

# GST AUDIT



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Presentation by CA Dilip Phadke

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## Part II -Table 4 Details of Outward and Inward Supplies declared during the financial year

### 4 . Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year

<b>A</b>	Supplies made to Unregistered persons (B2C)		Source BOA /GSTR 1 – Table 5,7,9 ,9A , 9B 9C & 10
<b>B</b>	Supplies made to Unregistered persons (B2B)	Net of Debit Notes & Credit Notes , Amendments for Table 4B to 4E	Table 4A , 4C , 9A & 9C
<b>C</b>	Zero rated Supply ( Export ) on payment of Tax ( except supplies to SEZs)		Table 6A 9A & 9C
<b>D</b>	Supply of SEZs on payment of Tax		Table 6B 9A & 9C
<b>E</b>	Deemed Exports		Table 6C 9A & 9

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Part II -Table 4 Details of Outward and Inward Supplies declared during the financial year

**4 . Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year**

F	Advances on which Tax has been paid but invoices has not been issued ( not covered under (A) to (E) above	Net of Debit Notes & Credit Notes , Amendments for Table 4B to 4E	Source BOA /GSTR 1 – Table 11A
G	Inward Supplies on which tax is to be paid on reverse charge basis		Source GSTR 3B – Table 3.1 (d)
H	Sub-total ( A to G ) above		

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Part II -Table 4 Details of Outward and Inward Supplies declared during the financial year

**4 . Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year**

I	Credit Notes issued in respect of transactions specified in (B ) to ( E ) above (-)	Optional	Table 9B - GSTR 1
J	Debit Notes issued in respect of transactions specified in (B ) to ( E ) above (+)		Table 9B - GSTR 1
K	Supplies/Tax declared through Amendments (+)		Table 9A & 9C - GSTR 1
L	Supplies/Tax reduced through Amendments (-)		Table 9A & 9C - GSTR 1
M	Sub-total (I to L above )		

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## Part II -Table 5

### 5 . Details of Outward Supplies on which tax is not payable as declared in returns filed during the financial year

<b>A</b>	Zero Rated Supply ( export) without payment of Tax	Net of Debit Notes & Credit Notes , Amendments for Table 5H to 5K	Source BOA /GSTR 1 – Table 6A 9A 9B & 9C
<b>B</b>	Supply to SEZs without payment of Tax		Table 6B 9B & 9C
<b>C</b>	Supplies on which tax is to be paid by the recipient on reverse charge basis		Table 4B

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## Part II -Table 5

### 5 . Details of Outward Supplies on which tax is not payable as declared in returns filed during the financial year

<b>D</b>	Exempted	Fill Consolidated details	Source BOA /GSTR 1 – Table 8
<b>E</b>	Nil rated		Table 8
<b>F</b>	Non GST Supply		Table 8
<b>G</b>	Sub total of (A to F above )		
<b>M</b>	Turnover on which tax is not to be paid ( G + L above )		
<b>N</b>	Total Turnover ( including advances ) ( 4N +5M -4G above )		

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**Table 6 - Details of ITC availed or declared in returns filed during the financial year**

<b>A</b>	<b>Total amount of input tax credit availed through Form GSTR 3B ( sum total of Table 4A of Form GSTR 3B )</b>	<b>Auto Populated</b>	<b>Source GSTR 3B</b>
<b>B</b>	Inward Supplies ( other than Imports and inward supplies liable to RCM but includes services received from SEZs)	Inputs	Consolid-ated ITC in Input Row only
		Capital Goods	
		Input Services	
<b>C</b>	Inward Supplies received from unregistered persons liable to RCM ( other than B above ) on which tax is paid and ITC availed	Inputs	
		Capital Goods	
		Input Services	
<b>D</b>	Inward Supplies received from registered persons liable to RCM ( other than B above ) on which tax is paid and ITC availed	Inputs	
		Capital Goods	
		Input Services	
<b>E</b>	Import of Goods ( including supplies from SEZs)	Inputs	
		Capital Goods	

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**Table 6 - Details of ITC availed or declared in returns filed during the financial year**

<b>K</b>	<b>Transitional credit through TRAN-1 ( including Revision if any )</b>		
<b>L</b>	Transitional Credit through TRAN -II		ITC 01 & ITR 02 ( Section 18(1))
<b>M</b>	Any other ITC availed but not specified above		
<b>N</b>	Sub – total ( K to M above )		
<b>O</b>	Total ITC availed ( I + N above )		

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**Table 7 Details of ITC reversed and ineligible ITC as declared in returns filed during the financial year Source GSTR 3B**

<b>A</b>	<b>As per Rule 37</b>	<b>Report total value in Table 7H only</b>	
<b>B</b>	As per Rule 39		
<b>C</b>	As per Rule 42		
<b>D</b>	As per Rule 43		
<b>E</b>	As per Rule 17(5)		
<b>F</b>	Reversal of Tran 1 Credit		
<b>G</b>	Reversal of Tran –II Credit		
<b>H</b>	Other Reversals ( PI Specify )		ITC 03 Table 4(B) – Composition to Regular & registration cancelled
<b>I</b>	Total ITC reversed ( a to H above )		
<b>J</b>	Net ITC available for Utilization ( 60-7I)		

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**Table 8 – Other ITC related information – only Relevant changes covered here**

<b>A</b>	<b>ITC as per GSTR 2A ( Table 3 &amp; 5 ) thereof</b>	<b>Auto populated till 1.11.2019.</b>	
<b>B</b>	ITC as per sum total of 6(B) & 6(H) above		
<b>C</b>	ITC on Inward supplies ( other than imports and ISD liable to RCM but includes services received from SEZ received during 2017-18 but availed during April to March 2019.	Optional for Up to 2 crores	Exceeding 2 crore can file this in PDF Format along with GSTR 9C as a part of document upload.
<b>D</b>	Difference ( A –(B+C) )		
<b>E</b>	ITC available but not availed ( out of D )		
<b>F</b>	ITC available but ineligible (out of D )		

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## Part VI - Other Information

Other Changes in GSTR 9	Optional to be provided
15 Particulars of Demands and Refunds	Optional
16 Information on Supplies received from composition tax payers deemed supply under section 143 and goods sent on approval	Optional
17 HSN wise summary of Outward supplies	Optional
18 HSN Wise summary of Inward Supplies	Optional

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### Notification No. 47/2019-Central Tax ,dt. 09-10-2019

The Central Government, on the recommendations of the Council, hereby notifies those **registered persons whose aggregate turnover in a financial year does not exceed two crore rupees and who have not furnished the annual return u/s 44 (1) read with rule 80 (1) of the Central Goods and Services Tax Rules, 2017** before the due date, as the class of registered persons who shall, in respect of financial years 2017-18 and 2018-19, follow the special procedure such that the **said persons shall have the option to furnish the annual return** under sub-section (1) of section 44 of the said Act read with sub-rule (1) of rule 80 of the said rules:

**Provided that the said return shall be deemed to be furnished on the due date if it has not been furnished before the due date.**

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### b) Primary data source for declaration in annual return:

1) **FORM GSTR-1 is an account of details of outward supplies, FORM GSTR-3B is where the summaries of all transactions are declared and payments are made.**

2) Ideally, information & Values in FORM GSTR-1, FORM GSTR-3B and books of accounts should match across different forms and the books of accounts.

3) If they does not match, there can be broadly two scenarios,

a) **Tax was not paid** to the Government, the same shall be declared in the annual return and tax should be paid or

b) **Tax was paid in excess**, all information may be declared in the annual return and refund (if eligible) may be applied through FORM GST RFD-01A. Further,

4) **No input tax credit can be reversed or availed through the annual return.**

If taxpayers find themselves **liable for reversing** any ITC, they may do the same through FORM GST DRC-03 separately.

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### Premise of Table 8D of Annual Return:

1) In Annual return figure appearing in **Table 8D** is Difference between ITC that **was available** to a taxpayer in his FORM GSTR-2A **but was not availed by him between July 2017 to March 2019 by deducting ITC availed in the returns.**

2) The deadline for claiming ITC has already expired on 31<sup>st</sup> March 2019 and the taxpayer cannot avail such credit now (**Many have taken ITC after March 19 by relying on Aap case**).

Such ITC never entered the electronic credit ledger of any taxpayer. Therefore, taxpayers need not be concerned about the values reflected in this table.

3) This is an information that the Govt. needs for settlement purposes.

4) Figures in **Table 8A** are **auto-populated only for those GSTR-1 which were furnished by the corresponding suppliers by the due date**. It may also be noted that GSTR-2A continues to be auto-populated on the basis of the corresponding GSTR-1 furnished by suppliers even after the due date. **Table 8A of the annual returns is auto populated from GSTR-2A as on 1st May, 2019.**

5) In such cases there would be a mis-match between the updated GSTR-2A and the auto-populated information in Table 8A.

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**Judgement of Hon. Gujrat High court in case of AAP And Co. v/s Union of India dated 24<sup>th</sup> June 2019**

Return in Form GSTR-3B was **not introduced as a return in lieu of return** required to be filed in Form GSTR-3. Return in Form GSTR-3B is only a **temporary stop gap arrangement** till due date of filing return in Form GSTR-3 is notified. **Notification No.10/2017** Central Tax dated **28-6-2017** which introduced mandatory filing of return in Form GSTR-3B stated that **it is a return in lieu of Form GSTR-3**. However, Government, on realising its mistake that the return in Form GSTR-3B is not intended to be in lieu of Form GSTR-3, rectified its mistake retrospectively vide **Notification No.17/2017** Central Tax dated **27-7-2017** and **omitted reference to return in GSTR-3B being return in lieu of Form GSTR-3**.

**Thus, impugned press release dated 18-10-2018 could be said to be illegal to extent that it purports to clarify that last date for availing input tax credit relating to invoices issued during period from July 2017 to March 2018 is last date for filing of return in Form GSTR-3B . The said clarification could be said to be contrary to section 16(4) read with section 39(1) of the CGST Act/SGST Act read with Rule 61 of the CGST Rules/SGST Rules.**

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**Return GSTR 3B made a valid return retrospectively w.e.f. 1-7-17 by amendment to rule 61 by Notification 49/2019-Central Tax ,dt. 09-10-2019**

**In the said rules, in rule 61,-**

(a) for sub-rule (5), the following sub-rule shall be substituted, with effect from the 1st July, 2017 namely:-

“(5) Where the time limit for furnishing of details in FORM GSTR-1 u/s 37 or in FORM GSTR-2 u/s 38 has been extended, the return specified in u/s 39 (1) shall, in such manner and subject to such conditions as the Commissioner may, by notification, specify, be furnished in FORM GSTR-3B electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

**Provided that where a return in FORM GSTR-3B is required to be furnished by a person referred to in sub-rule (1) then such person shall not be required to furnish the return in FORM GSTR-3.”;**

(b) sub-rule (6) shall be omitted with effect from the 1st July, 17.

