

Shri Ramesh Chandra releases Model VAT Audit Report

# ‘Professionals vital for success of VAT’

Following are the excerpts of the speech of Shri Ramesh Chandra, Member Secretary, Empowered Committee of State Finance Ministers on VAT, delivered as the Chief Guest on the occasion of the release of Model VAT Audit Report in a function organised in the premises of the Institute of Chartered Accountants of India on May 4, 2005.

“...Audit is a very important part of Value Added Tax regime, but you also know the kind of apprehensions and doubts that are being expressed. I do not know why people are scared of audit. As far as ICAI is concerned, I have no doubt about your capability, your capacity, your reputation and your standing.

I do not mind sharing a small example with you. Sometime back, I was representing an international body in India, which was going to give grant to the Government of India. That grant did come through. They only asked me one question: Who is going to audit? I said Chartered Accountants, who are members of the ICAI, would do audit. When they heard the name of the Institute of Chartered Accountants of India, they did not ask me any other question about the quality of audit. So, that is the kind of reputation you have and we are all happy, we are all proud of such kind of reputation. In international market, if you have a good name, India has a good name. That shows that India has very transparent financial transactions, system monitoring, financial management control, etc. On that account, I would certainly

like to congratulate you.

As far as VAT is concerned, I am convinced we are moving in the right direction. So far as audit in the new tax regime is concerned, we are very clear that audit will have to be done. Every section of the society has the right to represent and to lobby. There is a lobby against audit. I think we will be able to get over it.

No Government should try to realise revenue, which is not lawfully

we will not ask for audit up to a turnover of Rs. 50 lakhs. We wanted to stick to Rs. 40 lakhs but we had the same argument as what you are saying about inflation and price level going up. But there will not be 100% audit, as you know. I do not think the actual audit will ever exceed 10%. But in some cases it may even be as low as 5%. That we are doing because the basic principle of VAT, as you know, is trust. We like to trust the trader, we like

to trust the manufacturer, and wherever we do not trust, we depend on you.

Whatever you have done in the past 55–56 years that speaks for itself. As far as reputation of ICAI is concerned there is no doubt. As far as the type of audit you have mentioned, I can only say we will be looking at it.

My appeal to all sections of the society is let’s be patient and I think we will be able to make a success of VAT in the country. And in

that you (CAs) are going to be our strong allies and we will be depending on you.

I am sure this audit report is simple and will make everybody’s life simple and easy. Audit is only going to help the traders.” ■



Shri Ramesh Chandra (Centre) releases Model VAT Audit Report. Those present on the occasion included ICAI President Shri Kamlesh S. Vikamsey, Vice President Shri T.N. Manoharan, Secretary Shri Ashok Haldia, and Central Council Member Shri G. Ramaswamy.

its due. One the other hand, no section of the society should try to withhold revenue from the Government. And that is where the role of Chartered Accountant and the audit comes in. We only want that fair revenue must be paid to the Government. Right now,