

# Practical Analysis & Critical issues in Annual Return and GST Audit

- CA Ravi Kumar Somani



**"Tax complexity itself is a kind of  
tax."**

**-Max Baucus**



**Legal Provisions**

# Legal Provisions

- Section 44(1) of CGST Act, 2017 – GSTR 9
- Section 35(5), 44(2) of CGST Act, 2017 – GSTR 9C
- Notification No.74/2018 dated 31.12.2018 - Formats
- Section 47 of CGST Act, 2017 – Late fees - Rs. 200/day, maximum of 0.50% of TO in the state + Sec 125.

# Legal Provisions

- Press Release dated 4th June 2019
- Press Release dated 03rd July 2019
- Section 36 of CGST Act, 2017 – Books – upto 30.11.2025!
- Section 73 & 74 of CGST Act, 2017 – Demand & Recovery – 3 years & 5 years time limit valid from 31st August 2019.

# Applicability of GSTR-9

- To Every Registered Person – GSTR 9;
- To person paying tax under section 10 – GSTR-9A;
- To E-commerce Operator for whom section 52 applies – GSTR-9B.

## **Exceptions:**

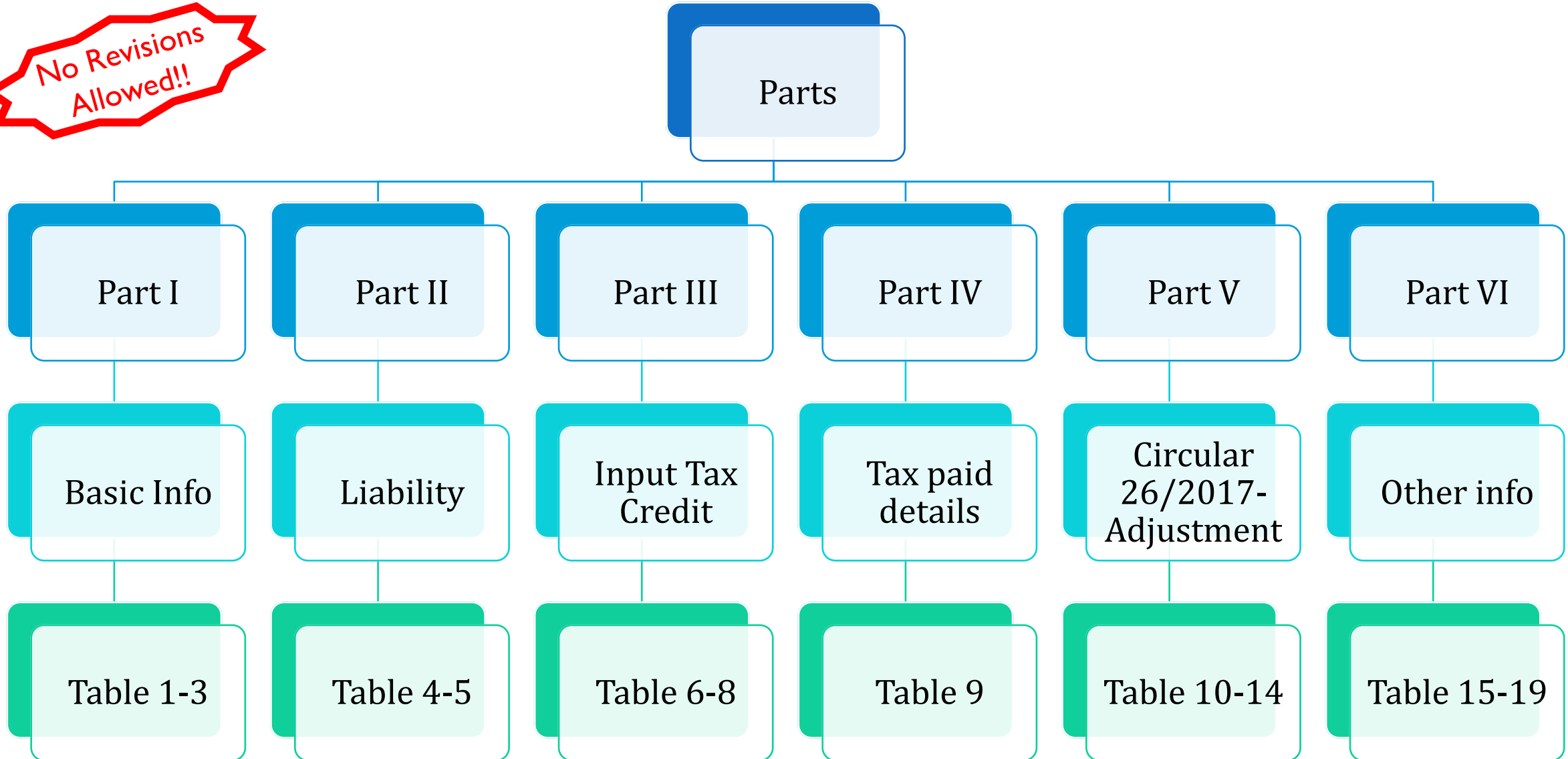
- Input Service Distributor
- Person registered for the purpose of Section 51 & 52
- OIDAR services
- Non-resident taxable person
- Casual Taxable person
- Aggregate Turnover less than Rs. 2 Crore (Optional)



**Practical Analysis  
of GSTR-9**

# Anatomy of GSTR-9

No Revisions Allowed!!