**What about annual returns & Audit reports filed in between 24-6-19 to 10-10-19 claiming ITC?**

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### Premise of Table 8J of Annual Return:

**All credit of IGST paid at the time of imports between July 2017 to March 2019 may be declared in Table 6E.**

**Table 8I** (Difference between IGST paid on imports & IGST availed on imports) and

**Table 8J** contain information on credit which was available to the taxpayer and the taxpayer chose not to avail the same.

The deadline is already over on 31<sup>st</sup> March 2019 and the taxpayer cannot avail such credit now.

There is no question of lapsing of any such credit, since this credit never entered the electronic credit ledger of any taxpayer.

Taxpayers need not be concerned about the values reflected in this table. This is information that the Government needs for settlement purposes.

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### Difficulty in reporting of information not reported in regular returns:

The information in **Table 16A** (Purchases from composition dealers) or **18** (HSN wise summary of inward supplies) of **Annual return in FORM GSTR-9, is not readily available.**

small taxpayers are facing a lot of challenge in reporting information which was not being explicitly reported in their regular statement /returns (FORM GSTR-1 and FORM GSTR-3B).

Therefore, taxpayers are advised to **declare all such data / details to the best of their knowledge and records.**

This data is only for information purposes and reasonable/**explainable variations in the information reported in these tables will not be viewed adversely.**

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**Information in Table 5D (Exempted), Table 5E (Nil Rated) and Table 5F (Non-GST Supply) of GSTR-9.**

There is some overlap between supplies that are classifiable as exempted and nil rated and since there is no tax payable on such supplies, if there is a reasonable/explainable **overlap of information reported across these tables, such overlap will not be viewed adversely.**

**No supply in the category of Non-GST supplies in Table 5F.** For the purposes of reporting, non-GST supplies includes supply of **alcoholic liquor** for human consumption, motor spirit (commonly known as **petrol**), high speed diesel, aviation turbine fuel, petroleum crude and natural gas and **transactions specified in Schedule III** of the CGST Act.

**Reverse charge in respect of Financial Year 2017-18 paid during Financial Year 2018-19:**

If tax payable on RCM for the FY 2017-18 the **payment was made during FY 2018-19**, the input tax credit on such payment of tax **would have been availed in FY 2018-19** only.

**Such details will not be declared in the annual return for the FY 2017-18 and will be declared in the annual return for FY 2018-19.**

If there are any variations in the calculation of turnover on account of this adjustment, the same may be reported with reasons in the reconciliation statement (FORM GSTR-9C).

### Role of chartered accountant or a cost accountant in certifying reconciliation statement:

Whether the chartered accountant or cost accountant has go beyond the books of account in their recommendations under FORM GSTR-9C.

The GST Act is clear in this regard. **With respect to the reconciliation statement, their role is limited to reconciling the values declared in annual return (FORM GSTR-9) with the audited annual accounts of the taxpayer.**

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### Turnover for eligibility of filing of reconciliation statement:

It may be noted that the **aggregate turnover** i.e. the turnover of all the registrations having the same Permanent Account Number is to be used for determining the requirement of filing of reconciliation statement.

If there are two registrations in two different States on the same PAN, say State A (with turnover of Rs. 1.2 Crore) and State B (with turnover of Rs. 1 Crore) they are both required to file reconciliation statements individually for their registrations since their aggregate turnover is greater than Rs. 2 Crore.

**The aggregate turnover for this purpose shall be reckoned for the period July, 2017 to March, 2018.**

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### Treatment of Credit Notes / Debit Notes issued during FY 2018-19 for FY 2017-18:

Credit note which has a tax implication can't be issued after the month of September 2018 for any supply pertaining to FY 2017-18.

Financial/commercial credit note can, however, be issued.

If the credit or debit note for any supply was issued and declared in returns of FY 2018-19 and the provision for the same has been made in the books of accounts for FY 2017-18, the same shall be declared in Pt. V of the annual return.

There is no provision in Part. II of the reconciliation statement for adjustment in turnover in lieu of debit notes issued during FY 2018-19 although provision for the same was made in the books of accounts for FY 2017-18.

**In such cases, they may adjust the same in Table 50 of the reconciliation statement in FORM GSTR-9C.**

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### Duplication of information in Table 6B and 6H:

There is no duplication of information in Table 6B (ITC on inward supplies other than imports) and Table 6H (ITC reclaimed other than B) of the annual return.

The label in Table 6H clearly states that information declared in Table 6H is exclusive of Table 6B. Information of such input tax credit is to be declared in one of the rows only.

### Reconciliation of input tax credit availed on expenses:

Table 14 of the reconciliation statement calls for reconciliation of input tax credit availed on expenses with input tax credit declared in the annual return. It may be noted that **only those expenses are to be reconciled where input tax credit has been availed**. Further, the list of expenses given in Table 14 is a representative list of heads under which input tax credit may have been availed. **The taxpayer has the option to add any head of expenses.**

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## **GSTR 9C-**

### **I.Part A- Reconciliation Statement**

### **I.Part B- Certification**

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## **GST Audit Report : Certificate (Part B)**

### **Specimen I**

Format in cases where the reconciliation statement is drawn up by the person who had conducted the audit

### **Specimen II**

Format in cases where the reconciliation statement is drawn up by a person other than the person who had conducted the audit

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## GST Audit Report : Certificate 1

### PART B: CERTIFICATION

**1. Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by the person who had conducted the audit:**

\* I/we have examined the—

(a) balance sheet as on .....

(b) the \*profit and loss account/income and expenditure account for the period beginning from .....to ending on ....., and

(c) the cash flow statement (**if available**) for the period beginning

from .....to ending on ....., —attached herewith, of M/s

..... (Name), ..... (Address),

.....(GSTIN).

**2. Based on our audit I/we report that the said registered person—**

\*has maintained the books of accounts, records and documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/ notifications made/issued thereunder

\*has not maintained the following accounts/records/documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/ notifications made/issued thereunder:

1.

2.

3.

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## GST Audit Report : Certificate 1

**3. (b) \*I/we further report 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 purpose of the audit/ information and explanations which, to the best of \*my/our knowledge and belief, were necessary for the purpose of the audit were not provided/partially provided to us.

(B) In \*my/our opinion, proper books of account \*have/have not been kept by the registered person so far as appears from\*my/ our examination of the books.

(C) I/we certify that the balance sheet, the \*profit and loss/income and expenditure account and the cash flow Statement (**if available**) are \*in agreement/not in agreement with the books of account maintained at the Principal place of business at ..... and \*\* .....additional place of business within the State.

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## GST Audit Report : Certificate 1

**4.** The documents required to be furnished under section 35 (5) of the CGST Act / SGST Act and Reconciliation Statement required to be furnished under section 44(2) of the CGST Act / SGST Act is annexed herewith in Form No. GSTR-9C.

**5.** In \*my/our opinion and to the best of \*my/our information and according to explanations given to \*me/us, the particulars given in the said Form No.GSTR-9C are **true and fair** subject to following observations/qualifications, if any:

(a).....

(b).....

(c).....

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### ☐ Notes to GSTR-9C for true and fair disclosure

As per **notification no. 56/2019 dated 14 November, 2019**, the word “True and Fair” is substituted for “True and Correct”. We have audited the books of accounts and based on our examination of books of accounts, we hereby certify that books of accounts are “true and fair” in all material aspect. Also, Cash-flow is provided in cases where it is available as per the **notification no. 56/2019**.

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## GST Audit Report : Certificate 2

### II. Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by a person other than the person who had conducted the audit of the accounts:

\*I/we report that the audit of the books of accounts and the financial statements of M/s. .... (Name and address of the assessee with GSTIN) was conducted by M/s. .... (full name and address

of auditor along with status), bearing membership number in pursuance of the provisions of the .....Act, and

\*I/we annex hereto a copy of their audit report dated ..... along with a copy of each of :-

(a) balance sheet as on .....

(b) the \*profit and loss account/income and expenditure account for the period beginning from .....to ending on .....,

(c) the cash flow statement (**if available**) for the period beginning from .....to ending on ....., and

(d) documents declared by the said Act to be part of, or annexed to, the \*profit and loss account/income and expenditure account and balance sheet.

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## GST Audit Report : Certificate 2

**2.** I/we report that the said registered person—

\*has maintained the books of accounts, records and documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder \*has not maintained the following accounts/records/documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder:

- 1.
- 2.
- 3.

**3.** The documents required to be furnished under section 35 (5) of the CGST Act / SGST Act and Reconciliation Statement required to be furnished under section 44(2) of the CGST Act / SGST Act is annexed herewith in Form No.GSTR-9C

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## GST Audit Report : Certificate 2

**4.** In \*my/our opinion and to the best of \*my/our information and according to examination of books of account including other relevant documents and explanations given to \*me/us, the particulars given in the said Form No.9C are true and **correct fair** subject to the following observations/qualifications, if any:

(a) .....

(b).....

(c).....

Place: .....

Name of the Signatory: .....

Membership No: .....

Date: .....

Full Address: .....

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## GSTR-9C and where to put reasons, comments, observations and qualifications and etc

The GST auditor will have to make suitable observations, remarks, qualifications, etc. depending on the facts of the audit.

Reasons for unreconciled differences in Table 6,8,10,13 and 15.

Part-B certification, Para 2 report on maintenance of books of accounts and if has not maintained books of accounts /records /documents specified below. Here the list of books of accounts not maintained like stock register, etc. as per Sec 35 read with rule 56 to 58 of CGST Act, which is as follows:

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### □ GSTR-9C and where to put reasons, comments, observations and qualifications and etc.

List of documents required to be maintained include -

Inward and outward supply of goods or services or both

Stock of goods

Input tax credit availed

Output tax payable and paid

Goods and Services imported and exported

Supplies attracting payment of tax on reverse charge mechanism along with relevant documents such as invoices, credit notes, debit notes, refund vouchers, bill of supply etc.

Advances received, paid and adjustments thereof.

The above is not an exhaustive list and the registered person may have to maintain additional records and registers in support of its GST Returns, GST Payments and Input Tax Credits

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### □ Notes to GSTR-9C on Para 2

As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the taxpayer has maintained proper records of books and documents listed in Sec 35 read with Rule 56 to 58 of CGST Act, except

Stock of goods wherein memorandum stock statement is prepared.

