

FORM 704

INSTRUCTIONS

1. Please read these instructions carefully before filling up the report.
2. No additional enclosure unless prescribed or unless it is essential for furnishing the information is to be filed with this report.
3. Do not leave any field or box blank. In case any field or box is not applicable, enter 'zero' (0) in numerical fields and write 'N.A.' for 'Not Applicable' or as the case may be, 'Nil' in other fields.
4. This report is divided in three parts. Part 1 is mainly related to verification and certification. Part 2 is mainly related to general information about the dealer under audit. The auditor is expected to ascertain the various parameters in part 2 and supply the details required. Part 3 is about the various schedules and their Annexures.
5. The auditor **MUST** give his remarks in brief in table 3 of Part I, wherever difference is found between Amount as per returns and Amount as per audit. This is essential to make the report complete and transparent. It will also prevent avoidable queries by the Department.
6. Filling of Part 1 and Part 2 of this report is mandatory in respect of all the dealers. It is mandatory to fill in the relevant schedule(s) of part 3 as also the Annexures wherever required.
7. If the dealer has multi-State activities, then ratios related to gross and net profit may be given at all India level and other ratios should be given at State level.
8. The tax liability is to be computed as required by law wherever documents are not made available to the auditor or are insufficient.
9. Third part of the report is linked with the type of return/s filed by the dealer and is to be filled in accordingly. Instructions provided for filling in information in the return/s are applicable to respective items of the schedules, as shown in following table. If, while filing returns, these instructions have not been followed, the auditor should ensure that they are followed in the audit report.

Sr.No.	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

**10. Auditor is requested to sign and put his seal on every page of the report**

**FORM – 704**

(See rule 65)

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

**PART – 1**

**AUDIT AND CERTIFICATION**

1. \*I/We report that the statutory audit for the year \_\_\_\_\_ of \_\_\_\_\_ (mention name and address of the dealer) holding Tax-Payer Identification No. \_\_\_\_\_ under the Maharashtra Value Added Tax Act, 2002 and registration No. \_\_\_\_\_ under the Central Sales Tax Act, 1956 was conducted by \*me/us/ M/s. \_\_\_\_\_ Chartered Accountants in pursuance of the provisions of the Income Tax Act, 1961 and we hereto annex a copy of \*our/their audit report dated \_\_\_\_\_ along with all the annexures and a copy 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 \_\_\_\_\_;
2. Maintenance of Books of Accounts, Sales Tax related records and Financial Statements are the responsibility of the Entity's Management. Our responsibility is to express an opinion on their Sales Tax related records and Financial Statements based on our audit. We have conducted our audit in accordance with the auditing standards 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 of 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 Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 (A). Subject to the limitation of the audit indicated in above para, I/we have verified correctness and completeness of the below mentioned Sales Tax Returns.

**Table 1**

Name of the dealer	M/s.
TIN under the Maharashtra Value Added Tax Act, 2002	
Registration No. under the Central Sales Tax Act, 1956	
E-mail address	
Eligibility Certificate Number , if any ,	
Entitlement Certificate Number, if any,	
Address of the dealer (as given in the returns )	

Verification of the Returns for period	From ..... to .....
Returns verified (Please tick the appropriate box)	Returns under the Maharashtra Value Added Tax Act, 2002 <input type="checkbox"/>
	Returns under the Central Sales Tax Act, 1956 <input type="checkbox"/>

(B). and subject to \*my / our remarks about non-compliance, shortcomings and deficiencies in the returns filed by the dealer as given in the Table 3 of Part 1 of this report , certify that ,

- a) \*I/We have read and understood the instructions for filling up this audit report and the Auditor is required to fill in schedule I / II / III / IV / V/ VI (score out whichever is not applicable) and the Annexures if required.\*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 our audit.
- b) In \*my / our view the books of accounts, purchase and sale invoices as also cash memos and other sales tax related records and registers maintained by the dealer are sufficient for verification of correctness and completeness of the returns. The records relating to receipts and dispatches of goods are properly maintained. The tax invoices issued are in conformity with the provisions of law.
- c) The gross turnover of sales declared in the returns includes all the transactions of sales concluded during the period under audit.
- d) The gross turnover of purchases declared in the returns includes all the transactions of purchases made during the period under audit.
- e) The adjustment to turnover of sales and / or purchases is based on entries made in the books of accounts during the period of review, supported by necessary documents.
- f) The deductions from the gross turnover of sales and other adjustments thereto including deduction on account of goods returned, adjustments on account of discounts as also debit/credit notes issued or received on account of other reasons, claimed in the returns are supported by necessary documents. Further, the deductions and adjustments not claimed or made in the returns, are neither required nor authorized to be claimed or made in the returns under the provisions of relevant Act.
- g) Considering the schedule and entry wise classification of goods sold, the rate of tax applied is correct and the details regarding the exempted sales, sales at reduced rates, the composition rates and computation of tax payable as shown in the returns is proper.
- h) Computation of set-off admissible in respect of purchases made during the period of review and adjustments thereto are correct. While ascertaining the correctness, \*I/We have taken into account the factors of goods returned, adjustments on account of discounts as also debit /credit notes issued or received on account of other reasons.
- i) Computation of Cumulative Quantum of Benefits (CQB), wherever applicable, is in conformity of the provisions of the Act in this regard.
- j) The quantum of tax payable /claim of refund is correct.
- k) Other information furnished in the returns is correct and complete.
- l) The dealer is conducting his business from the place/places declared by him as his main place of business/ and the additional places of business.
- m) The bank statements have been examined by \*me/us and they are fully reflected in the books of accounts. Excepting in so far as transactions recorded in the cash book, the transactions recorded in the

