

**COMMISSIONER OF SALES TAX,
MAHARASHTRA STATE.**

Vikrikar Bhavan, Mazgaon, Mumbai-400 010

Dated: the 26 th August , 2009.

NOTIFICATION

MAHARASHTRA VALUE ADDED TAX ACT, 2002.

No.VAT/AMD-1009/IB/Adm-6:-In exercise of the powers conferred by sub-rule (2) of Rule 17A of the Maharashtra Value Added Tax Rules, 2005 (hereinafter referred to as “principal Rules”), the Commissioner of Sales Tax, Maharashtra State hereby notifies that,-

For the Form-704 appended to the principal Rules the following Form shall be substituted, namely:-

“FORM-704

(See rule 65 and sub-rule (1) and (2) of Rule 17A)

The Audit Report under the Maharashtra Value

Added Tax Act, 2002.

INSTRUCTIONS

(Please read the instructions carefully before preparing the report)

- 1.** This form is to be used in respect of all accounting periods starting on or after 1st April 2008.
- 2.** The Audit Report is to be submitted by all the dealers to whom the provisions of Section 61 of the MVAT Act, 2002 apply. Non-filing of Audit Report within prescribed time is an offence.
- 3.** Only those documents which are required under the Audit report should be enclosed with this report.
- 4.** Do not leave any field or box blank. In case any field or box is not applicable, enter ‘0’ (zero) in numerical fields and write ‘N.A’ for ‘Not Applicable’.
- 5.** This Audit report is divided in three parts, which are as under:-

Sr. No.	Part	Particulars
1	Part-1	is related to verification and certification, computation of tax liability and recommendations to the dealer.
2	Part-2	is related to general information about the dealer under audit.
3	Part-3	is about the various Schedules and Annexures

6. All Parts of this report are mandatory for all the dealers. In the third part, the respective schedules and Annexures applicable to the dealer should be filled up. Third part of the report is linked with the type of return(s) required to be filed by the dealer as shown in following table and be verified accordingly.

Relevant Schedules applicable, as per type of return:

Sr.	Type of Return filed	Relevant Schedule
1	Form 231	Schedule I
2	Form 232	Schedule II
3	Form 233	Schedule III
4	Form 234	Schedule IV
5	Form 235	Schedule V
6	Form III E (CST)	Schedule VI
7	Dealer filing different types of returns (as mentioned in Sr. No.1 to 5 above)	Different combinations of Schedules as applicable depending upon the types of returns filed

7. Instructions for filling information in the return(s) remain applicable for respective items of the schedules. If, while filing returns, these instructions have not been followed, the auditor should ensure that they are followed while preparing the audit report. In other words the auditor should use required schedule as per the activity of the dealer.
8. If the books of accounts are audited under the provisions of the Income Tax Act, 1961 then the Auditor should obtain the certified Financial Statement and should strike off certification under Para-1(B) and 1(C) in Part-1. In case books of account are audited under any other Act but not under the Income Tax Act, 1961 then the Auditor should obtain the certified Financial Statement audited under that Act and should strike off certification under Para 1(A) and 1(C). In other cases the Auditor should obtain

Financial Statement duly certified by the dealer and should strike of Para 1(A) and 1(B) in Part-1.

9. No part of the certifications in Para 2B of part-1 shall be modified. If auditor has to give negative certification it should be given in Para-3 of Part-1 along with the reasons for the same.
10. Wherever difference is found between amount as per returns and amount as per Audit, same should be shown in respective schedules. Amount of additional tax liability for wanting declarations/certificates should be given in Annexure-H for the Declaration in Form-H and for any other declarations or certificates in Annexure-I. This information should also be given in **row xiv)** of Table No.-2 and row xi) of Table-3, Para-4 of Part-1. This is essential to make the report complete and transparent. It will also prevent avoidable queries by the Department.
11. If more than one schedule is required to be filled then the auditor may attach as far as possible a separate annexure to each schedule. However a common annexure can be filled for all such Schedules. If so, then all figures in all schedules need to be synchronized with annexure. The different types of annexures attached to the report are as under:-
 - (a) **Annexure-A** is about the details of returns filed and amount of tax paid as per returns or paid by separate chalan under MVAT Act and interest calculation thereon. It also provides details of Refund Adjustment Order issued and amount adjusted against the tax payable for the period under Audit.
 - (b) **Annexure-B** is about the details of returns filed and amount of tax paid as per returns or by separate chalan interest calculation thereon under CST Act corresponding to schedule-VI. It also provides details of Refund Adjustment Order issued and amount adjusted against the tax payable under the period of Audit.
 - (c) **Annexure-C:-** is about the tax deducted at source from the dealer by an employer.
 - (d) **Annexure-D:-** is about the tax deducted at source by the dealer as an employer.
 - (g) **Annexure-E:-** is about the details of purchases on which the set-off is claimed by the dealer. It further provides for