Partially maintained documents of supplies attracting payment of tax on reverse charge mechanism along with relevant documents such as invoices, credit notes, debit notes, refund vouchers, bill of supply etc.

According to information and explanation given by the management and in our opinion the same are not material

We have relied on the report of statutory audit conducted under Companies Act, 2013 or Tax Audit under Income Tax Act, 1961

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### Comments, observations and qualifications etc

In para 3(b) (B) proper books of accounts have been/ not been (to be selected from the drop down menu) needs to be mentioned.

In Para 3(b)(C) P&L, BS and CFS are in agreement/not in agreement (to be selected from drop down menu) with the books of accounts.

In Para 5, the auditor may provide observations and qualifications in 9C & comment which are subject to true & correctness

Here Table is provided wherein it can be given in 15 rows and 1000 characters can be typed in each row in the form of observations and qualifications.

Further the auditor may attach notes to GST Audit in a separate statement along with attachment of annual audited statements if required

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### □ Comments, observations and qualifications etc

Maintenance of books of accounts, GST related records and preparing of financial statements are the responsibilities of the entity's management. Our responsibility is to express an opinion on their GST 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 GST related records and financial statements are free from material misstatement(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 on Reconciliation Statements in Form 9C.

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### 9C : Part A- Reconciliation Statement

Part	Description
I	Basic Details
II	Reconciliation of T/o declared in audited Annual Financial Statement with T/o declared in Annual Return (GSTR 9)
III	Reconciliation of Tax Paid
IV	Reconciliation of Input Tax Credit
V	Auditor's recommendation on additional tax liability due to non-reconciliation

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### GSTR 9-C PT. I - 1 TO 4

FORM GSTR-9C<sup>132</sup>

See rule 80(3)

PART - A - Reconciliation Statement

Pt. I	Basic Details	
1	Financial Year	
2	GSTIN	
3A	Legal Name	< Auto>
3B	Trade Name (if any)	<Auto>
4	Are you liable to audit under any Act?	<<Please specify>>

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- In the said rules, in **FORM GST GSTR-9C**, in the instructions, in paragraph 2,
  - (i) for the letters and figures, “FY 2017-18”, the words “current financial year” shall be substituted;
  - (ii) before the words, “The details for the”, the word, letters and figures “For FY 2017-18,” shall be inserted;
  - (iii) in Paragraph 4, in the Table, in second column,—
    - (a) against serial number 5B and serial number 5C, after the entry ending with the words and brackets “shall be declared here.”, the following entry shall be inserted, namely:-  
“For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.”;

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### GSTR 9-C PT. II – 5A to 5L

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	<b>Reconciliation of Gross Turnover</b>		
A	Turnover (including exports) as per audited financial statements for the State / UT (For multi-GSTIN units under same PAN the turnover shall be derived from the audited Annual Financial Statement)		
B	Unbilled revenue at the beginning of Financial Year	(+)	<b>Report Saperately Here</b>
C	Unadjusted advances at the end of the Financial Year	(+)	<b>Report Saperately Here</b>
D	Deemed Supply under Schedule I	(+)	<b>Report Saperately Here</b>
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(-)	<b>Report Saperately Here</b>
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	<b>Report Saperately Here</b>
G	Turnover from April 2017 to June 2017	(-)	<b>Report Saperately Here</b>
H	Unbilled revenue at the end of Financial Year	(-)	<b>Report Saperately Here</b>
I	Unadjusted Advances at the beginning of the Financial Year	(-)	<b>Report Saperately Here</b>
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	<b>Report Saperately Here</b>
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	<b>Report Saperately Here</b>
L	Turnover for the period under composition scheme	(-)	<b>Report Saperately Here</b>
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	<b>Report Saperately Here</b>
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	<b>Report Saperately Here</b>
O	Adjustments in turnover due to reasons not listed above	(+/-)	<b>OR report Net Effect of above Adjustments</b>
P	Annual turnover after adjustments as above		
Q	Turnover as declared in Annual Return (GSTR9)		
R	Un-Reconciled turnover (Q - P)		

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## Clause 5A

Turnover (including exports) **as per audited financial statements** for the State / UT (For multi-GSTIN units under same PAN the turnover shall be derived from the audited Annual Financial Statement)

**Instructions:**

The turnover as per the audited Annual Financial Statement shall be declared here. There may be cases where multiple GSTINs (State-wise) registrations exist on the same PAN. This is common for entities with presence over multiple States. Such entities, will have to internally derive their GSTIN wise turnover and declare the same here. This shall include export turnover (if any). It may be noted that **reference to audited Annual Financial Statement includes reference to books of accounts in case of persons / entities having presence over multiple States.**

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## Clause 5A - Points

- If dealer has not provided method of deriving turnovers of the state under audit, the Auditor to suitably carryout this exercise. The information can be gathered from trial balance of every state.
- The full F.Y. T/O shall be taken from AFS for this clause. It is possible that the AFS are prepared by following AS for revenue recognition.
- Deemed supply under sch. I shall not be included as it is to be shown separately in adjustments, If included don't include it in adjustments.
- Include indirect income (Profit on sale of asset, dividend, F.E. rate adjust).
- If expenses are netted of don't add it to revenue e.g. Transportation.
- If there are mistakes not corrected in AFS don't correct them for t/o to be given e.g. sales returns added to purchases.
- The foreign office t/o shall be included in the state which controls that office and deducted afterwards.

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### Clause 5A - Points

- Auditor shall tally turnovers' declared by different Auditors & the total turnover of the entity as per the AFS. Auditor must communicate with the other Auditors to obtain details of turnover declared by them to ensure the various turnovers declared by them. Alternatively, a suitable MRL may be obtained from the entity, will be necessary drawing analogy from SA 299 on "Responsibility of Joint Auditors".
- Reconcile t/o of the state with t/o as per Audited Financial Statements, Books Of Accounts & master reconciliation of all states.
- When there is no audit done under statue or for the state proper precaution shall be taken by making suitable disclosures.
- If audit is done by another CA verify the completeness of t/o i.e. how the t/o is arrived at, t/o declared in wrong state, reconciliation of inter branch & inter h/o transactions etc.

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### □ Financial Year and Aggregate Turnover for F.Y. 2017-18 (Table 5A)

Financial Year is not defined under GST law, Clauses Act, FY means the year commencing on the first day of April.

However for, GST audit "aggregate turnover" is considered for the period commencing from 1<sup>st</sup> July 2017 to 31<sup>st</sup> March 2018, which is in line with Clarification regarding Annual Returns and Reconciliation Statement Dt. 3<sup>rd</sup> July 2019.

### □ Financial Year & business commenced during the year

The taxpayer has commenced business during the year on Date\_\_\_\_. taxpayer has obtained Voluntary registration on Date or Applied for registration on\_\_after crossing Rs. 20 lakhs.

For the purpose of GST audit "aggregate turnover" is considered for the period\_\_\_\_\_to 31<sup>st</sup> March 2018.

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#### ❑ Business Closed during the year :-

The taxpayer has closed his business operations w.e.f. \_\_\_\_\_. The application for closure was duly filed in GST REG -6 with GST authorities on \_\_\_\_\_. ITC of Rs. \_\_\_\_\_ has been disallowed on the closing stock of goods”.

For the purpose of GST audit “aggregate turnover” is considered for the period \_\_\_\_to\_\_.

#### ❑ Additional Place of business not included in R.C. but turnover considered in GST:-

The additional place of business \_\_\_ is not included in Registration Certificate under CGST/SGST Act, 2017 obtained by the taxpayer, but the turnover of outward and inward supplies and taxes there on are included in the GST Returns filed for the period under audit.

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#### ❑ Turnover for Multiple registration in State (Table 5A)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, separate registration is obtained for different type of business by the taxpayer.
- Separate trial balance of GSTIN is provided by the taxpayer and same is considered for GST Audit. GSTIN wise reconciliation is obtained for each registration.
- For the purpose of table 5, total turnover as per audited financial statement for the state/UT is considered.

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### □ Availability of Trail Balance in case of taxpayers having Multi State Activity

- The taxpayer is carrying on business in Multi States, i.e., in state other than Maharashtra. It's HO/ Branch is at in Maharashtra for which GST registration is obtained by the taxpayer.
- As per information & explanation provided by the taxpayer, separate books of accounts are maintained State Wise and trial balance of the state is obtained and considered for GST Audit.

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### □ Non availability of Trial Balance in case of taxpayer having Multi State Activity

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, further taxpayer do not have an accounting system or software for preparing State wise trial balance.
- However taxpayer maintains accounts in SAP/ERP software on all India bases and have common data base.
- Separate Sales and purchase register is maintained by the taxpayer for the transactions of Maharashtra State, on the basis of which the taxpayer regularly files GST returns and the same is considered for GST Audit in the State.

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### 5B & 5H Unbilled Revenue

**5B** UNBILLED REVENUE AT THE BEGINNING OF FINANCIAL YEAR - ADD

**5H** UNBILLED REVENUE AT THE END OF FINANCIAL YEAR - LESS

**Instructions:**

Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting in the last financial year and was carried forward to the current financial year shall be declared here. In other words, when GST is payable during the financial year on such revenue (which was recognized earlier), the value of such revenue shall be declared here. (For example, if rupees Ten Crores of unbilled revenue existed for the financial year 2016-17, and during the current financial year, GST was paid on rupees Four Crores of such revenue, then value of rupees Four Crores shall be declared here)

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### 5B & 5H Unbilled Revenue

Unbilled revenue means the revenue which was accounted for in 16/17 in the Financial Statement but the bill for which are made in 17/18. The turnover as per GST will more than the AFS.

AS 9 recognition of revenue on full / partial completion of the services though the due date for issuing invoice as per the contract / GST will be on a later date.

Unbilled revenue is recorded in the BOA on the basis of accrual system of accounting in 16/17 for which the invoice is issued under GST law is required to be declared here.

Examples: Construction contracts, Hire purchase, Lease, Govt. grants, Warranty, A.M.C. etc.

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## 5B & 5H Unbilled Revenue

Figure of Unbilled revenue can be found from 16/17 AFS. GST was introduced from 1st July 2017. We have to exclude invoices raised during the period April to June 2017. In case of multiple reg. obtain statement for each registration reconciling the total amount disclosed in AFS.