# Important Instructions

2. It is mandatory to file all your **FORM GSTR-1** and **FORM GSTR-3B** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 are to be provided in this return.
3. It may be noted that additional liability for the FY 2017-18 not declared in **FORM GSTR-1** and **FORM GSTR-3B** may be declared in this return. However, taxpayers cannot claim input tax credit unclaimed during FY 2017-18 through this return.
4. Part II consists of the details of all outward supplies & advances received during the financial year for which the annual return is filed. It may be noted that all the supplies for which payment has been made through **FORM GSTR-3B** between July 2017 to March 2018 shall be declared in this part. The instructions to fill Part II are as follows:

# Basic Information

**FORM GSTR - 9<sup>27 28</sup>**

*[See rule 80]*

**Annual Return**

Pt. I		Basic Details	
1	Financial Year		
2	GSTIN		
3A	Legal Name		
3B	Trade Name (if any)		

# Details of Outward supplies & RCM

II Details of Outward and inward supplies made during the financial year						
			(Amount in ₹ in all tables)			
	Nature of Supplies	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
<b>4</b>	<b>Details of advances, inward and outward supplies made during the financial year on which tax is payable</b>					
A	Supplies made to un-registered persons (B2C)					
B	Supplies made to registered persons (B2B)					
C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)					
D	Supply to SEZs on payment of tax					
E	Deemed Exports					

# Details of Outward supplies & RCM

F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)					
G	Inward supplies on which tax is to be paid on reverse charge basis					
H	Sub-total (A to G above)					
I	Credit Notes issued in respect of transactions specified in (B) to (E) above (-)					
J	Debit Notes issued in respect of transactions specified in (B) to (E) above (+)					
K	Supplies / tax declared through Amendments (+)					
L	Supplies / tax reduced through Amendments (-)					
M	Sub-total (I to L above)					
	Supplies and advances on					

# Details of Outward supplies & RCM

<b>5</b>	<b>Details of Outward supplies made during the financial year on which tax is not payable</b>					
A	Zero rated supply (Export) without payment of tax					
B	Supply to SEZs without payment of tax					
C	Supplies on which tax is to be paid by the recipient on reverse charge basis					
D	Exempted					
E	Nil Rated					
F	Non-GST supply (includes 'no supply')					
G	Sub-total (A to F above)					

# Details of Input Taxes Credit

III	Details of ITC for the financial year					
	Description	Type	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
6	Details of ITC availed during the financial year					
A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)		<Auto>	<Auto>	<Auto>	<Auto>
B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	Inputs				
		Capital Goods				
		Input Services				
C	Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed	Inputs				
		Capital Goods				
		Input Services				
D	Inward supplies received from	Inputs				

# Details of Input Taxes Credit

	registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed	Capital Goods				
		Input Services				
E	Import of goods (including supplies from SEZs)	Inputs				
		Capital Goods				
F	Import of services (excluding inward supplies from SEZs)					
G	Input Tax credit received from ISD					
H	Amount of ITC reclaimed (other than B above) under the provisions of the Act					
I	Sub-total (B to H above)					
J	Difference (I - A above)					
K	Transition Credit through TRAN-I (including revisions if any)					
L	Transition Credit through TRAN-II					
M	Any other ITC availed but not specified above					
N	Sub-total (K to M above)					
O	Total ITC availed (I + N above)					

# Details of Input Tax Credits

7	Details of ITC Reversed and Ineligible ITC for the financial year			
A	As per Rule 37			
B	As per Rule 39			
C	As per Rule 42			
D	As per Rule 43			
E	As per section 17(5)			
F	Reversal of TRAN-I credit			
G	Reversal of TRAN-II credit			
H	Other reversals (pl. specify)			
I	Total ITC Reversed (Sum of A to H above)			
J	Net ITC Available for Utilization (6O - 7I)			



# Details of Input Tax Credits

8	Other ITC related information				
A	ITC as per GSTR-2A (Table 3 & 5 thereof)	<Auto	<Auto	<Auto>	<Auto
B	ITC as per sum total of 6(B) and 6(H) above	<Auto	<Auto	<Auto>	<Auto
C	ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2017-18 but availed during April to September, 2018	>	>	>	>
D	Difference [A-(B+C)]				
E	ITC available but not availed				
F	ITC available but ineligible				
G	IGST paid on import of goods (including supplies from SEZ)				
H	IGST credit availed on import of goods (as per 6(E) above)	<Auto	<Auto	<Auto>	<Auto
I	Difference (G-H)	>	>	>	>
J	ITC available but not availed on import of goods (Equal to I)				
K	Total ITC to be lapsed in current financial year (E + F + J)	<Auto	<Auto	<Auto>	<Auto

# Details of Taxes Paid

Pt. IV	Details of tax paid as declared in returns filed during the financial year						
	Description	Tax Payable	Paid through cash	Paid through ITC			
Central Tax				State Tax / UT Tax	Integrated Tax	Cess	
9	1	2	3	4	5	6	7
	Integrated Tax						
	Central Tax						
	State/UT Tax						
	Cess						
	Interest						
	Late fee						

# Details of Subsequent FY

Pt. V	Particulars of the transactions for the previous FY declared in returns of April to September of current FY or upto date of filing of annual return of previous FY whichever is earlier					
	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
10	Supplies / tax declared through Amendments (+) (net of debit notes)					
11	Supplies / tax reduced through Amendments (-) (net of credit notes)					
12	Reversal of ITC availed during previous financial year					
13	ITC availed for the previous financial year					
14	Differential tax paid on account of declaration in 10 & 11 above					
	Description		Payable		Paid	

# Details of Taxes Paid

13	ITC availed for the previous financial year							
	Differential tax paid on account of declaration in 10 & 11 above							
	Description				Payable		Paid	
	1				2		3	
	Integrated Tax							
	Central Tax							
	State/UT Tax							
	Cess							
	Interest							
Pt. VI	Other Information							
15	Particulars of Demands and Refunds							
	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others

# Details of Demands & Refunds

Pt. VI 15	Other Information							
	Particulars of Demands and Refunds							
	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
A	Total Refund claimed							
B	Total Refund sanctioned							
C	Total Refund Rejected							
D	Total Refund Pending							
E	Total demand of taxes							
F	Total taxes paid in respect of E above							

# Other Information

16	Information on supplies received from composition taxpayers, deemed supply under section 143 and goods sent on approval basis					
	Details	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
A	Supplies received from Composition taxpayers					
B	Deemed supply under Section 143					
C	Goods sent on approval basis but not returned					

# Other Information

17 HSN Wise Summary of outward supplies								
HS N Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9
18 HSN Wise Summary of Inward supplies								
HS N Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9
19 Late fee payable and paid								
	Description				Payable		Paid	
	1				2		3	
A	Central Tax							
B	State Tax							

# Details of Taxes Paid

## 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 and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Signature

Place

Name of Authorised

Signatory

Date

Designation /

Status





**Critical issues in  
Annual Returns**

# Critical Issues – GSTR-9 (outward supplies)

- Right source of information – Books or GSTR-3B or GSTR-1
- 3B v/s 1 doesn't match – Best approach?
- Where to disclose any additional liabilities –
  - which have been discharged through GSTR-3B of FY 18-19
  - Which have not been discharged till date.