determination of reduction of set-off according to various rules.

- (h) **Annexure-F:-** provides for financial ratios for the period under audit and other information. If the dealer has multi state activities, then the ratios related to gross and net profit may be given for entire business of entity and other ratios should be given at state level.
 - (i) **Annexure-G: -** The annexure seeks information about the purchases exceeding Rs. 5 Lakh from the new local supplier on which set-off is claimed.
 - (j) **Annexure-H:-** is about the details of declarations or certificates in Form-H not received for the period under Audit under the MVAT Act, 2002.
 - (k) **Annexure-I:-** is about declarations and certificates other than Form-H not received under the CST Act, 1956.
 - (l) **Annexure-J:-** is about the dealer-wise information of sales and purchases effected during the period under Audit.
 - (m) **Annexure-K:-** is about determination of Gross Turnover of Sales and Purchases along with reconciliation with Profit and Loss Account, Trial Balance/ Sales and Purchase register. Further, the auditor should give his material remarks at Para 5 of Part-1 and qualifications having the impact on the tax liability in brief, wherever applicable.
- 12.** If the dealer has multi-state activities then Trial Balance in relation to the business Activities in Maharashtra should be attached.
- 13.** Wherever prescribed documents are not made available to the auditor or same are insufficient and incomplete then the tax liability is to be computed as required by law. The differential tax liability on account of non-receipt of declarations/certificates should be shown in Para-4, Part-1,-
- (i) under MVAT Act, in Table No.-2 at serial number-xiii), and
 - (ii) under CST Act in Table No. -3 at serial number-xi).
- 14.** The auditor should certify the Annexures. Further, the Auditor should also give material reasons for additional Tax liability, if any. The dealer may accept the Auditors finding and discharge the liability if any, worked out by the Auditor either fully or partly.

- 15.** In the certification given in Part-1 at Sr. No. 2 (h) the auditor should reasonably satisfy himself about the genuineness of purchases on which set-off is claimed.
- 16.** The Activity Codes are generally used to classify the commodities on the lines of the economic activities. It is published by International Standard Industries Classification. The same activity codes are adopted by the National Industrial Classification. These Activity codes are to be used to fill up the information in Part-2 Table 3. These Activity Codes are available at the Departments Web-site i.e. www.mahavat.gov.in
- 17.** Auditor should put his seal and sign on every page of the Audit Report.
- 18.** It is mandatory for the Auditor to visit the principal place of business or the place where major business activities are carried out.
- 19.** Where dealer is required to maintain the records about the sales, purchases, Imports and Exports under Central Excise Act, 1944, the Customs Act, 1962 or under the State Excise Act in such cases the Auditor should invariably correlate the details of sales, purchases, Imports and Exports disclosed under the said Acts and disclosed under MVAT Act, 2002. Any material difference noticed should be reported at Para 5 of Part-1 accordingly.

FORM – 704

(See rule 65)

**Audit report under section 61 of the Maharashtra Value
Added Tax Act, 2002.**

PART – 1

AUDIT REPORT AND CERTIFICATION

PERIOD UNDER AUDIT	FROM						TO					

- 1.** The audit of M/s....., holder of Tax Payer Identification Number under the Maharashtra Value Added Tax Act, 2002 (hereinafter referred to as “the MVAT Act”) and Tax Payer Identification Number..... under the Central Sales Tax Act, 1956 (hereinafter referred to as “the CST Act”) is conducted by (*) me/us (Chartered accountants/cost accountant) in pursuance of the section 61 of the MVAT Act .

