

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE & TAXES
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI – 110002

No. F. 3 (384) / Policy / VAT / 2013 / 897-906

Dated: 14/x/13

CIRCULAR NO 21 of 2013-14

Subject: Advisory to CAs on VAT Audit Report AR1 & Special Audit

The Department of Trade & Taxes, Government of NCT of Delhi vide notification dated 11th February, 2013 under Section 49 of the Delhi Value Added Tax Act, 2004 and Rule 42 A of the VAT Rules, 2005 has made the VAT Audit by Chartered Accountants mandatory for dealers with gross turnover of ₹ 10 Crore and above in 2011-12 or in any of the subsequent financial year. The Department has prescribed a comprehensive **VAT Audit Report AR1** for this purpose. This provision is being implemented for the first time in the NCT of Delhi and is applicable for the financial year 2012-13 and the report has to be submitted by the dealers on or before 15th November, 2013.

Further, the Department has selected several dealers based on risk profiling through the departmental system for conducting **Special Audit under Section 58A of the DVAT Act**.

The Government has reposed faith on the CA community and we are sure if the Audit/Special audit is faithfully executed according to the provisions of DVAT Act, Rules, notifications, advance rulings, determination orders and circulars of the Department, the same will help in improving tax compliance on the part of the dealers and ensure due revenue to the exchequer. Further, a **faithfully drafted AR-1 Report and/ or Special Audit Report, as applicable, would help dealers by pre-empting the need for undertaking Departmental Audit or Enforcement proceedings.**

The Department has high expectation from the CA community and the CAs are advised to carry out the VAT Audit and Special Audit with **strict** reference to the relevant legal provisions, and complete the work timely. The panel for Special Audit will be reviewed each year based on the quality and the timeliness of the reports. This will ensure that in future too the Government can continue reliance on CAs for the purpose of VAT Audit and Special Audit. The **findings of VAT Audit / Special Audit would be subject to peer review and comparison with system based risk profiling of the Department would be undertaken. Adherence to quality standards by CAs while conducting VAT Audit / Special Audit would help us avoid any reference to the disciplinary committee of the Institute of Chartered Accountants of India** where the report is found wanting in material particulars or where there is deliberate suppression of facts.

25923/esp
14/10/13

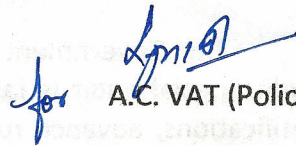

(PRASHANT GOYAL)
COMMISSIONER, VAT

No. F 3 (384) Policy / VAT / 2013 / 897-906

Dated: 14/8/13

Copy forwarded for information and necessary action to:-

1. PS to Pr. Secretary Finance, Delhi Secretariat, New Delhi - 110002.
2. PS to the Commissioner, VAT, Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
3. All. Spl./Addl./Joint commissioners, Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
4. Dy. Director (Policy), Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
5. All A.C. (VATs)/AVATOs Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
- ✓ 6. Programmer (EDP), Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
7. The President/General Secretary, Sales Tax Bar Association (Regd.), Vyapar Bhawan, I.P. Estate, New Delhi - 110002.
8. The President, The Institute of Chartered Accountant of India, ICAI Bhawan, Inderprastha Marg, New Delhi- 110002.
9. Guard File.


for A.C. VAT (Policy)

DEPARTMENT OF TRADE AND TAXES
COMMISSIONER, VAT

21/8/13