# Critical Issues – GSTR-9 (outward supplies)

- Not disclosed sale of land, electricity supply in GSTR but in P&L. What to do?
- Credit note issued in FY 2017-18, effect of the same has not been taken in GST returns of FY 2017-18 and FY 2018-19 – GSTR 1, GSTR 3B, negative amount
- Wrong type of tax charged on a tax invoice
- Correct type of tax charged but wrong type of tax paid
- Advances received and tax invoice issued. However, in GSTR-1, shown as advance only. Treatment to be taken in 9?

# Treatment of credit notes issued

<b><i>Particulars – where CNs are B2B</i></b>	<b><i>In GSTR-9</i></b>	<b><i>In GSTR-9C</i></b>
CN issued in FY 2017-18 and adjustment of tax done in GSTR-3B in FY 2017-18	Table 4A for B2C supplies Table 4I for B2B supplies	Would have been reduced from books in 17-18 turnover
CN issued in FY 2017-18 but adjustment of tax done in GSTR-3B in the FY 2018-19	Table 11 of Part V of GSTR-9	Would have been reduced from books in 17-18 turnover
<i>*Similar treatment to be done for Debit notes as well</i>		

# Treatment of credit notes issued

<i>Particulars – where CNs are B2B</i>	<i>In GSTR-9</i>	<i>In GSTR-9C</i>
CN issued in FY 2018-19 for supplies made in 2017-18, where <b>no provision was made</b> in the Books of Accounts in FY 17-18	Do not show in GSTR-9 of FY 17-18 and show only in GSTR-9 of FY 18-19	No treatment
CN issued in FY 2018-19 for supplies made in 2017-18, where <b>provision was made</b> in the Books of Accounts in FY 17-18	Show in Part V of GSTR-9 FY 17-18	Already reduced from turnover in books – no adjustment required

# Critical Issues – GSTR-9 (ITC)

- Segregation of ITC into inputs/input services and capital goods.
- Segregation of ITC under reverse charge into supplier category – registered and unregistered. Identification required.
- How to avail any missed out credits?
- Can ITC be reversed in GSTR-09
- Reversal made as per rule 42, however turnover computations changed. Whether additional reversal to be made?

# Critical Issues – GSTR-9 (ITC)

- Pre-availment of ITC in March'18, eligibility in Apr'18, how to show in GSTR-9?
- ITC of FY 17-18 booked in books but claimed in GSTR-3B of FY 18-19?
- ITC pertaining to invoices dated 2017-18 booked in FY 2018-19, whether to be disclosed in Part V of GSTR 9?
- No time limit for DN – Can I raise now and pass ITC?
- GSTR 2A is showing ITC but I did not receive goods/services. Can ITC be claimed in GSTR-9

# Critical Issues – GSTR-9 (Reverse Charge and ITC)

- RCM liability not discharged and not reported in GSTR-3B for the year 2017-18.

How should the disclosure for RCM liability be made in following scenarios:

- a. RCM paid in the year 2018-19 and ITC claimed in 2018-19
  - b. RCM paid in the year 2019-20 and ITC not claimed
  - c. RCM not paid but intended to be paid through DRC-03
- Can i issue self invoice for RCM of 17-18 now and avail the credit?
  - Wrong type of tax discharged on RCM supply, whether ITC of the tax which would be discharged through DRC-03 can be availed?



# Reason for Difference b/w GSTR-2A and Table 8A

<i>Particulars</i>	<i>In GSTR-2A</i>	<i>In Table 8A of GSTR-9</i>
GSTR-1 of supplier status -		
Filed	✓	✓
Saved	✓	✗
Submitted	✓	✗
Invoices furnished by the supplier and return filed beyond 30 <sup>th</sup> April 2019	✓	✗
Invoices furnished in Jan 2019, amended in March 2019		
January 2019 – Amount Rs 100	✓	✗
March 2019 – Amount changed to Rs 120	✓	✓
<i>(both will show in GSTR-2A, but only amended values in Table 8A)</i>		

# Reason for Difference b/w GSTR-2A and Table 8A

<i>Particulars</i>	<i>In GSTR-2A</i>	<i>In Table 8A of GSTR-9</i>
Recipient state $\neq$ PoS as declared by supplier	✓	✗
Invoices received when the recipient was registered under composition scheme	✓	✗

# Checkpoint for HSN summary

- Inward supplies HSN table - only for expenses which in value independently account for 10% of the total inward supplies. What is to be treated as total inward supplies - Inward supplies on which ITC is available or the supplies which have been debited to Profit and loss a/c ?
- 6 HSN Code digits are required for outward supply of service
- HSN summary details are required to be segregated into different tax rates and UQCs for each HSN

# Checkpoint for HSN summary

- Tax rate for the zero-rated supplies to be shown as 0 in the HSN Summary sheet
- Taxable value and tax amount of the total HSN summary sheet should be matched with the Table 5N + Table 10 - Table 11 of GSTR-9
- Total tax amount disclosed shall be equivalent to the Total taxable amount multiplied by Tax rate

# Checkpoint for GSTR-9

<i>Checkpoint</i>	<i>Source</i>
Difference of Turnover & Tax amounts in system computed GSTR 9 and client's prepared GSTR 9.	Part II - Table 4 & 5
The difference in Table 6J Part III should be NIL, if any difference needs to be flagged with reasons.	Part III - Table 6
Difference between Tax amounts in Table 4N - Part II and Tax Payable in Table 9 - Part IV to be flagged.	Part II- Table 4N & Part IV - Table 9
If there is any difference reported in S No 3 above, there should be reporting under Table 10 / 11 of Part V of GSTR 9 or corrections in Part II	Part V -Table 10/11