- 1(A) (*)** The Tax Audit under the provisions of the Income Tax Act, 1961 was conducted by (*) me/us/ M/s

.....Chartered Accountants. We hereby annex a copy of our/their Tax Audit Report dated alongwith all the annexures to those reports and copies each of: -

(a) the audited (*) Profit And Loss Account / Income And Expenditure Account for the year ended on

(b) The audited balance sheet as at

OR

- 1B. (*)** The Tax Audit of the dealer under the provisions of the Income Tax Act, 1961 has not been conducted but the Statutory audit is conducted under Act. Therefore, we have obtained the Audit Report, Balance Sheet as at and the Profit and Loss Account/Income and Expenditure A/c for the financial year ended on and the same are annexed herewith.

OR


- 1C. (*)** The dealers books of account are not audited under any statute. Therefore, we have obtained the Balance Sheet as at _____ and the Profit and Loss Account/Income and Expenditure A/c for the financial year ended on _____ duly certified by the dealer and the same are annexed herewith.

Maintenance of books of accounts, sales tax related records and preparation of financial statements are the responsibilities of the entity's management. Our responsibility is to express an opinion on their sales tax related records based on our audit. We have conducted our audit in accordance with the standard auditing principles generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the sales tax related records and financial statements are free from material mis-statement(s). The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- 2(A).** I/we have verified correctness of the tax liability of the dealer in respect of below mentioned sales tax returns.

TABLE-1

Sr. No.	Particulars																
1	Dealer is required to file returns (Tick appropriate Box)		Monthly	Quarterly			Six-monthly			Annual For Deemed Dealers							
2	Dealer has filed all the returns as per given frequency.		<table><tr><td>Yes</td><td></td><td>No</td><td></td></tr></table>											Yes		No	
Yes		No															
3	Dealer has maintained stock register.		<table><tr><td>Yes</td><td></td><td>No</td><td></td></tr></table>											Yes		No	
Yes		No															
4.	Verification of the Returns for the period under Audit		FROM						TO								

5	Returns verified (Please tick the appropriate box) <div style="text-align: center; margin-top: 50px;">  </div>	<p>(a) (i) Returns under the Maharashtra Value Added Tax Act, 2002 <input style="float: right;" type="checkbox"/></p> <p>(ii) Return in Form 405 <input style="float: right;" type="checkbox"/></p> <p>(b) Returns under the Central Sales Tax Act, 1956. <input style="float: right;" type="checkbox"/></p> <p>(i) The dealer has filed returns only for the period in which there is inter-State sales or sales u/s. 5(2) or 5(3).</p> <p>(ii) Since there are no interstate sales or sales u/s. 5(2) or 5(3) in other periods, the dealer has/has not filed returns for such periods.</p>
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2(B) Subject to *my/our remarks about non-compliance, shortcomings and deficiencies in the returns filed and tax liability computed and presented in respective schedules and Para-4 of this Part, I/We certify that,-

- (a)** I/We have obtained all the information and explanations, which to the best of *my/our knowledge and belief, were necessary for the purposes of the audit.
- (b)** *I/We have read and followed the instructions for preparation of this audit report. Considering the nature of business of the dealer and the Form in which the dealer is expected to file return(s), we give the information as required in Part-3 in Schedule I / II / III / IV / V / VI (score out whichever is not applicable) along with the applicable annexure(s).
- (c)** The books of account and other sales tax related records and registers maintained by the dealer alongwith sales and purchase invoices as also Cash Memos and other necessary documents are sufficient for computation the tax liability under the MVAT Act and the CST Act.

