course of audit visit and if so, name and status of such persons with reference to the business be given –**

**29. Summary of Audit visit findings –**

**Signature of the Head of Audit Team**

**Full Name and designation**

## AUDIT CHECK SHEET ON ENTRY TAX

### A. Total purchase / receipt of goods during all the tax periods under audit

Total purchase as per return			Total purchase as per audit			Observations
Value of Scheduled goods (in Rs.)	Value of other goods (in Rs.)	Total (in Rs.)	Value of Scheduled goods (in Rs.)	Value of other goods (in Rs.)	Total (in Rs.)	

### B. Total purchase of scheduled goods

Value of Scheduled goods purchased as per return			Value of Scheduled goods purchased as per audit			Remarks
Within local area (in Rs.)	From outside local area (in Rs.)	Total (in Rs.)	Within local area (in Rs.)	From outside local area (in Rs.)	Total (in Rs.)	

### C. value of scheduled purchase / received from outside the local area

#### C-1

Value of Scheduled goods purchased from outside the local area as per return						Total (A)+(B)
Entry Tax suffered (A)			Entry Tax not suffered (B)			
Covered in Form E15*	Others	Total (in Rs.)	Covered in Form E16*	Others	Total (in Rs.)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)

#### C-2

Value of Scheduled goods purchased from outside the local area as per audit						Total (C)+(D)	Remarks
Tax suffered (C)			Tax not suffered (D)				
Covered in Form E15*	Others	Total	Covered in Form E16*	Others	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

\* Audit to examine the admissibility of Form E15 and E16 and indicate only the admissible value under column (1) and (4) of C-2.



**Breakup of scheduled goods (not suffered Entry Tax but subject to levy) purchased / received from outside the local area and computation of tax**

Description of goods	Value	Value of goods transferred as such to outside local area	Balance (2) – (3)	Rate of tax applicable	Tax due	Tax paid	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b>							

**Calculation of tax on sale of goods by manufacturers only**

**A. Breakup of sale within the State**

Description of goods	Total sale within the State as per Return (A)			Total sale within the State as per Audit (B)			Remark
	Within the local area	Outside the local area	Total	Within the local area	Outside the local area	Total	

**B. Calculation of tax on sale of goods outside the local area and within the State**

Rate of tax applicable	Description of goods	Total sale within the State outside the local area	Total tax due on sale to outside the local area	Total tax admitted in Return	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
2%					
1%					
1% against Form E15					
0.5% against Form E15					
0% against Form E16					

**Total Entry Tax due on purchase and sale**

Set off claimed	
Set off admissible as per audit	
Entry tax due after set off	
Total Entry tax paid	
Balance due	

**Signature of the Head of Audit Team**

**Full Name and designation**