See Declaration made u/s 142(11) – TRAN 01 & Notes to account in 16/17 & 17/18

Cross link with form GSTR 9 Part III Sr. No. 6K

Example		Solution	
Unbilled revenue 01.04.17	500000	Turnover as per AFS	3000000
Billing in 1 <sup>st</sup> Qtr	200000	5B unbilled revenue at the beg of FY	+ 500000
Billing in GST regime	250000	5G turnover for April to June 2017	- 200000
Unbilled revenue 31.03.18	50000	5H unbilled revenue Closing	-50000
Turnover as per AFS	3000000	taxable turnover in GST regime	3250000

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### □ Unbilled revenue at the beginning of the year (Table 5B)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, unbilled revenue which was recorded in books of accounts on basis of accrual system of accounting in the previous financial year (i.e. 2016-17) and billed in current financial year (2017-18) has been declared in Table 5B.
- However 2016-17 figures are audited by other statutory auditor and same is considered by us. We have conducted our audit in accordance with SA 600.

### □ Unbilled Revenue at year end of financial year (Table 5H)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, reliance has been placed on the audited financial statements and reconciliation provided by the management for determining the unbilled revenue and no separate exercise is conducted to validate the same.

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### 5C & I : Unadjusted Advances

**5C** Unadjusted advances at the end of the year **Add**

**Instructions:** Value of all advances for which GST has been paid but the same has not been recognized as revenue in the AFS shall be declared here.

**5I** Unadjusted advances at the beginning of the year **Less**

**Instructions:** Value of all advances for which GST has not been paid but the same has been recognized as revenue in the AFS shall be declared here

**For Supply of Goods** Sec 12(2): The time of supply of goods shall be the earlier of the following dates, namely: — (a) the date of issue of invoice by the supplier or the last date for issue of invoice as per Sec. 31(1), or the date on which the supplier receives the payment with respect to the supply:

From **13/10/2017** not payable by RTP having aggregate turnover less than Rs 1.5 cr. & From **15/11/2017** not payable any dealer of goods.

Check whether tax is paid on such advances as per above dates.

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### 5C & I : Unadjusted Advances

As per Sec. 13(2) tax is payable by supplier of service on the advances received.

(a) The advance received (if exclusive of tax) would be considered as cum-tax.

(b) If tax rate cannot be determined during receipt of advance GST is @ 18%

(c) If nature of supply (POS) cannot be ascertained the advance is considered IGST

Such advances received are shown as liability but GST is paid on said amount.

The advances for services not recognized as revenue & on goods received before 15/11/17 but no supply made till 31/3/18 will be added.

The advances not to be added:

- a) Recd. On exempted goods & services.
- b) Recd. On goods after 15/11/17
- c) Financial advances
- d) Deposits recd.

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### 5C & I : Unadjusted Advances

It is difficult to find advances from AFS. We will have to refer to breakup of short term & long term liabilities and from receipts issued. The analysis of customers ledger account might become necessary if such amounts are credited to parties accounts directly, instead of advances received. It will be advisable to take suitable MRL for payment of taxes on advances.

From GSTR 1 to find unadjusted advances

(a) take sum of 11A. Advance amount received in the tax period for which invoice has not been issued (tax amount to be added to output tax liability) and from it deduct

(b) Sum of 11B. Advance amount received in earlier tax period and adjusted against the supplies being shown in this tax period in Table Nos. 4, 5, 6 and 7 (c)

The advances received as per AFS/BOA shall be added/ deducted over here even if it is not shown in GSTR 1 & 9

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### □ Unadjusted advances at the beginning/ end of the Financial Year (Table 5C/5I)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, reliance has been placed on the audited financial statements for determining the unadjusted advances and no separate exercise is conducted to validate the same.

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## 5D Deemed Supply under schedule I

### 5D Deemed Supply Under Schedule I Add Instructions:

Aggregate value of deemed supplies under Schedule I of the CGST Act, shall be declared here. Any deemed supply which is already part of the turnover in the audited AFS is not required to be included here.

There is no direct evidence indicating the value of deemed supplies by way of return or statement. The information will have to be gathered from other sources.

#### 1. Permeant transfer or disposal of business asset if ITC is taken:

Verify the fixed asset schedule. Assets donated, given as gift, decommissioning of any project & w/off, transfer of asset to employees shall be given attention.

#### 2. Related Party Transactions:

a) Gifts to employees more than 50,000/-,

b) Inter company transactions, Consider the effect of AAR in respect of cross charge for employee cost, common accounting, cloud sharing etc.

## 5D Deemed Supply under schedule I

Give attention to a) valuation applicable if full ITC not available as per provisions of sec. 15., b) Transfer of capital goods by one br. /head office to other.

### 3. Supply of goods:

(a) by a **principal to his agent** where the agent undertakes to supply such goods on behalf of the principal; or

(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

Precaution: consignment transactions. cases where net commission only will be shown as income by agent & expenses by principal

**4. Import of services** by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

See the process adopted by organization for identification of such transactions, and its taxation. See that there is consistency in such process. Take MRL regarding the same. Pay attention to valuation where ever applicable as per sec. 15.

### □ Deemed Supply (Table 5D)

- The term "deemed supply" is not defined under GST Law. Section 7(1)(c) of the CGST Act provides that the activities specified in Schedule I is to be treated as a supply, when it is made without consideration.
- It has list out certain transactions / activities which is deemed as a supply in absence of consideration. The systems and processes adopted by the entity with a view to identifying such transactions has been assessed.
- We have obtained management representation letter regarding the same

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### 5E: C/N issued after F.Y.

**5E** C/N issued after the end of the F.Y. but reflected in the annual return **ADD**

**Instructions:** Aggregate value of credit notes which were issued after 31st of March for any supply accounted in the current financial year but such credit notes were reflected in the annual return (GSTR-9) shall be declared here

In my opinion these are C/N issued in 18/19 shown in GSTR 1 of 18/19( It is not possible to show them in 17/18) but reduced from t/o of 17/18 in AFS.

Example: C/N for Turnover discount @ 5% on t/o of Rs. 20 lk. made in 17/18 i.e. Rs.1,00,000/- was passed in May 2018 by A ltd. It was shown in the GSTR 1 of May 2018. The discount was deducted from the turnover of 2017/18 in AFS, as it relates to the t/o of that year. The t/o shown in AFS will be less than GSTR9 by 1,00,000/- and hence it needs to be added.

There seems to be some mistake in wording of this clause. It means C/N issued in 18/19 reduced from GSTR of 17/18 & AFS of 18/19. (It will not be possible) & if applicable amt. will be **LESS**

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❑ **Credit Note issued after end of F.Y. but not reflected in Annual Return (Table 5E)**

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the disclosure is made of collation of data related to credit notes on account of return of goods or reduction in value of supply of goods and services made during financial year 2017-18 and credit note thereof Disclosure during the period April 2018 to September 2018 has been done on the basis of statement provided by the Management

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### **5F : Not permissible trade discount**

**5F** Trade dis. accounted for in the AFS but are not permissible under GST **ADD**

**Instructions :** Trade discounts which are accounted for in the AFS but on which GST was leviable (being not permissible) shall be declared here.

Trade discount is generally given in the bill and not reflected in turnover.

**It may cover following cases**

- a) Discount is given post sale but not allowed as per provisions of sec. 15, but deducted from turnover of the F.Y.
- b) Financial discounts shall be taken in to consideration only in AFS.

These will be the cases where the supplier has reduced the t/o and GST liability but the purchaser has not reduced his ITC.

These discounts can be take various forms in F.A. like quantity discount, bonus, incentive, compensation etc. Proper MRL should be taken regarding policy of giving discount and the circumstances when it triggers. Sample agreements entered in to for the same shall be taken on record.

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❑ **Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST (Table 5F)**

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the trade discounts provided in Clause 5F are not permissible as part of deductions from the value of supply under the GST Laws.
- The amount of trade discount has been obtained by checking the nature of discounts from Profit and Loss account, agreements, debit notes and credit notes. The trade discount of Rs.\_\_\_\_ is reduced from sales but the same is not reduced from value of supply as per GST being it's not a pre-agreed discount/ tax is not separately shown in debit/ credit notes as per Sec 15 of CGST Act.

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## **5G : Turnover of first quarter**

### **5G Turnover from April 2017 to June 2017 Less**

**Instructions:** Turnover included in the audited Annual Financial Statement for April 2017 to June 2017 shall be declared here.

The returns filed under Excise, Service Tax & State Vat Laws shall be seen along with reconciliation with AFS for first quarter.

#### **Precaution**

- a) Accounts books are not closed FOR June 2017
- b) P.O.T. is different in every law
- c) cash basis of accounting & service tax provisions
- d) provisions of sec. 142 (11) (a,b,c)
- e) Services completed or advances received in FIRST Quarter
- f) Transitional provisions/ cut off of revenue & TRAN 1

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### □ Turn-over of period April 2017 to June 2017 (Table 5G)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, out of the total turnover for F.Y 2017-18, turnover of Rs. for the period April, 2017 to June, 2017 is deducted.
- We have relied on the reconciliation statement provided by the management of the returns filed under Sales Tax/ Service Tax/ Excise as the case may be. We have test-checked the above disclosure of turnover and are subject to any pending assessments/ verification by the concerned Tax Authorities.
- There is no material difference in the turnover and the return filed for that period.

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### **5J : C/N issued in 17/18 not permissible in GST**

#### **5J Cr/N accounted for in the AFS but are not permitted under GST Less**

**Instructions:** Aggregate value of credit notes which have been accounted for in the audited AFS but were not admissible u/S 34 shall be declared here.

These will cover following cases:

- a) C/n or D/n issued by purchaser.
- b) C/n not containing details as per rule 46 e.g. tax not shown separately.
- c) C/n issued for 17/18 after Sept. 2018.
- d) C/n issued where purchaser has not reduced the ITC availed.
- e) C/n issued for cash discount.
- f) Adjustment for reduction in receivable not adjusted in t/o shall not be considered.

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❑ Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST (Table 5J)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the credit notes provided in Clause 5J are not permissible as part of deductions from the value of supply under the GST Laws.
- The amount of such credit notes has been obtained by checking the nature of credit note from Profit and Loss account, agreements and credit notes. The credit note of Rs. is reduced from revenue in Books but the same is not reduced from value of supply as per GST being it's not in accordance to Sec 34 of CGST Act.

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### C/N issue Sec. 34 (1&2)

- (1) The supplier of G &/or S may issue to the recipient a C/N Where
  - a) the taxable value or tax charged in that tax invoice is found to **exceed the taxable value or tax** payable in respect of such supply, or
  - b) The goods supplied are **returned** by the recipient, or
  - c) Goods or services or both supplied are **found to be deficient**.
- (2) A C/N shall be issued & details of such C/N shall be declared in the return for the month during which such credit note has been issued but **not later than September following the end of the financial year** in which such supply was made,  
: Provided that no reduction in output tax liability of the supplier shall be permitted, if the **incidence of tax and interest on such supply has been passed on to any other person**.