- (d)** The gross turnover of sales and purchases, determined by us, includes all the transactions of sales and purchases concluded during the period under audit.
- (e)** The adjustment to turnover of sales and or purchases is based on entries made in the books of account during the period under Audit and same are supported by necessary documents.
- (f)** The deductions claimed from the gross turnover of sales and other adjustments thereto including deduction on account of goods return, adjustments on account of discounts as also debit/credit notes issued or received on account of other reasons, are supported by necessary documents and are in conformity with the provisions of the relevant Act.
- (g)** Considering the schedule and entry wise classification of goods sold, classification of exempted sales, sales at reduced rates are correct. The tax leviable on sales is properly computed by applying applicable rate of tax and/or composition tax.
- (h)** Computation of set-off admissible in respect of purchases made during the period under Audit and adjustments thereto are correct. While ascertaining the correctness, *I/We have taken into account the factors such as goods returned, adjustments on account of discounts as also debit /credit notes issued or received on account of other reasons and these claims and adjustments are supported by necessary documents. The Set-off is worked out only on the basis of tax invoices in respect of the purchases.
- (i)** Wherever the dealer has claimed sales against the declarations or certificates; except as given in Annexure-H and Annexure-I, all such declarations and certificates are produced before me. I/we have verified the same and they are in conformity of the provisions related thereto.
- (j)** Computation of Cumulative Quantum of Benefits (CQB), wherever applicable, is in conformity with the provisions of the Act in this regard.
- (k)** The records related to the receipts and dispatches of goods are correct and properly maintained.

- (l) The tax invoices in respect of sales are in conformity with the provisions of law.
- (m) The Bank statements have been examined by *me/us and they are fully reflected in the books of account.
- (n) *I/we certify that *I/we have visited the principal place of business or a place of business from where major business activity is conducted by the dealer. The dealer is conducting his business from the place/places of business declared by him as his principal place of business/and the additional place of business.
- (o) Due professional care has been exercised while auditing the business and based on my observations of the business processes and practices, stock of inventory and books of account maintained by the dealer, I fairly conclude that,-
 - (i) dealer is dealing in the commodities mentioned in the Part-2 of this report;
 - (ii) sales tax related records of the dealer reflects true and fair view of the volume and size of the business for period under audit.
- (p) I have verified that the purchases effected by the dealer in respect SEZ Unit of the dealer are used in the said Unit.

3. Out of the aforesaid certificates; the following certificates are negative for the reasons given hereunder:-

- (a) _____

- (b) _____

- (c) _____

- (d) _____

- (e) _____

COMPUTATION OF TAX LIABILITY AND RECOMMENDATIONS

4. Computation of tax liability as per Audit:-

A summary of the additional or reduced tax liability payable by the dealer and/or additional or reduced refund due to the dealer, arising on verification of sales tax returns together with books of account and other related records mentioned herein above, for the period under audit is as follows:

TABLE-2

UNDER MAHARASHTRA VALUE ADDED TAX ACT, 2002

Sr. No.	Particulars	Amount as per returns (Rs.)	Amount as determined after audit (Rs.)	Difference (Rs.)
i)	Gross Turn-Over of Sales, including taxes as well as Turn-over of Non-Sales Transactions like Value of Branch Transfers/ Consignment Transfers and job work charges			
ii)	Less:- Total allowable Deductions			
iii)	Balance Net Turn-over liable for Tax			
iv)	Tax leviable under the M.V.A.T. Act, 2002			
v)	Excess collection under M.V.A.T. Act, 2002			
vi)	Less: Credits available on account of following:			
	(a) Set-off claimed:			
	(b) Amount of tax paid under MVAT Act as per ANNEXURE-A (including interest)			
	(c) Credit of tax as per tax deduction at source certificates (As			

Sr. No.	Particulars	Amount as per returns (Rs.)	Amount as determined after audit (Rs.)	Difference (Rs.)
	per ANNEXURE-C).			
	(d) Any other _____ (please specify)			
vii)	Total credits [(a) to (d) above] available			
viii)	Add/Less:- Any other _____ _____ (please specify)			
ix)	Total amount payable/refundable			
x)	Total Amount of Tax Deferred			
xi)	Less : Refund adjusted for payment of tax under the Central Sales Tax Act, 1956			
xii)	Less : Refund already granted to dealer			
	Balance Tax Payable/ Refundable			
	Add : (i) Interest u/s 30(2) (ii) Interest u/s 30 (4)			
xiii)	Total Amount Payable/ Refundable.			
xiv)	Differential tax liability for non-production of declaration/ certificate as per Annexure-H.			