# Checkpoint for GSTR-9

<i>Checkpoint</i>	<i>Source</i>
If any amount is reported in Part V - Table 10/11 and there is no difference in Tax Payable as per Table 4N - Part II and Tax Payable in Table 9 - Part IV. This needs to be flagged and reason for such reporting to be noted and identified.	Part II- Table 4N & Part IV - Table 9
Amounts shown in Table 17 should be reconciled with amounts reported in Table 5N - Part II. Differences to be reported.	Part II- Table 5N & Table 17
RCM Liabilities reported in Table 4G - Part II to be reconciled with sum of Table 6C, 6D & 6F of Part III of GSTR 9. Difference to be flagged.	Table 4G - Part II & Table 6C/6D of Part III
Wherever outward liability shown in the Table 10 (Part V), whether interest has been paid for such delay.	Table 10 - Part IV

# Checkpoint for GSTR-9

<i>Checkpoint</i>	<i>Source</i>
ITC in Table 8C should normally match with ITC availed as shown in Table 13 (though there could be differences also). A reco may be maintained for such differences.	Table 13 and Table 8C
Amount of table 8F should not be less than the ineligible ITC disclosed in the periodical GSTR-3B.	8F
Sum of 4C, 4D, 5A and 5B should not be less than the exports shown in GSTR-1/3B on which refund has been claimed.	4C, 4D, 5A, and 5B
8H should be equal to or more than 6E.	8H and 6E
If any tax is paid through DRC-03, the amount of turnover in Table 4 part II should be more than auto populated turnover.	Part II
Amount shown in Table 7J of GSTR-9 should be greater than or equal to Table 9 of GSTR-9.	Table 9



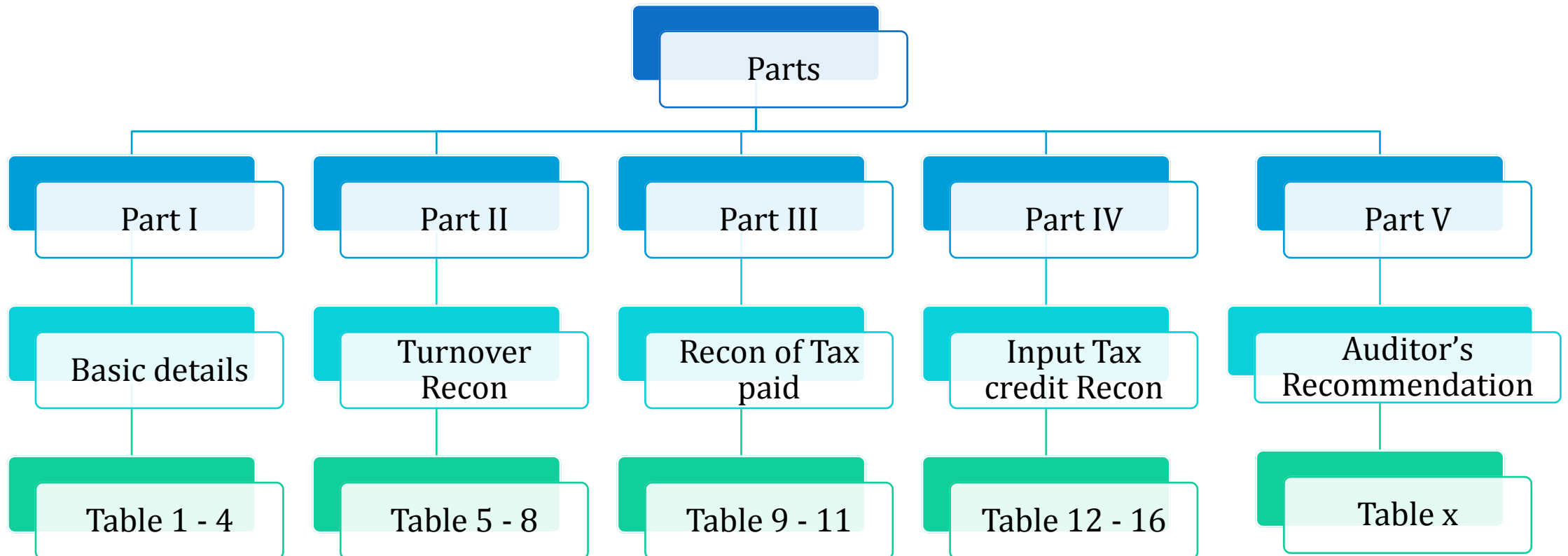
**Overview of  
GSTR-9C  
(GST Audit)**



# Overview of GSTR-9C

- **Part - A**

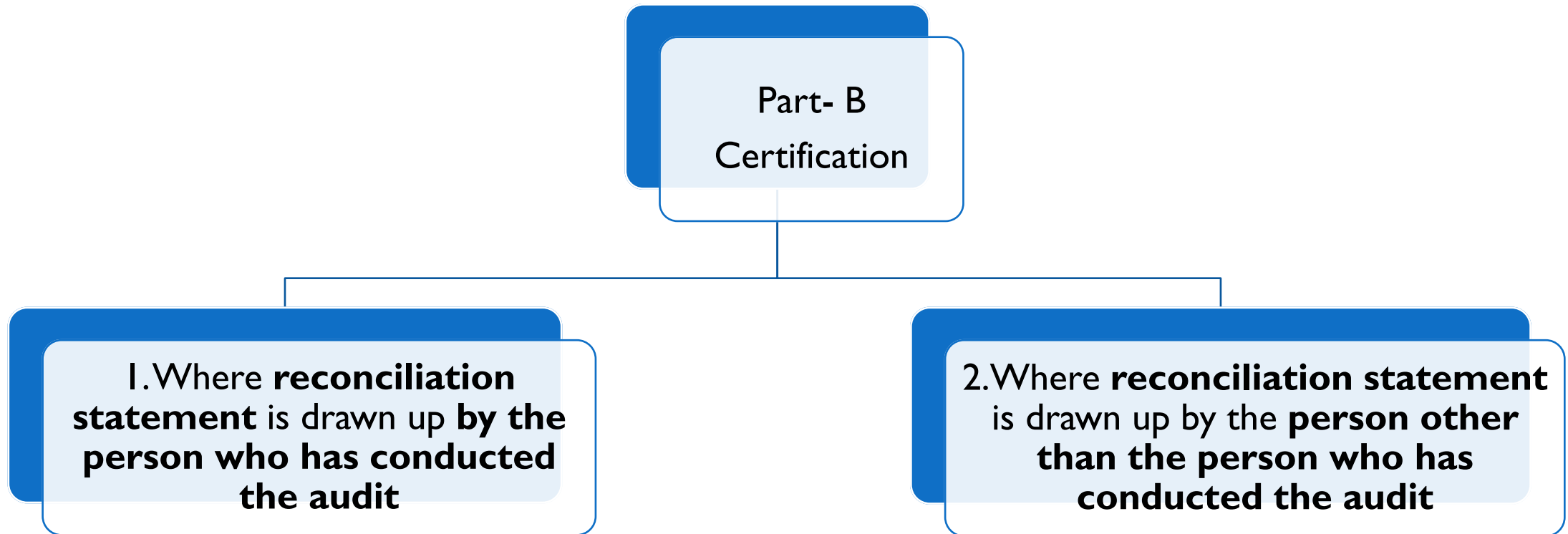
- Section 44(2) of CGST Act;
- Reconciliation between GSTR-9 and Audited Financials.