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## **5K: Supply by SEZ to DTA Unit**

### **5K Adj. on account of supply of goods by SEZ units to DTA Units LESS**

**Instructions:** Aggregate value of all goods supplied by SEZs to DTA units for which the DTA units have filed bill of entry shall be declared here.

Supplies made by SEZ units against bill entry filed by purchaser are not reported by such unit in GSTR 1 and hence such data can not be retrieved from the returns filed. The SEZ units have maintain record of goods/ cap. Assets admitted in and disposed from such area. As such turnover is not taxable in the hands of SEZ but taxable as imports in hands of DTA unit, it has to be deducted from t/o of SEZ units.

Proper precaution has to be taken when SEZ unit has also a unit outside SEZ and there are transaction in between such two units as it will be treated as third party DTA transaction.

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## **5L: Turnover under composition scheme**

### **5L Turnover for the period under composition scheme LESS**

**Instructions:** There may be cases where registered persons might have opted out of the composition scheme during the current F.Y. Their turnover as per the audited AFS would include turnover both as composition taxpayer as well as normal taxpayer. Therefore, the turnover for which GST was paid under the composition scheme shall be declared here.

A dealer might be comp. dealer in beginning as per sec. 10. See the GSTR 4 & 9A filed for such period. This period t/o does not require audit. See that comp. tax is paid on advances recd. in this period & supply is made afterwards tax is paid on balance amount only. The t/o shall be net off the returns and refunds. See COMP 4 filed for getting the ITC on the stock left. The dealer goes out of composition because of violation of conditions stipulated u/s 10. See the adjustments on cut off date.

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### □ Turnover for the period under composition scheme (Table 5L)

- Taxpayer had earlier registered under the composition scheme from to period and Rs.\_\_\_\_ is the turnover under composition scheme. Later on he has opted out of the scheme from
- \_\_\_\_ . Taxpayer has filed both forms GSTR 9 and GSTR 9A. Management has provided reconciliation statement of annual accounts with above forms and we have relied on the same. Compliance of Sec 18 of CGST Act has been done by the taxpayer.
- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, our disclosures under this report includes both periods and is based on books of accounts maintained by the taxpayer.

### □ Turnover for the period under composition scheme ( Table 5L)

#### **Composition scheme & cash sales**

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the taxpayer has not Disclosed any tax invoices, Cash Memo or Invoice for Cash Sales on B2C transactions.
- Sales are booked from Cash book as a regular accounting practice. Subject to this all other conditions of composition scheme u/s 10 of CGST Act, are complied as per the explanation and information given by taxpayer and as per audit check carried out of the records maintained.

## **5M: Adjustments in t/o because of sec. 15**

### **5M Adj. in turnover u/S 15 and rules thereunder ADD/LESS**

**Instructions:** There may be cases where the taxable value and the invoice value differ due to valuation principles u/s 15 and rules 27 to 35

Any difference between t/o reported in GSTR 9 and t/O reported in the audited AFS due to difference in valuation of supplies shall be declared here.

**15 (1)** Transaction value will be basis for tax calculation if a) it is not related party supply & b) price is sole consideration. The verification of customer a/c and find out the reason for such c/n and find whether rules of valuation are applicable.

**15 (2)** The value of supply shall include—

**(a)** any taxes, duties, fees and charges levied under any other law for the time being in force other than this Act, if charged separately by the supplier;

## **5M: Adjustments in t/o because of sec. 15**

**15 (b)** any amt. the supplier is liable to pay in relation to such supply but incurred by the recipient of the supply and not included in the price.

**15 (c)** incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

**15 (d)** interest or late fee or penalty for delayed payment of any consideration for any supply; and

**15 (e)** subsidies directly linked to the price excluding subsidies provided by the C.G./ S.G.

**Explanation.—** The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

### 5M: Adjustments in t/o because of sec. 15

**15 (3)** The value of the supply shall **not include any dis.** which is given—

- a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and
- b) after the supply has been effected, if—
  - (i) such dis. is in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
  - (ii) ITC for such dis. attributable to the dis. on the basis of document issued by the supplier has been reversed by pur.

As per rules the **transaction value** for AFS **may be different** from value on which GST is to be levied. Some examples

- a) Air travel agent to pay 5% on basic fair, or 18% on comm.
- b) Pure agent transactions.
- c) valuation for sale of assets.
- d) valuation when consi. is not wholly in money.
- e) Related party transaction
- f) Lottery, gambling

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### □ Adjustments in turnover u/sec 15 and rule thereunder ( Table 5M)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, there is no adjustment warranted as per Sec 15 and rule thereunder on taxable value of outward supply reported in GSTR-9.
- The management is of the opinion that there is no material impact on GST liability.

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## **5N: Adjustments in t/o for FE Fluctuations**

### **5N Adj. in turnover due to foreign exchange Fluctuations ADD/LESS**

**Instructions:** Any difference between the turnover reported in GSTR9 and turnover reported in the audited AFS due to foreign exchange fluctuations shall be declared here.

As per rule 34 value of taxable goods to be determined based on the exchange rate notified u/s 14 of the Customs Act;

The value of taxable services to be determined based on rate of exchange as per time of supply of such services in terms of Sec. 13 of the CGST Act Since the exchange rates applied to forex amounts for accounting purposes are different from the exchange rates applied for determining the value of taxable G & S, there could be difference between the turnover recorded in the books when compared to the turnover declared for GST returns.

### **□ Adjustment due to foreign exchange fluctuations ( Table 5N)**

- The forex gain/loss is included in turnover as per audited financial statement and the corresponding effect of such fluctuations have been reported in Table 5N.
- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, there is no impact on GST liability



## 50: Adjustments for any other reason

### 50 Adj. in turnover due to any other reason not listed above ADD/LESS

**Instructions:** Any difference between the turnover reported in GSTR9 and turnover reported in the audited AFS due to reasons not listed above shall be declared here.

Some of the examples would be amount of transport charges reduced from expenses of transportation.

Sales returns shown as purchases & V/V.

Gifts and samples distributed free of charge shown as expenses.

Notice pay recovered from employee by realizing bond.

Turnover of one state shown in other state.

GSTR 9 & 9C can not be used to correct the mistakes so they will be reported here. Such items are to found out by expenses analysis.

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### ❑ Sale of Fixed Asset (Table 50)

- The outward supply of Rs. is of disposal of capital goods on which GST has been paid and the same is verified with the deletion in the Fixed Asset Registers.
- The same has been reported in Table 50.

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## **5&6 Total reconciliations & Reasons for Diff.**

### **5P Annual turnover after adjustments as above**

**Auto Populated**

After all the adjustments to the turnover as per AFS in reconciliation statements in points 5B to 5O ( including any other adjustments) the net turnover is shown in point 5P

### **5Q Turnover as declared in annual return**

**Manual**

**Instructions:** Annual turnover as declared in the AR GSTR 9 shall be declared here. This turnover may be derived from Sr. No. 5N, 10 and 11 of AR GSTR 9

### **5R Un-Reconciled turnover (Q - P)**

**AT 1**

The two figures 5P & 5Q should match. If they do not match the reasons for the same are to be given in Sr No 6

### **6 Reasons for un - reconciled difference in Annual Gross Turnover**

Only 3 reasons - Can we add reason, amount and how many characters

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## **5&6 Total reconciliations & Reasons for Diff.**

### **The adjusted turnover at 5P can be Higher than Annual turnover at 5Q**

This can happen if some turnover is not declared in AR. If such t/o is taxable it shall be declared in part III Sr. No. 11 and applicable taxes shall be paid. If it not taxable it shall be included in Part II 7B or 7C

### **The adjusted turnover at 5P can be Less than Annual turnover at 5Q**

This the amount shown erroneously in GSTR 3B and GSTR 9. The Form 9C has no provision for claim Refund of taxes wrongly paid. We will have to wait for the actual templet to find whether Sr. No. 11 permits negative figures.

### **Reasons for un - reconciled difference in Annual Gross Turnover**

Sale of fixed asset at a profit or loss.

Goods delivered on sale or return treated ass supply after six months.

Valuation difference because of sec 15 & valuation rules 27 to 35

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## GSTR 9-C PT. II – 7A to 8

7		Reconciliation of Taxable Turnover	
A	Annual turnover after adjustments (from 5P above)		
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply		
C	Zero rated supplies without payment of tax		
D	Supplies on which tax is to be paid by the recipient on reverse		
E	Taxable turnover as per adjustments above (A-B-C-D)		
F	Taxable turnover as per liability declared in Annual Return		
G	Unreconciled taxable turnover (F-E)		
8		Reasons for Un - Reconciled difference in taxable turnover	
A	Reason 1		<<Text>>
B	Reason 2		<<Text>>
C	Reason 3		<<Text>>

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### Table 7: Reconciliation of Taxable Turnover

After the adjustments the turnover will get tallied with annual turnover as per AR GSTR 9

**Instructions:** The table provides for reconciliation of taxable turnover from the audited annual turnover after adjustments with the taxable turnover declared in annual return (GSTR-9).

Now we have to calculate the taxable turnover by deducting the turnover on which tax is not leviable in table 7.

#### 7A Annual turnover after adjustments (5P) Auto Populate

This figure as per 5P will be auto populated here from which the non taxable turnover is to be deducted. The non taxable turnover is divided in 7B, 7C & 7D which is to be deducted to arrive at taxable turnover

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## 7 B Reconciliation of taxable T/O

### 7B Value of Exempted, Nil Rated, Non-GST supplies, No-Supply Turnover

**Instructions:** This turnover shall be reported net of credit notes, debit notes and amendments if any.

- This figure to be reported net of c/n, d/n and amendments if any.
- There are no goods / services under 'NIL' rate category
- (47) "**exempt supply**" means supply of any G &/or S which attracts nil rate of tax or which may be wholly exempt from tax u/s 11, or u/s 6 of the IGST Act, and includes non-taxable supply;
- Supplies that are wholly or partially exempted from tax by way of a notification; e.g.: water, electricity education/ health care services etc.
- u/s 2(78) – **Non Taxable supplies** that are not taxable under the Act (viz. alcoholic liquor for human consumption, petrol diesel etc.). Cont....