books of accounts are fully reflected in bank statements during the period of review.

n) Whether dealer has maintained stock register. (Yes/No)

o) Whether dealer has maintained proper record relating to receipt, dispatch and delivery of goods.

(Yes/No)

4. 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 accounts and other related records mentioned herein above, for the period under audit is as follows –

**Table 2**

**UNDER MAHARASHTRA VALUE ADDED TAX ACT, 2002**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount as per returns (Rs.)</b>	<b>Amount as determined (Rs.) after audit</b>	<b>Difference (Rs.)</b>
<b>i)</b>	Tax payable under the Maharashtra Value Added Tax Act, 2002 before adjustments.			
<b>ii)</b>	Less: Credits available on account of following:			
	(a) Set-off claimed			
	(b) Tax Paid with return			
	(c) Credit of tax as per tax deduction at source certificates			
	(d) Any other _____ [Please specify]			
	Total credits ((a) to (d) above) available			
<b>iii)</b>	Add/Less: Any other _____ [Please specify]			
<b>iv)</b>	Total Amount payable/ refundable			
<b>v)</b>	Less: Refund adjusted for payment of tax under the Central Sales Tax Act 1956			
<b>vi)</b>	Less: Refund already granted to dealer			
<b>vii)</b>	Balance tax payable / refundable			
<b>viii)</b>	Add-Interest u/s 30			
<b>ix)</b>	Total Amount Payable/Refundable			

**UNDER CENTRAL SALES TAX ACT, 1956**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount as per returns (Rs.)</b>	<b>Amount as determined after audit (Rs.)</b>	<b>Difference (Rs.)</b>
<b>i)</b>	CST payable under the Central Sales Tax Act 1956 before adjustments.			
<b>ii)</b>	Less: Credits available on account of following:			
	(a) CST paid			
	(b) MVAT refund adjusted (if any)			
<b>iii)</b>	Add/Less: Any other (Please specify)			
<b>iv)</b>	Balance of tax payable/ (refundable)			
<b>v)</b>	Add-Interest u/s 9(2) read with section 30(2)of MVAT Act			
<b>vi)</b>	Total Dues Payable/Refundable			
<b>CUMULATIVE QUANTUM OF BENEFITS AVAILED / DEFERRED TAX</b>				
<b>i)</b>	Under Maharashtra Value Added Tax Act, 2002			
<b>ii)</b>	Under the Central Sales Tax Act 1956			
	Total			

**5. The dealer has been advised to**

(a) file revised returns for the period from .....to ..... and -

- (i) Pay additional tax liability of Rs. .... (Rupees .....), or
- (ii) Pay back excess refund received of Rs. .... (Rupees .....), or
- (iii) Claim additional refund of Rs. ....(Rupees .....), or
- (iv) Reduce the claim of refund by Rs. .... (Rupees .....),or
- (v) Reduce tax liability by Rs. .... (Rupees.....), or
- (vi) Revise closing balance of CQB by Rs. ....(Rupees.....),

(b) Following other recommendations are made to the dealer [Please specify]

**6. Remarks and observations in detail for the difference found between Amount as per return and Amount as per audit in schedule I/II/III/IV/V/VI**

**TABLE 3**

Sr.No.	Schedule	Row Reference	Difference	Remarks on non-compliance , short comings and deficiencies
1	2	3	4	5

**If space provided for Remarks on non compliance is insufficient, additional sheet in the form of table 3 may be attached.**

Place : .....

For \_\_\_\_\_

Date: .....