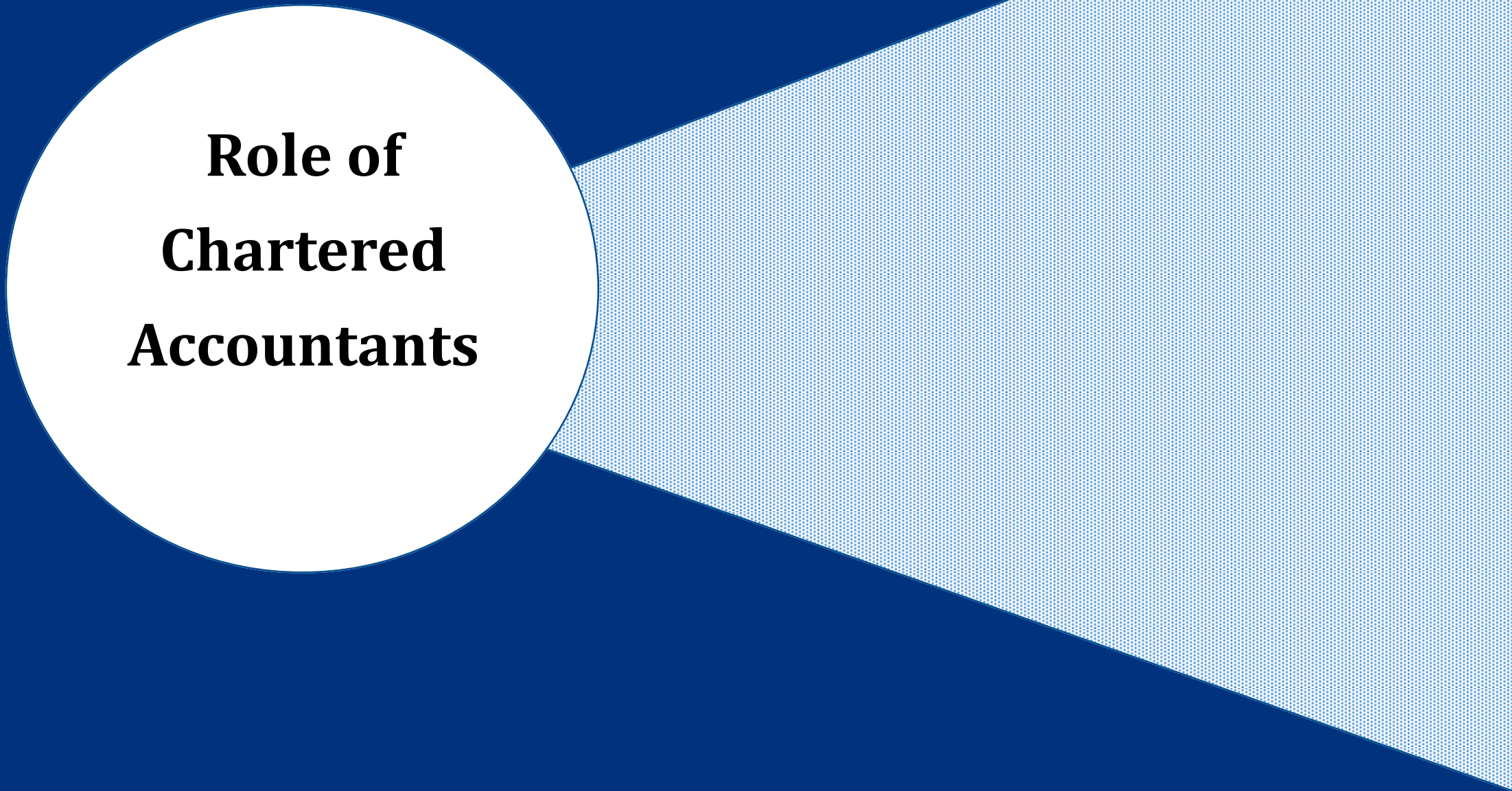


# Overview of GSTR-9C

- **Part-B**

- Section 35(5) of CGST Act;
- Audit for notified category of persons.