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## 7B non GST, no supply Turnover

- **No supply turnover** means the turnover which is not supply as per sec. 7 & will include out & out supply.
- No supplies include the activities covered under Sch. III which are neither a supply of goods or of services. Examples- Sale of land or completed building, actionable claims, other than lottery, betting, and gambling.
- Link with corresponding item in GSTR 9 – Part II Sr.No. 5D, 5E & 5F;
- See the manner of its quantification from the books and records and correlated with returns filed in GSTR Form 3-B;
- Check calculation for reduction of ITC with exempted turnover computation for the purpose of Section 17(2).

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### ❑ Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover (Table 7B)

- Value of exempted, nil rated, non- GST and no supply turnover has been declared in Table 7B. The turnover reported is net of credit notes,debitnotes and amendments.

### ❑ No supply (Table 7B)

- The definition of exempt supply u/s 2(47) covers three out of four terms used in Clause 7B and is also a part of disclosures in Form GSTR 1, GSTR 3B and GSTR 9. Further, instruction to Sl No. 5D, 5E and 5F of GSTR 9 specifically includes the value of 'no supply'.
- Therefore, the turnover of Rs. \_\_\_\_\_ has been disclosed as 'no supply' in GSTR 9 and GSTR 9-C. We have disclosed data relating to each sub- group within the definition of 'exempt supply'.

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## 7C Zero rated supplies w/o tax

### 7C Zero rated supplies without payment of tax LESS

**Instructions:** Value of zero-rated supplies (including supplies to SEZs) on which tax is not paid shall be declared here. This shall be reported net of credit notes, debit notes and amendments if any.

Zero rated supplies means the export of G &/or S or supply to SEZ unit or developer. Total t/o of zero rated supplies shall be divided under with tax and w/o tax (LUT) and only t/o with LUT shall be shown.

If Export is FOB the revenue will be recognized when goods are boarded on conveyance. In case CIF the revenue is recognized when the goods are delivered to purchaser, and such amount is transferred to unearned revenue, but shown in monthly returns.

So it shall be shown if treated as revenue. Ref.:

- a) Table 6A and 6B and Table 9 A and 9C of **GSTR 1**.
- b) Table 5A and 5B and for Amendments in Table 5J and Table 5K in **GSTR 9**

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### 7C Zero rated supplies w/o tax

- (a) The GSTIN wise bifurcation of zero-rated supplies without payment of tax effected has to be arrived at appropriately;
- (b) The tax remitted under Rule 96A ( for non fulfillment of conditions) should be identified, & should not be declared here.
- (c) Goods exported in pre-GST regime, but recognized as revenue in GST regime in the audited AFS should be ascertained and such zero-rated supplies should be declared against Sr.No. 50.
- (d) The supplies effected under merchant trade would not qualify as an export under the GST law. & may not be declared here
- (e) Deemed exports, if any effected by the taxable person shall not be declared against Sr.No. 7C since, such supplies would not qualify as zero-rated supplies without payment of tax under the provisions of GST law.

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### 7C Zero rated supplies w/o Tax

Check the validity of LUT. The date when applied, condonation of delay shall be seen.

See whether conditions of export are fulfilled- for goods - invoice format, shipping bill details etc, & for services - foreign exchange realisations, intermediary services are not included. otherwise tax will be payable ur 96A

#### **7D Supplies on which tax is to be paid by the recipient on RCM basis**

**Instructions:** This shall be reported net of c/n, d/n and amendments if any.

- (a) Relating to goods: N.No.4/17 CT (R) dt.28.6.17, as amended.
- (b) Relating to services: N.No.13/17 CT(R) dt.28.6.17 and N.No.10/17 IT (R).
- (c) If supplier making supply under RCM but wrongly charges and pays the tax, is incorrect in law. Such supplies will have to be shown in 7D only.

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## □ Zero Rated supplies without payment of tax (Table 7C)

- Clause 7C of GSTR 9C requires disclosure of value of zero-rated supplies without the payment of tax which forms part of the 'Annual turnover.
- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, Letter of Undertaking (LUT) dated of Rs. has been submitted to the GST Department by the taxpayer for the supplies without payment of tax.

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## **7D Reconciliation of Taxable Turnover**

(d) Such turnover is treated as exempt turnover u/s 17(3) and the provisions of the reversal of ITC u/r 42,43. The auditor should check the calculation of reversal u/s 17 r/w rule 39, 42 & 43

(e) See that invoice contains declaration that ' tax is payable under RCM'

(f) Data entered Table 4B of GSTR 1 by the supplier if he is registered.

This adjustment is not to be done by purchaser i.e. if he has to pay taxes on RCM on his purchases u/s 9(3) or (4)

(g) Table 3.1(c) (Other outward supplies – Nil rated, exempted) of GSTR 3B.

(h) Don't show the exp. & goods on which tax is paid under RCM u/s 9(4)

(i) The amount is net of d/n & c/n. Such d/n & c/n would have been accounted in Table 9B and 9C of GSTR 1.

(j) If tax is collected by wrongly but not deposited report the same.

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### □ Reporting of RCM to be paid by the recipient (in Table 7D)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, outward supplies on which tax is to be paid by the recipient on reverse charge basis are disclosed herewith.
- Further, the taxpayer has not/partially complied with tax invoice rule 46(p), rule 54(3) and the taxpayer has also complied with ITC reversal u/s 17 of CGST Act.

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## 7 E,F & G : Comparison of Annual Taxable Turnover & 8

### 7 E Taxable turnover as per adjustments above [A-(B-C-D)] <Auto>

The taxable turnover is derived as the difference between the annual turnover after adjustments declared in Table 7A above and the sum of all supplies (exempted, non GST, reverse charge etc.) in 7B, C & D.

### 7 F Taxable turnover as per liability declared in A.R. GSTR 9

Taxable turnover as declared in Table (4N – 4G) + (10-11) of the Annual Return (GSTR9) shall be declared here

### 7 G Unreconciled taxable turnover (F-E) AT 2

No difference shall be in fig. of 7 E & F. If it is there it will appear here

### 8 Reasons for Un - Reconciled difference in taxable turnover

Specify reasons for non-reconciliation of adjusted annual taxable turnover.

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## 8 Reasons for un-reconciled difference

**Instructions:** Reasons for non-reconciliation between adjusted annual taxable turnover as derived from Table 7E above and the taxable turnover declared in Table 7F shall be specified here.

The taxable turnover differences between the GST Returns and the Audited AFS. Generally GST returns has to flow from the Books of Accounts. The un-reconciled turnover will be on account of disclosure norms as per Accounting Standard or other statutory provisions.

Examples: the sale price of capital as per AFS may be different from that disclosed in GST.

Sale on approval treated as t/o in GST after expiry of stipulated period.

Exempt/ Zero rated supply treated as taxable as conditions are not fulfilled.

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## Pt. III- 9- Reconciliation of rate wise liability

	Reconciliation of rate wise liability and amount payable thereon					
	Description	Taxable Value	Tax payable			Cess, if applicable
Central tax			State tax / UT tax	Integrated Tax		
	1	2	3	4	5	6
A	5%					
B	5% (RC)					
C	12%					
D	12% (RC)					
E	18%					
F	18% (RC)					
G	28%					
H	28% (RC)					
I	3%					
J	0.25%					
K	0.10%					
L	Interest					
M	Late Fee					
N	Penalty					
O	Others					
P	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Un-reconciled payment of amount					PT I

10 - A, B,C – Reasons for un-reconciled payment of amount – (Text)

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### **Part III: Table 9 Reconciliation of Taxes Paid**

**Part III** consists of reconciliation of the tax payable as per declaration in the reconciliation statement and the actual tax paid as declared in A.R. GSTR 9.

**Table 9** provides for reconciliation of tax paid as per reconciliation statement and amount of tax paid as declared in A.R. GSTR 9.

Under the head labelled "RC", supplies where tax was paid on RCM by the recipient (i.e. the person for whom reconciliation statement has been prepared) shall be declared

**9P** The total amount to be paid as per liability declared in Table 9A to 9O is auto populated here.

### **Table 9 Reconciliation : Instructions**

**9Q** The amount payable as declared in Table 9 of the Annual Return (GSTR9) shall be declared here. It should also contain any differential tax paid on Table 10 or 11 of the Annual Return (GSTR 9).

**9 –L,M,N** Interest, Late Fees and Penalty Payable to be disclosed separately, as per provisions of CGST, SGST, IGST & UTGST ACT.

The details of any liability of Interest u/s 50 accounted for in the books of accounts or any Late Fees for Late filing of GSTR 3B or penalty leviable under any relevant sections of the Act needs to be reported here after taking in to consideration various notifications for waiver.

Before giving int. payable prepare rate wise taxable value month wise. Compare monthly tax liability calculated with details of tax paid in monthly GSTR 3B, the correct amount of int. shall be calculated and reported.

## **Table 9 Reconciliation**

The purpose of this table is to quantify the tax Payable on amounts recorded in books of accounts with amounts disclosed in GSTR 9. This will help the Auditor to ultimately recommend in Part V of the GSTR 9C, the additional tax Liability to be paid by the Registered Person due to Non-Reconciliation of taxable value or any other reason whatsoever with Books of Accounts and GSTR 9.

Auditor is required to report the GST payable rate wise by dividing total taxable turnover calculated in Table 7E under Part II of GSTR 9C. Once the taxable value is reported under various rates as specified the relevant amount of tax shall be calculated by the system.

adjustments made in Part II of GSTR 9C having no impact in the BOA of RTP should also be considered rate wise for finding the taxable value.

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## **Table 9 Tax under RCM & late fee**

Taxable value of inward supplies on which RTP is required to pay tax under RCM should be disclosed. The details for same needs to be taken from the books of accounts.

Tax payable under RCM in two cases. — u/s 9(3) where tax is to be paid by RCM as per law on G & S. The details for the period 17/18 shall be given.

u/s 9(4) on supplies received from unregistered suppliers. The details should be taken for a period up to 12th October 2017 only. Give the taxable value and the amount of tax shall be derived accordingly.

Amounts not to be reported in the GST returns (like penalty u/s 129 for movement of goods in contravention of rule 138) but accounted for in the BOA and relating to GST should also be reported in given columns, after comparing respective accounts of expenses in the Profit and Loss Account.

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## Table 9 Q Total amount paid

**9Q** - The amounts shall be total of amounts shown in Table 9 Part IV and i.e. details of amount paid through Cash and ITC i.e. gross liability during 17/18 in GSTR 3B and Table 14 under Part V of the Form GSTR 9 i.e. differential tax liability declared in GSTR 1 filed in 18/19 paid in GSTR 3B for that period.

It has to be ensured that details of tax paid are taken but not the details of tax Payable.