TABLE-3**UNDER CENTRAL SALES TAX ACT, 1956**

Sr. No.	Particulars	Amount as per returns (Rs.)	Amount as determined after audit (Rs.)	Difference (Rs.)
i)	Gross Turn-Over of Sales (as per Sch. VI)			
ii)	Less:- Total Deductions available			
iii)	Balance Net Turn-over liable for Tax			
iv)	CST leviable under the Central Sales Tax Act, 1956 subject to production of declarations listed in Annexure-I.			
v)	Less : Credits available on account of followings:			
	(a) Amount of tax paid under the CST Act ANNEXURE-B (including interest)			
	(b) MVAT refund adjusted (if any)			
vi)	Add/Less : Any other (Please specify)			
vii)	Balance of tax payable/ Refundable)			
viii)	Add: (a) Interest U/s 9(2) read with Section 30(2) of MVAT Act. (b) Interest U/s 9(2) read with Section 30 (4) of MVAT Act.			
ix)	Total Dues Payable /Refundable			
x)	Excess Central Sales Tax Collection			
xi)	Differential CST liability for want of declaration as worked out in Annexure-I.			

TABLE-4
CUMULATIVE QUANTUM OF BENEFITS AVAILED

Sr. No.	Particulars	Amount as per returns (Rs.)	Amount as determined after audit (Rs.)	Difference (Rs.)
i)	Under the Maharashtra Value Added Tax Act, 2002.			
ii)	Under the Central Sales Tax Act, 1956			
	TOTAL			

TABLE-5

The main Reasons for additional Dues or Refund (Tax and interest thereon)

Sr. No.	Reasons for additional Dues (Tax)	Additional Dues	
		VAT	CST
1.	Difference in Taxable Turn-over		
2.	Disallowance of Branch/Consignment Transfers		
3.	Disallowance of Inter-state sales or sales under section 6 (2) of CST Act.		
4.	Disallowance of High-seas Sales		
5.	Additional Tax liability on account of Non-production of Declarations and Certificates.		
6.	Computation of Tax at Wrong rate		
7.	Excess claim of Set-off or Refund.		
8.	Disallowance of other Non-admissible claims. (Please Specify) (a) _____ (b) _____		
9	TOTAL DUES PAYABLE		
10	Amount of interest payable (To be calculated from due date to the date of Audit)		
11	TOTAL AMOUNT PAYABLE		

5. Qualifications or remarks having impact on the tax liability:-

- (a) _____

- (b) _____

- (c) _____

6. Dealer has been recommended to:-

Sr. No.	Particulars	MVAT (Rs.)	CST (Rs.)
i)	Pay additional tax liability of Rs.		
ii)	Pay back excess refund received of Rs.		
iii)	Claim additional refund of Rs.		
iv)	Reduce the claim of refund of Rs.		
v)	Reduce tax liability of Rs.		
vi)	Revise closing balance of CQB of Rs.		
vii)	Pay interest under-section 30(2) of Rs.		
viii)	Pay interest under-section 30(4) of Rs.		

For *Chartered Accountants / Cost Accountants						
Name *(Proprietor/ Partner)						
Membership Number						
Address:-						

Encl:-

- | | |
|--|-------------------|
| 1. Statutory Audit Report and its Annexures | Yes / No * |
| 2. Tax Audit Report under the Income Tax Act, 1961 | Yes /No * |
| 3. Balance Sheet and Profit & Loss Account /Income and Expenditure Account. | Yes /No * |
| 4. In case dealer is having multi-state activities the Trial Balance for the business activities in Maharashtra. | Yes /No * |

*** Strike out whichever is not applicable.**

FORM – 704

(See rule 65)

Audit report under section 61 of the Maharashtra Value Added Tax Act, 2002.**PART – 2****GENERAL INFORMATION ABOUT THE DEALERS BUSINESS ACTIVITIES**

1. General information:-													
A.	(1) Period under the Audit	FROM						TO					
	(2) Tax payers Identification Number under MVAT Act, 2002.											V	
	(3) Registration Number under CST Act, 1956											C	
	(4) Permanent Account Number under Income Tax Act, 1961												
B.	(1) Name of the Dealer as appearing on the Registration Certificate.	M/s _____ _____ _____											
	(2) Trade Name (If any):-	M/s _____ _____ _____											
	(3) Address of the Business (To be given only if there is change in the Address during the period as compared with the Registration Certificate):-	M/s _____ _____ _____ _____ _____											
	(4) Additional place of business:- (To be given only if there is change in the Address during the period as compared with the Registration Certificate):-	M/s _____ _____ _____ _____											
	i)												
	ii)												
	iii)												