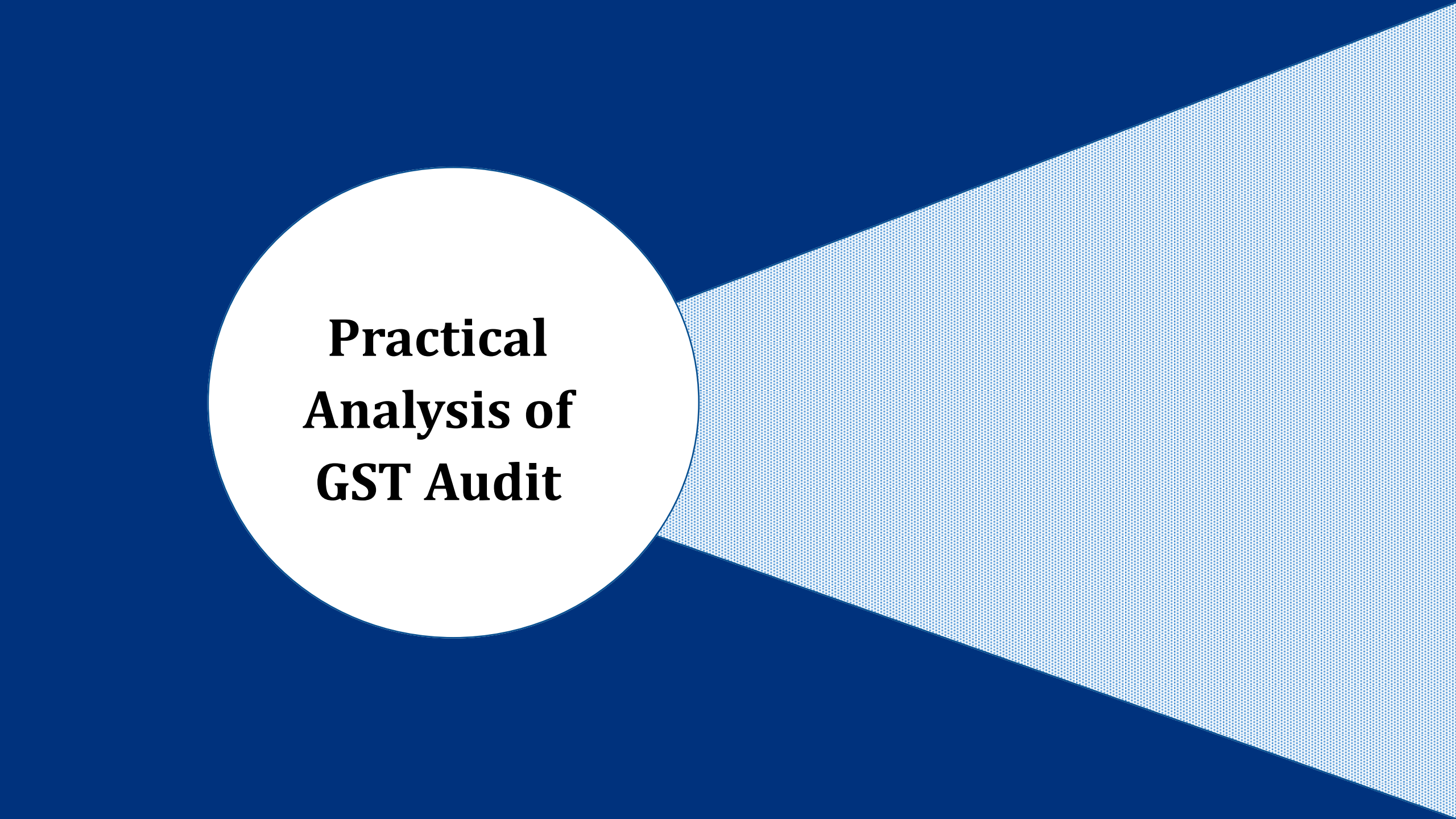
**Role of  
Chartered  
Accountants**

# Role of a Chartered Accountant in GST Audit

- **CBIC Press Release dated 03.07.2019:**
- *h) Role of chartered accountant or a cost accountant in certifying reconciliation statement: There are apprehensions that the chartered accountant or cost accountant may 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.*

# Role of a Chartered Accountant in GST Audit

- Scope of auditor?
- Interpretational issues – approach
- Disclosure issues
- Revenue neutrality
- MRL v/s observation v/s qualification
- Contrary AAR ruling
- High Court judgments
- Judgments under previous laws



**Practical  
Analysis of  
GST Audit**

**“FORM GSTR-9C”  
See Rule 80(3)**

**PART – A – Reconciliation Statement**

Pt. I	<b>Basic Details</b>	
1	Financial Year	2017-18
2	GSTIN	
3A	Legal Name	< Auto>
3B	Trade Name (if any)	<Auto>
4	Are you liable to audit under any Act?	<<Please specify>>

Pt. II	<b>Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)</b>	
5	<b>Reconciliation of Gross Turnover</b>	
A	<p>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)</p>	<ul style="list-style-type: none"> <li>• Turnover as per audited financials / books of accounts (for the registration)</li> <li>• Turnover for April 17 to March 18</li> </ul>



5B	Unbilled revenue at the beginning of Financial Year	<b>(+)</b>	<p><b><u>E.g.,</u></b></p> <ul style="list-style-type: none"> <li>• Rental of Commercial Premises for 16<sup>th</sup> March, 2017 to 15<sup>th</sup> April, 2017 – Rs. 1.50 Lac</li> <li>• For the F.Y 2016-17, rent income is accounted is Rs. 75,000/- on accrual basis</li> <li>• On 16<sup>th</sup> April, 2017, Tax Invoice issued for 1.50 lac</li> <li>• Un billed revenue for at the beginning of the year is Rs. 75000.</li> </ul> <p><b>However for FY 17-18 this is not applicable.</b></p>
5C	Unadjusted advances at the end of the Financial Year	<b>(+)</b>	<ul style="list-style-type: none"> <li>• The advance on which GST paid, but tax invoice not issued is to be disclosed here.</li> </ul>

5E	Credit Notes issued after the end of the financial year but reflected in the annual return	<b>(-)</b>	Such case is unlikely since annual return is prepared as per books
5F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	<b>(+)</b>	Trade discount accounted in books but not eligible under section 15(3) of CGST Act for deduction is to be added here
5G	Turnover from April 2017 to June 2017	<b>(-)</b>	As per books

5H	Unbilled revenue at the end of Financial Year	<b>(-)</b>	<p>Reduce the Unbilled revenue at end of Financial year</p> <p>Un billed revenue accounted in the books as per accounting method, but tax invoice not issued is to be mentioned here.</p>
5I	Unadjusted Advances at the beginning of the Financial Year	<b>(-)</b>	<p>Advance received till 30<sup>th</sup> June, 2017 on which service Tax/VAT was paid, as applicable whereas corresponding supply is made during July 17 to Mar 18 without payment of GST is to be mentioned here.</p> <p>In other words, tax paid on advance prior to 1<sup>st</sup> July, but invoice issued post July????</p> <p>Such cases unlikely.. Issues of POT and ITC..</p>

5J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	<ul style="list-style-type: none"> <li>Commercial credit notes etc</li> </ul>
5K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	<ul style="list-style-type: none"> <li>This is applicable for 9C of SEZ unit</li> <li>Supply of by SEZ unit to DTA for which DTA files BOE is to be mentioned here.</li> </ul>
5L	Turnover for the period under composition scheme	(-)	Composition turnover during the year.