**9R** Un-reconciled payment of tax shall be auto calculated by system Tally this difference by taking in to consideration **difference in turnover** given in 5R (difference between Clause 5P & 5Q of table 5) & **difference in taxes paid** given in 9R (difference between clause 9P & 9Q of Table 9).

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### ☐ Rate-wise tax liability on outward supplies (Table 9)

- GST rate wise details of taxable value for outward supply are disclosed in Table 9. The auditor has relied on information as provided by management in absence of availability of tax rate-wise ledgers in the books of accounts maintained by the taxpayer.

### ☐ Reporting of payment of interest (Table 9L)

- The details of total tax payable for the period July, 2017 to March, 2018 as declared in GSTR 9 i.e. under the Annual Return is disclosed. Also, the disclosure of interest is made based on the working provided by the management which is calculated on net liability basis. It is subject to interpretation as per Sec 50 CGST.
- We have relied on the same and interest on gross basis is not quantified by the management. As per the opinion of management interest is paid according to net liability is prudent interpretation of Sec 50 of CGST Act based on amendment proposed in Sec 50 in Union Budget, 2019.

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### □ Reporting of penalty (Table 9N)

- As per the information available and based on the management representation, no penalty notices are received from the Tax Authorities.
- Hence, our disclosure of penalty is based on above facts mentioned by the management.

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### Pt. III- 11- Additional amount payable but not paid Reasons in 6,8,10 above

11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
	Description	Taxable Value	To be paid through Cash			
Central tax			State tax / UT tax	Integrated tax	Cess, if applicable	
	1	2	3	4	5	6
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					
	Others (please specify)					

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## Part III: Table 10 & 11 Reconciliation of Taxes

**Table 10** Reasons for non-reconciliation between tax payable / liability declared in Table 9P above and the amount payable in Table 9Q shall be specified here.

**Table 11** Any amount (Tax, interest, penalty or fee) which is payable due to reasons specified above shall be declared here, which are

Table 6 **un - reconciled difference in Annual Gross Turnover ,**

Table 8 **Un - Reconciled difference in taxable turnover and**

Table 10 **un-reconciled payment of amount**

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## Provisions Relating to Input Tax Credit

Description	Sec. Applicable	Rule Applicable
Eligibility & conditions for taking ITC	16	36 & 37
Apportionment of credit & blocked credits	17	38,42 & 43
Availability of credit in special circumstances	18	40, 41 & 44
Taking ITC in respect of inputs & capital goods sent for job work	19	45
Manner of distribution of credit by ISD	20	39
Manner of recovery of credit distributed in excess	21	N.A.

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## Part IV: Reconciliation of Input Tax Credit

**ITC BOOKED** means amount shown as ITC in books of accounts after making the entry of purchases/expenses or capital asset purchases.

**ITC AVAILED ( As per Books)** means amount shown on Dr. side of ITC ledger. This amount is total ITC. On Cr side we show blocked credits & reversals u/r 37( Non payment) 42 (Reversal of input & input services ITC) 43 (ITC reversal for capital goods), 44 (Reversal in special circumstances). The opening balance c/f from previous year will be add & Closing balance trf. to next year will be deducted. The balance this a/c will be trf. to output tax liability for offsetting to make net payment. **(ITC UTILIZED)**

There is provisions regarding the date up to which the ITC can be availed sec. 16(4), i.e. up to earlier of filing of annual return or due date for return of Sept. of subsequent year. The ITC can be utilized any time for payment.

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## Example of Input Tax Credit

Date	Description	Remarks	Amount
1-7-2017	Opening Balance	No GST Bal B/f from June	0
17-18	ITC on Expenses	Total amt. Dr. in 17/18	12,50,000
17/18	ITC on Capital Assets	Total amt. Dr. in 17/18	4,50,000
17/18	ITC on input/ input services	Total amt. Dr. in 17/18	50,00,000
17/18	ITC on input/ input services	Total amt. Dr. in 18/19	2,50,000
17/18	Trans 1 Credit	Transitional credit claimed	1,50,000
	<b>Total Of Debits</b>		<b>71,00,000</b>
17/18	Blocked credits	Amt. cr.	75,000
17/18	Credit reversed	Amt. cr. u/r 37,42,43,44	1,25,000
17/18	Amount Trf.	Amt. Cr. To output lia a/c	65,00,000
	Closing Balance c/f	Amt. booked late + Bal. of Mar	4,00,000
	<b>Total Of Credits</b>		<b>71,00,000</b>

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### □ Recommended additional tax liability (Table 11)

- We have recommended in Part V of the GSTR 9C, the additional tax Liability to be paid by the reg. person due to the reasons mentioned therein, Rs. \_\_\_\_ tax/ int. is paid on \_\_\_\_ via DRC -03.

### □ ITC of registration in multiple states

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the total ITC Availed (after reversals) have been determined from the consolidated financial statements.
- Reconciliation has been maintained by the management to ensure that the ITC availed as per GSTR 9C reconciles and tallies with ITC of the state. Separate ITC registers are maintained state-wise and the cognizance of the same taken while reconciliation of ITC of the GSTN in the state.

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### □ ITC of single GSTN entity

- The data available from the Books of Accounts i.e. ledgers of ITC/ ITC registers has been verified for the period to arrive at the gross ITC as per books and also reversals has been reported.

### □ ITC for taxpayers providing cash system accounting

- As per the information and explanation given to us and on the basis of our examination of records, taxpayer has followed cash system of accounting.
- The ITC has been availed on cash basis only and tax invoices of FY 17-18 received and settled in the FY 2017-18, have been treated for availment of ITC.

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## GSTR 9-C PT. IV – 12 & 13

Pt IV	Reconciliation of Input Tax Credit (ITC)	
12	Reconciliation of Net Input Tax Credit (ITC)	
A	ITC availed as per audited Annual Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from books of accounts)	
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)
D	ITC availed as per audited financial statements or books of account	<Auto>
E	ITC claimed in Annual Return (GSTR9)	
F	Un-reconciled ITC	ITC 1
13	Reasons for un-reconciled difference in ITC	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

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### Part IV: Reconciliation of Input Tax Credit

**12A ITC availed** as per the audited AFS shall be declared here.

There may be cases where multiple GSTINs (State-wise) reg. exist on the same PAN. This is common for entities with presence over multiple States. Such persons / entities, will have to internally derive their ITC for each individual GSTIN and declare the same here. It may be noted that reference to audited Annual Financial Statement includes reference to books of accounts in case of persons / entities having presence over multiple States.

The ITC after all reversals for 2017-18 (July 17 to March 18) as per audited AFS shall be reported here.

Give total figure of ITC without bifurcation of CGST, SGST, IGST etc.

Tally ITC availed as per books, with ITC claimed in A.R. GSTR- 9, which will be the figure of ITC shown in 3B.

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## Part IV: Reconciliation of Input Tax Credit

### 12 B ITC booked in earlier Financial Years claimed in current F. Y. Add

**Instructions:** Any ITC which was booked in the Audited AFS of earlier F.Y. but availed in the ITC ledger in the Current F.Y. for which the reconciliation statement is being filed for shall be declared here. Include transitional credit which was booked in earlier years but availed during F. Y. 2017-18.

If the ITC recorded in the books of earlier period/s including transitional credit is claimed in current year it will increase the figure of ITC claimed than in the books and hence such figure shall be added.

For the period July 17 to March 18 there will not be any ITC of earlier year as this is the first year but it will have figures of transitional credit shown in Tran 1. e.g. C/f of excise, service tax cr. will come here. But ITC on a/c of opening stock will not be considered. See prov. of Sec. 139 to 142

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### □ Trans-credit (Table 12B)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, we have verified the claims made in trans 1 and trans 2 from the books of accounts visa-vis the conditions laid down under law for the claim of the same.
- Also the same has been verified online from the system to ascertain that the claim made in the books have been registered on the site for its availment.
- However, the credit availability is subject to the finality of notice received from SGST Departments on the basis of original/ revised returns filed by the taxpayer.

### □ ITC booked in earlier Financial Years claimed in current Financial Year (Table 12B)

- The **notification no. 56/2019 dated 14 November, 2019** provides an option to taxpayer for not entering the amount in Row 12B i.e. ITC booked in earlier Financial Years claimed in current Financial Year of Table 12. The taxpayer has availed the option and thus has not entered amount in Row 12B.

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## Part IV: Reconciliation of Input Tax Credit

### 12 C ITC booked in current F.Y. to be claimed in next F.Y. Less

**Instructions:** Any ITC which has been booked in the audited A.F.S. of the current F.Y. but the same has not been credited to the ITC ledger for the said financial year shall be declared here.

GSTR 9 captures ITC availed in 3B. Audited AFS capture ITC booked and availed in current F.Y.

If ITC is availed as per audited AFS but not claimed in 3B of current F.Y. but claimed in subsequent F.Y. the ITC claimed will be less and hence is required to be reduced for matching.

**12D** ITC availed as per audited AFS or books of accounts as derived from values declared in Table 12A, 12B and 12C above will be auto populated

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### Goods in transit and it's ITC (Table 12C)

As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the ITC of goods in transit of Rs. \_\_\_\_ was not availed as basic condition for claiming ITC was not met.

So, the ITC appearing in the books is not matching with ITC as claimed in GSTR-9 in Table 12 of GSTR9C. We have relied on MRL for deriving amount of such ITC.

### ITC booked in current Financial Year to be claimed in subsequent Financial Years (Table 12C)

- The **notification no. 56/2019 dated 14 November, 2019** provides an option to taxpayer for not entering amount in Row 12C i.e. ITC booked in current Financial Year to be claimed in subsequent Financial Years of Table 12. The taxpayer has availed the option and thus has not entered amount in Row 12C.

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### ❑ ITC reversal and 180 days

- ITC availed and reversal is being reported on the basis of available records and information provided by the management. We have test checked the ITC availed and payments made to taxpayer. Accordingly, the management is of the view that no ITC reversal arises u/sec 16(2) of CGST Act.
- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, our audit report is subject to the above non-disclosure of correct and complete compliance of ITC provisions by the taxpayer.

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### ❑ Ineligible ITC and exempt turnover

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the exempt turnover of the taxpayer comprises of interest from bank, etc.
- The ITC availed is of taxable turnover, thus reversal of ITC on proportionate basis is not applicable as per rule 42 of the CGST Act.

### ❑ ITC as per GSTR-2A and GSTR-9C

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, an amount of Rs. \_\_\_\_ but not appearing in GSTR 2A has been claimed as credit based on confirmation of payment of such tax obtained by the management.
- Further, the management is of the opinion that no liability of ITC reversal/ excess claim arises due to difference in information of ITC as per GSTR-2A and GSTR-9C.