\*Chartered Accountants / Cost Accountants

Name \_\_\_\_\_

\*(Proprietor/ Partner)

Membership Number \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**Encl:** Statutory Audit Report and its Annexures with Balance Sheet \*Profit & Loss Account / Income and Expenditure Account

**\*Strike out whichever is not applicable**

**PART - 2**  
**General Information**

1. General information:-							
<b>A</b>	<b>a. Additional place of business (City or District )</b>			<b>Address</b>			
	i)						
	ii)						
	iii)						
	b) Specify the divisions or units under same constitution for which separate books of accounts are maintained						
	<b>Identity of division or unit</b>			<b>Address</b>			
	i)						
	ii)						
iii)							
<b>B</b>	Name and version of accounting software in use						
<b>C</b>	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) Changes in the accounting software						
	iv) Change in Product line						
	v) New business activity						
	vi) Other changes , if any [ Please specify]						
2. Business related information:-							
<b>A</b>	Nature of business (Please tick one or more appropriate boxes, as applicable)	Manufacturer	Wholeseller	Importer	Works contractor	Lessor	Retailer
		Restaurant etc	Bakery	Mandap-Decorator	Second hand motor vehicle dealers	Job worker	PSI Unit
<b>B</b>	Business activity, in brief						
<b>C</b>	Class of goods sold						
<b>D</b>	Address of Place of Business where the books of accounts are normally kept						
<b>E</b>	Constitution of the Business (Please tick the appropriate box)	Proprietary		Partnership	Pvt. Ltd Co.	Public Ltd Co.	
		HUF		Co-operative Society	Trust	Others (Please specify)	

<b>F</b>	Working capital employed (Difference between current assets and current liabilities) - as on the last day of the period under audit.	Rs. _____ (in lakh)			
<b>G</b>	(1) R.C. No. and date of effect under Profession Tax Act, if any.				
	(2) Profession Tax Returns filed and payments as per returns made during the period of Audit (Please tick the appropriate box)	<table border="1" style="display: inline-table;"> <tr> <td style="width: 50px; text-align: center;">Yes</td> <td style="width: 50px; text-align: center;">No</td> </tr> </table>			Yes
Yes	No				
<b>H</b>	(1) E.C. No. and date of effect under Profession Tax Act, if any,				
	(2) The due profession tax has been paid for the period under audit (Please tick the appropriate box)	<table border="1" style="display: inline-table;"> <tr> <td style="width: 50px; text-align: center;">Yes</td> <td style="width: 50px; text-align: center;">No</td> </tr> </table>			Yes
Yes	No				
<b>I</b>	Registration number and date of effect of the registration certificate under other Acts applicable, if any, which are administered by Sales Tax Department	1)..... 2)..... 3).....			
<b>J</b>	PAN under Income Tax Act				
<b>K</b>	ECC No. under Central Excise Act				
<b>L</b>	IEC Code				
<b>M</b>	Financial Ratios for the year under audit (Indicate the percentage)	<b>Current Year</b>	<b>Previous Year</b>	<b>Reasons for change</b>	
	<b>1. Gross Profit to Net Turnover</b>				
	<b>2. Net Profit to Net Sales Turnover</b>				
	<b>Particulars</b>	<b>Current Year (specify)</b>	<b>Previous Year</b>	<b>Reasons for change</b>	
<b>N</b>	1. Net Sales in Maharashtra State (Rs)				
	2. Cash Sales to Total Sales				
	3. Cash Purchases to Total Purchases				
	4. Percentage of Local Sales to net sales from row N in Maharashtra				
	5. Percentage of net Interstate Sales excluding Export to net sales from row N				
	6. Percentage of Export sales to net sales from row N				
	7. Percentage of Set Off claimed to turnover of net sales from row N				
	8. Tax to turnover of net sales from row N				
	9. Opening stock including WIP (in Maharashtra)				



	10. Closing stock including WIP (in Maharashtra )	
	11. Closing Stock to Net Sales Turnover	
<b>O</b>	<b>Particulars of bank accounts maintained during period of audit. Please provide information in following Table:-</b>	

<b>Sr. No.</b>	<b>Name of the bank</b>	<b>Branch BSR No</b>	<b>Account No.</b>

3. On the basis of the activity of the dealer please specify the activity code number of the dealer.

<b>Sr.No.</b>	<b>Activity Code Number</b>

4. Details of purchases exceeding Rs. five lakh from new local supplier on which set-off has been claimed during the year. New local supplier means a supplier from whom no purchases were effected in the immediately preceding year.

<b>Sr.No.</b>	<b>Name and address of the new local supplier</b>	<b>TIN Number</b>	<b>Total purchase Amount (net)</b>	<b>Vat on Purchases</b>