22	Adjustments in turnover under section 15 and rules thereunder	(+ /-)	<p>The difference between book value and transaction value as per Valuation Rules is to be reported here.</p> <p>E.g,</p> <ul style="list-style-type: none"> <li>• 1/3<sup>rd</sup> value of land deduction in case of construction service.</li> <li>• Related party transactions</li> </ul>
5N	Adjustments in turnover due to foreign exchange fluctuations	(+ /-)	<ul style="list-style-type: none"> <li>• Forex gain/loss where not considered in Annual Return</li> </ul>
50	Adjustments in turnover due to reasons not listed above	(+ /-)	<p>E.g. Turnover between 1<sup>st</sup> July 17 till the date of GST registration where regn is taken in 17-18.... etc</p>

5P	Annual turnover after adjustments as above		<AUTO>
5Q	Turnover as declared in Annual Return (GSTR 9)		As per 5N (of part II) and 10-11 of Part V of GSRT 9
5R	Un-Reconciled turnover (Q – P)		It means turnover in the books but not included in the Annual Return  Transactions not accounted but disclosed in 9C
6	Reasons for Un – Reconciled difference in Annual Gross Turnover		
A	Reason 1		<<TEXT>>
B	Reason 2		<<TEXT>>
C	Reason 3		<<TEXT>>

7	<b>Reconciliation of Taxable Turnover</b>	
7A	Annual turnover after adjustments (from 5P above)	<<AUTO>>
7B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	E.g. <ul style="list-style-type: none"> <li>• Petrol/Diesel etc</li> <li>• Sale of land, Building and other Sch III transactions</li> <li>• sale of shares</li> </ul>
7C	Zero rated supplies without payment of tax	<ul style="list-style-type: none"> <li>• Supply to SEZ</li> <li>• Export of Goods /Service</li> </ul>

7D	Supplies on which tax is to be paid by the recipient on reverse charge basis	Supplies specified under Sec 9(3) and 9(4)
7E	Taxable turnover as per adjustments above (A-B-C-D)	<<Auto>>
7F	Taxable turnover as per liability declared in Annual Return (GSTR9)	(4N - 4G)+10-11 of GSTR9  [Total taxable TO-Inward supplies liable for RCM+ Supplies/Cr Note not declared in 3B of 17-18 but accounted in books]
G	Unreconciled taxable turnover (F-E)	AT2
<b>8</b>	<b>Reasons for Un - Reconciled difference in taxable turnover</b>	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>



<b>PT III</b>	<b>Reconciliation of tax paid</b>				
9	Reconciliation of rate wise liability and amount payable thereon				
Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
5%					
5% (RC)					
12%					
12% (RC)					
18%					
18% (RC)					
28%					
28% (RC)					
3%					
0.25%					
0.1%					

Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
Interest	For delayed payment of tax, ITC reversal etc				
Late Fees	Late fee for filing GSTR1 and 3B				
Penalty	Penalty, if any paid				
<b>Others</b>	May be payment made during appeal etc				
Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Total amount paid as declared in Annual Return (GSTR 9)		<i>Table 9 of Annual Return</i>			
10	Reasons for un-reconciled payment of amount				
A	Reason 1	<<TEXT>>			
B	Reason 2	<<TEXT>>			
C	Reason 3	<<TEXT>>			

11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and10 above)				
Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
5%					
12%					
18%					
28%					
3%					
0.25%					
0.10%					
Interest					
Late Fees					
Penalty					
Others (Specify)					

Pt. IV	<b>Reconciliation of Input Tax Credit (ITC)</b>		
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)		ITC as per Books
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	Transitional Credit
C.	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	ITC booked in 17-18 but taken in 18-19 3B [Table 13 of GSTR 9]
D	ITC availed as per audited financial statements or books of account	<<AUTO>>	
E	ITC claimed in Annual Return (GSTR9)	Table 7J of GSTR 9	
F	Un-reconciled ITC	ITC 1	

13	Reasons for un-reconciled payment of amount			
A	Reason 1	<<TEXT>>		
B	Reason 2	<<TEXT>>		
C	Reason 3	<<TEXT>>		
14	<b>Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per audited Annual Financial Statement or books of account</b>			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
A	Purchases			
B	Freight/Carriage			
C	Power/Fuel			
D	Imported Goods (incl. received from SEZs)			
E	Rent & Insurance			

	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
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			
15	<b>Reasons for un - reconciled difference in ITC</b>			
A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		

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

PT V	Auditor's recommendation on additional Liability due to non-reconciliation					
	<u>Description</u>	<u>Value</u>	<u>CGST</u>	<u>SGST/UGST</u>	<u>IGST</u>	<u>CESS</u>
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.1%					
	Input Tax credit					
	Interest					
	Late fees					



	<b>Description</b>	<b>Value</b>	<b>CGST</b>	<b>SGST/UGST</b>	<b>IGST</b>	<b>CESS</b>
	Penalty					
	Any other amount paid for supplies not included in Annual Return					
	Erroneous refund to be paid back					
	Outstanding demands to be settled					
	Other (Pl. specify)					

## 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 .....

## **PART B -CERTIFICATION**

### **I. Certification in case the 9C is drawn up by the person who had conducted the audit.**

1. Examined (a) Balance Sheet (b) P& L Account (c) Cashflow Statement
2. Report that books or accounts, records and documents specified under GST law has been maintained. If not maintained, specify those mandatory records not maintained.
3. (a) Observations/comments/discrepancies to be reported.  
(b) (A) Report whether all the necessary information etc. has been provided.  
If not provided, specify the same.  
(B) Report whether proper books of accounts have been maintained or not.  
(C) Report whether BS, P&L and CFS are in agreement with the books of account or not.