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### □ Credit Notes, ITC as per GSTR-2A and GSTR-9C

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, an amount of Rs. \_\_\_ is pertaining to credit notes Disclosure on outward supplies and are reduced from the taxable value of outward supplies.
- However, in absence of confirmation from the recipient regarding reversal of ITC by the recipient, our disclosure is subject to above confirmation regarding taxable value of outward supply. This disclosure is regarding compliance of Sec 34 of CGST Act.

### □ ITC to be reported (Table 12C)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the ITC booked in FY 2017-18 in the books but was disallowed in the returns for FY 2017-18 on account of Reversal of Rule 37, but the same was availed in the returns filed during the FY 2018-19 upto March 2019, these reversals have also been reduced in clause 12C.

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### □ Reporting of RCM for F.Y. 2017-18

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer and on the basis of test-check of the Books of Accounts and Inward supplies related ledgers we have reported the compliance of Reverse Charge u/sec 9(4) of CGST Act and 5(4) of IGST Act as the case may be for the period 01/07/2017 to 13/10/2017.
- We have relied on management representation for unregistered status of the taxpayers.
- During the year as per Books of Accounts and based on test-check for the year 2017-18, liability of RCM u/sec 9(4)/ 9(3) is Rs. \_\_\_ and out of it Rs. \_\_\_ has been paid in the year 2018-19.
- The amount paid in 2018-19 is not shown in GSTR-9C based on the clarification Disclosure by the CBEC on 03/07/2019. Accordingly, ITC has been claimed on payment basis in the year of payment by the taxpayer.

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### □ Reporting of RCM

- As per the information and explanation given to us and on the basis of our examination of records, the taxpayer has not maintained complete record of inward supplies on which RCM is applicable u/sec 9(3) / 9(4).
- Thus, we are unable to comment on the liability of the taxpayer under reverse charge for the year 2017-18.
- As per the information and explanation given to us and on the basis of our examination of records, the taxpayer has not maintained the day-wise exemption limit calculation of Rs. 5000/- per day.
- Subject to above, on the basis of information provided and test-check basis, we have reported liability of inward supplies on which RCM is applicable u/sec 9(3) / 9(4).

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## Part IV: Reconciliation of Input Tax Credit

### 12 E ITC claimed in Annual Return (GSTR9)

**Instructions:** Net ITC available for utilization as declared in **Table 7J** of Annual Return (GSTR9) shall be declared here.

### 12 F Un-reconciled ITC - ITC 1

The difference in ITC claimed as per books (12 D) and ITC claimed in Annual return (12 E) if any will be shown here.

### Table 13 Reasons for un-reconciled difference in ITC

**A Reason 1** <<Text>>

**B Reason 2** <<Text>>

**C Reason 3** <<Text>>

**Instructions:** Reasons for non-reconciliation of ITC as per audited AFS or books of account (Table 12D) and the net ITC (Table 12E) availed in A.R. GSTR 9 shall be given. The reasons can be ITC which has lapsed not availed, mistakes committed while calculating/ writing figures while preparing 3B

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### Pt. IV- 14- Reconciliation of Eligible ITC

14 Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account				
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
	1	2	3	4
A	Purchases			
B	Freight / Carriage			
C	Power and Fuel			
D	Imported goods (Including received from SEZs)			
E	Rent and Insurance			
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
G	Royalties			
H	Employees' Cost (Salaries, wages, Bonus etc.)			
I	Conveyance charges			
J	Bank Charges			
K	Entertainment charges			

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### Pt. IV- 14- Reconciliation of Eligible ITC

L	Stationery Expenses (including postage etc.)			
M	Repair and Maintenance			
N	Other Miscellaneous expenses			
O	Capital goods			
P	Any other expense 1			
Q	Any other expense 2			
R	Total amount of eligible ITC availed			<<Auto>>
S	ITC claimed in Annual Return (GSTR9)			
T	Un-reconciled ITC			ITC 2

#### 15 Reasons for un reconciled difference in ITC -

- |   |          |      |
|---|----------|------|
| A | Reason 1 | Text |
| B | Reason 2 | Text |
| C | Reason 3 | Text |

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#### ☐ Expense head-wise ITC (Table 14)

- As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, we have received management representation letter for obtaining details of expense head-wise ITC availed and taxable value in Table 14.
- We have test-checked with books of accounts and reported the figures on which ITC is availed. The classification of various expenses under various expense head are taken from the audited financial statements.

#### ☐ Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per audited Annual Financial Statement or books of account (Table 12C)

- The notification no. 56/2019 dated 14 November, 2019 provides an option to taxpayer for not entering amount in Table 14 i.e. Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per audited Annual Financial Statement or books of account. The taxpayer has availed the option and thus has not provided expense head-wise bifurcation of ITC.

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### Tax payable on un reconciled difference

16	Tax payable on un-reconciled difference in ITC (due to reasons specified in 13 and 15 above)	
	Description	Amount Payable
	Central Tax	
	State/UT Tax	
	Integrated Tax	
	Cess	
	Interest	
	Penalty	

**Any amount which is payable due to reasons specified in Table 13 and 15 above shall be declared here.**

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Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
	Description	Value	To be paid through Cash			Cess, if applicable
			Central tax	State tax / UT tax	Integrated tax	
1	2	3	4	5	6	
5%						
12%						
18%						
28%						
3%						
0.25%						
0.10%						
Input Tax Credit						
Interest						
Late Fee						
Penalty						
Any other amount paid for supplies not included in Annual Return (GSTR 9)						
Erroneous refund to be paid back						
Outstanding demands to be settled						
Other (Pl. specify)						

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### Part V : Auditors recommendation

The auditor's recommendation on the additional liability to be discharged by the taxpayer due to non-reconciliation of turnover or non-reco. of ITC.

The auditor shall also recommend:

- a) Tax Liabilities because of outward supply and ITC will flow from earlier cl.
- b) Interest, late fee, penalty
- c) Any other amount paid for supplies not included in annual return (Taxes paid through DRC 03)
- d) Erroneous Refunds to be paid back
- e) Outstanding Demands to be settled
- f) Others

Towards, the end of the reconciliation statement taxpayers shall be given an option to pay their taxes as recommended by the auditor.

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#### ❑ Accounting Treatment and disclosure of ITC of GST

For Accounting purchases other than capital goods, the taxpayer has followed Para 6 and 7 of AS-2 “Valuation on Inventories” where “Cost of Purchases” includes only those taxes, which are not subsequently recoverable by the enterprise from the taxing authorities.” Accordingly a separate ledger for ITC has been mentioned.

#### ❑ Accounting Treatment for disclosure of Cap Goods and ITC thereof

The taxpayer has followed Para 9.1 of AS-10 “Accounting of Fixed Assets”, which provides that “The Cost of an item of fixed assets comprises its purchase price, including import duties and other non-refundable taxes or levies and directly attributable cost of bringing the assets to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price...”

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#### ❑ Misc. Inward Supplies (other than taxable) not included in taxable value of Inward Supplies

- The taxpayer has not included inward supplies for administrative use in the returns filed. However, details in respect of administrative Expenses involving inward supplies are not ascertainable as the taxpayer has not maintained records in respect of the same and the same have not been included in the taxable value of inward supplies.
- Consequently, the taxpayer has not claimed ITC of the tax paid on such inward supplies in the returns filed.

#### ❑ Capital Assets inward supplies not included in taxable value of inward supplies

- The taxpayer has not included inward supplies of Rs. \_\_\_\_\_ for capital assets in the returns filed. Consequently, the taxpayer has also not claimed ITC as per section 17(5) i.e. Motor Car of the tax paid on such inward supplies in the returns filed.

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### ❑ Turnover of URD Period included Audit Report

- The taxpayer has obtained Registration from date \_\_\_\_\_. Being first year of operations the books of accounts are prepared from \_\_\_\_\_ to 31st March 2018.
- Figures of URD period from \_\_\_\_ to \_\_\_\_\_ period are disclosed in this report.

### ❑ Petrol Pump taxpayers in motor spirits have Non-GST turnover

- The taxpayer is dealing in retail trade of petroleum products i.e., Petrol Pump taxpayer and has not paid tax being NonGST supplies on the sale price of motor spirits in the returns filed by him.
- These sales are non-GST sales in the hands of taxpayer. The dealer has also filed VAT Returns for the same.

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### ❑ Non Maintenance of Stock Register

- The taxpayer has not maintained Stock register, as per information and explanation given by the taxpayer, due to the peculiar nature of retail business there are numerous items and maintenance of stock register on day to day basis not possible.
- The same has been reported in Tax Audit Report under Income Tax Act, 1961.

### ❑ Conversion of Proprietary to Partnership Firm

- \_\_\_\_\_ concern was a proprietary concern registered under GST with GST Number \_\_\_\_\_ till the date \_\_\_\_\_. On \_\_\_\_\_ date new partnership firm was formed by taking over complete business of proprietary firm. GST Number \_\_\_\_\_ was obtained under transfer or transferee relationship of new partnership firm with GST number.
- We have audited the proprietary/ partnership firm separately being turnover of both entities above limit of audit.

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## Verification By Auditor

Verification:

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

\*\* (Signature and stamp/Seal of the Auditor)

Place: .....

Name of the signatory .....

Membership No.....

Date: .....

Full address .....

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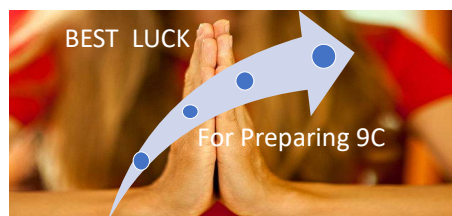
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**Mistake**  
makes us human.  
**Failure**  
makes us stronger.  
**Hope**  
keeps us going.  
**Love**  
keeps us alive.

QUOTEDIARY . IN

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Namaskar



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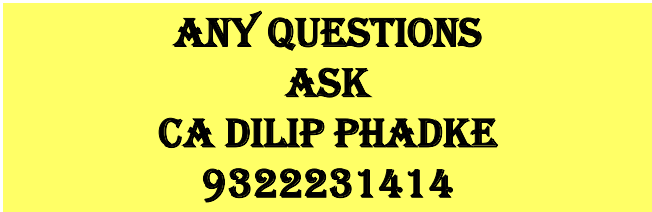
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Thank You



**ANY QUESTIONS  
ASK  
CA DILIP PHADKE  
9322231414**

CA Dilip Phadke

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