C. RELATED INFORMATION UNDER OTHER ACTS														
(1)	R. C. Number under P.T. Act, 1975													
(2)	Date of Effect of R.C. under PT Act (a) Profession Tax Returns filed for the period under Audit (b) Payments are made as per Returns (Please Tick appropriate Box).	D	D	M	M	Y	Y							
		<table border="1"> <tr> <td>Yes</td> <td></td> <td>No</td> <td></td> </tr> </table> <table border="1"> <tr> <td>Yes</td> <td></td> <td>No</td> <td></td> </tr> </table>					Yes		No		Yes		No	
Yes		No												
Yes		No												
(3)	E. C. Number under P.T. Act, 1975													
(4)	Date of Effect of E.C. under PT Act	D	D	M	M	Y	Y							
(5)	The Profession Tax under above E.C. has been paid for the period under Audit (Please Tick appropriate Box)	<table border="1"> <tr> <td>Yes</td> <td></td> <td>No</td> <td></td> </tr> </table>					Yes		No					
Yes		No												
(6)	R. C. Number under Luxury Tax Act, 1987													
(7)	(a) Returns are filed under the Luxury Tax Act, 1987 for the period under Audit (b) Payments are made as per Returns (Please Tick appropriate Box).	<table border="1"> <tr> <td>Yes</td> <td></td> <td>No</td> <td></td> </tr> </table> <table border="1"> <tr> <td>Yes</td> <td></td> <td>No</td> <td></td> </tr> </table>					Yes		No		Yes		No	
		Yes		No										
Yes		No												
(8)	R.C. Number Entry Tax on Goods Act, 2002, if any.													
(9)	R.C. Number under Sugarcane Purchase Tax Act, 1962, if any.													
(10)	Eligibility Certificate Number, if any.													
(11)	Entitlement Certificate Number, if any													
(12)	ECC Number under Central Excise Ac, if any.													
(13)	Import Export Code given by DGFT, if any													

	(14)	Service Tax Registration Number, if any	
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2. BUSINESS RELATED INFORMATION

A.	(1) Specify the divisions or units for which separate books of account are maintained	_____

	Identity of division or unit	
	i)	
	ii)	
	iii)	
B.	Business Activity in Brief	
C.	Commodity Dealt in (5 major commodities)	
D.	Address of the Place of Business of the dealer where books of account are kept	_____ _____ _____
E.	[i] Name and version of accounting software used	
	[ii] Change in accounting software, if any	
F.	The following are the major changes made during the period of review -	Short description of change
	(i) Change in the method of valuation of stock	
	(ii) Changes in the accounting system	
	(iii) Change in product line	
	(iv) New business activity	
	(v) Other changes, if any [please specify]	

G.	Nature of business (Please tick one or more appropriate boxes, as applicable)							
	Manufacture		Restaurant		Reseller		Wholesaler	
	Retailer		Bakery		Importer		Liquor Dealer	
	Works contractor			PSI Unit			Job worker	
	Franchisee Agent			Mandap Decorator				
	Motor Vehicle Dealer				Second Hand Motor Vehicle Dealers			
	Other (Please Specify)							

H.	Constitution of the Business (Please tick the appropriate)				
	Proprietary	Trust	Partnership	HUF	Pvt. Ltd Co.
	Public Ltd Co	Co-operative Society		Others (Please specify	
I.	Working capital employed by the entity (Difference between current assets and current liabilities) - as on the last day of the period under audit.		Rs. _____ (in lakh)		

3.	ACTIVITY CODE								
	Activity Code					Activity Description	Turn-over (Rs.)	Rate of Tax	Tax

4.	Particulars of the Bank Account(s) maintained during the period under Audit			
	Sr. No.	Name of the Bank	Branch BSR Number (Give Branch Address, if BSR Code not known)	Account Number(s)