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Chartered Accountants

Assessment under GST Act

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Assessment Under GST Act



Assessment

Section 2(11) of CGST Act defines assessment as determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgment assessment.

Types of Assessment under GST

The different types of assessment under GST are as under:

- Section 59 – Self assessment of taxes payable
- Section 60 – Provisional assessment
- Section 61 – Scrutiny of tax returns filed by registered taxable persons
- Section 62 – Assessment of registered taxable person who have failed to file the tax returns

- Section 63 – Assessment of unregistered persons
- Section 64 – Summary assessment in certain special cases

Section 59 – Self Assessment

The taxable person is required to pay tax on the basis of self-assessment done by himself. Hence, all GST return filings are based on self-assessment by the taxpayer.

In this regard, a provision of Section 59 of the GST Act is reproduced hereunder:

“Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39.”

Section 60 – Provisional Assessment

Provisional assessment can be conducted for a taxable person when the taxpayer is unable to determine the value of goods or service or both or determine the rate of tax applicable thereto.

Procedure for Provisional Assessment

Step 1: The taxable person has to give, the concerned GST officer, a request for provisional assessment in writing.

Step 2: The GST officer on reviewing the application, will pass an order, within a period not later than ninety days from the date of receipt of the request, allowing payment of tax on provisional basis or at a GST rate or on such value as specified by him.

Step 3: The taxable person, who is making payment on provisional basis, has to issue a bond with a security promising to pay the difference between provisionally assessed tax and final assessed tax.

Step 4: The GST officer will pass final assessment, with a period not exceeding six months from the date of communication of order of provisional payment.

Interest Payable for Provisional Assessment

In case, after final assessment, the tax is held payable i.e. taxable person is held liable to pay more tax than tax paid at the time of provisional assessment, in such case, the taxable person will be liable to pay interest on such tax payment. Interest would be calculated from the actual due date of tax (please note original due date should be considered and not provisional tax payment date) till the date of actual payment of tax. The interest calculation position will remain same, even if the payment of tax is done before or after final assessment.

Refund under Provisional Assessment

In case of refund, interest will be paid on such refund as provided under section 56.

Section 61 – Scrutiny Assessment

GST Officers can scrutinize a GST return and related particulars furnished by the registered person to verify the correctness of the return. This is called a scrutiny assessment. In case there is any discrepancies noticed by the officer, he/she would inform the same to the registered person and seek his explanation on the same. On the basis of the explanation received from the registered person, the officer can take following action:

- If the explanation provided is satisfactory, the officer will inform about the same to the registered person and no further action will be taken in this regard.
- If the explanation provided is not satisfactory or the registered person has failed to take corrective measures after accepting the discrepancies, the proper officer will initiate appropriate action like conducting audit of registered person, conducting special audit, inspect and search the place of business of registered person, or initiate demand and recovery provisions.

Section 62 – Failure to File GST Return – Best Judgement Assessment

When a registered person fails to furnish the required returns, even after service of notice under Section 46 an assessment would be conducted by the GST Officer. In such cases, the GST officer would proceed to assess the tax liability of the taxpayer to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the date for furnishing of the annual return for the financial year to which the tax not paid relates.

On receipt of the said assessment order, if the registered person furnishes a valid return within a period of 30 days from the date of issuance of assessment order, then in such case, the assessment order would deemed to have withdrawn. However, the registered person will be liable to pay interest under Section 50 (1) and/or liable to pay late fee under Section 47.

Section 63 – Assessment of Unregistered Person – Best Judgement

When a taxable person fails to obtain GST registration even though liable to do so or whose registration has been cancelled under section 29 (2) but who was liable to pay tax, the GST officer can proceed to assess the tax liability of such taxable person to the best of his judgment for the relevant tax periods and issue an assessment order within a period of five years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates.

Section 64 – Summary Assessment

A GST Officer can on any evidence showing a tax liability of a person coming to his notice, proceed to assess the tax liability of such person to protect the interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue. In order to undertake

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