## **PART B -CERTIFICATION**

- I. Certification in case the 9C is drawn up by the person who had conducted the audit.....**
4. Copy of the audited annual accounts and reconciliation statement is annexed
5. Statement as to particulars given in 9C are true and correct subject to following observations/qualifications.

## **PART B -CERTIFICATION**

### **II. Certification in case the 9C is drawn up by the person other than the person who had conducted the audit.**

1. Report that the audit of books of account is conducted by ..... Under the provisions of .....Act. Copy of audit report along with BS, P&L, CFS and other documents part thereof are annexed here.
2. Report that books of account, records and documents as required under GST law has been maintained. If not maintained specify what has not been maintained.
3. Copy of the audited annual accounts and reconciliation statement is annexed
4. Statement as to particulars given in 9C are true and correct subject to following observations/qualifications.



**Issues in  
GST Audit**

# Critical Issues in GST Audit – Threshold

- Whether the Threshold limit is to be considered for the full Financial Year or for July'2017 – March'2018?
- Dividend Income, Duty drawback, sale of shares and securities, Interest income, IND-AS entries, Provisional entries, sale of duty credit scrips etc... to be considered for the computation of the threshold limit of Rs. 2 Crore?
- Reconciliations to be considered in the Annual return or in GSTR 9C ?

# Critical Issues in GST Audit – Turnover Reconciliation

- Identification/Reporting of transactions in the nature of the deemed supplies viz., FOC removals, warranty replacements, Stock transfers, trails, testing etc.
- Impact of the above, where ITC was reversed
- Liability in case various recoveries/reimbursement from employees
- Vendor recoveries with or without taxes?
- Table 7 - Exempted turnover / Nil rated to be shown should be same as shown in GSTR-9? What if, according to auditor something else is to be shown in 9C? Scope?



# Critical Issues in GST Audit – RCM

- Liability under RCM on URD purchases in first 4 months
- Rate summary - Table 9 – only summary required or auditor to confirm the tax rate for each and every supply made. If correctness to be checked, this could expand to -
  - HSN checking,
  - ToS to ensure the correct tax rate charged as a lot of changes in FY 17-18)
  - Place of supply to check whether correct tax has been charged
  - Valuation?
- Interest implication on the taxes deposited but not off-set/returns not filed till due date and interest not paid / paid on net amount. Disclosures?
- The correct tax was IGST, however the auditee has paid CGST+SGST. Should it be reported in GSTR 9C?

# Critical Issues in GST Audit – ITC and Expenses

- Reversal on account of 180 days - Creditors ageing reports not available
- Reconciliation of taxability on transportation expenses viz. with ocean freight, road freight
- ITC of CGST was wrongly taken as SGST. Should it be reported in GSTR 9C?
- Reversal of the transitional credits denied now - Edu Cess, SHE Cess
- ITC - wrongly expensed out in the books. Taken correctly in GSTR 3B. How to report in GSTR 9C? What if it is a capital goods?

# Critical Issues in GST Audit – Other points

- Credit notes wrongly taken as ITC – disclosures?
- Books of accounts are maintained at the additional place of business instead of principal place of business. Where to report in GSTR 9C?
- Multi-state registration – no cross charge done. Reporting?
- GST was not paid on Advance but paid when the tax invoice is issued. Reporting?

# Checkpoint for GSTR-9C

<i>Checkpoint</i>	<i>Source</i>	<i>Link</i>
Sum of Table 5A of GSTR-9 should match with sum of credit side of P&L Account as per AFS.	5A	Audited Financial Statement
Total of CN in Table 5E should equal or more than sum of CN disclose in Part-V of GSTR-9.	5E	GSTR-9
Total of Advance at the beginning and closing of FY is equal to advance in BS (at PAN level) excluding advance of goods.	5C and 5I	Audited Financial Statement
5O should be justifiable based on the General Ledger Code forming part of the Revenue in the audited financial statement.	5O	Audited Financial Statement
Turnover of April 2017 to June 2017 should be reconciled with the quarterly published results in case of listed company and VAT/Service Tax Return for all entities.	5G	Quarterly Results + VAT/ST Returns

# Checkpoint for GSTR-9C

<i>Checkpoint</i>	<i>Source</i>	<i>Link</i>
Turnover declared in table 7 of GSTR-9C should be matched with the turnover declared in the Table 5 (Part II) of GSTR-9.	7B, 7C and 7D	GSTR-9
Total of Taxable Value in 9A, 9C, 9E, 9G, 9I, 9J, 9K should be equal of 7E of GSTR-9C.	Part III	GSTR-9C
Total of taxable value and Tax Amount in 9B, 9D, 9F, 9H should match with the Table 4G of the GSTR-9	Part III	GSTR-9
Total of taxable value and Tax Amount in 9B, 9D, 9F, 9H should be equal to or more than 6C, 6D and 6F of the GSTR-9	Part III	GSTR-9

# Checkpoint for GSTR-9C

<i>Checkpoint</i>	<i>Source</i>	<i>Link</i>
Sum of table 9P of should be equal of tax payable ledger of the AFS (in cases where no liability in Part V of GSTR-9)	9P	Audited Financial Statement
12A should match with the ITC receivable ledgers of the books of account (Forward charge + reverse charge) net of reversal of ineligible ITC, Rule 42 etc.	12A	Audited Financial Statement
Table 12C should be equal to or less than the credit shown in the Table 13 (Part V) of GSTR-9.	12C	GSTR-9
Table 14F (goods lost / stolen / destroyed) should not have any ITC balance in column 4	14F	GSTR-9C
Closing balance of ITC in the AFS should match with the E-Credit Ledger.	Others	

# Key Challenges

- Lack of clarity in the GST law.
- Frequent changes in the law, issuance of more than 500 notifications.
- Failure of the matching concept.
- How can an auditor give his opinion on correctness of ITC claim?
- Reliability of the audit software is not tested.
- Absence of mandatory records in most cases.
- Difficulty faced in receiving data in the proper format from the clients
- Conducting the audit or merely form filling exercise?
- Covering all the entities of the clients and all the registrations for Annual Returns & Audit

# THANK YOU



*For any clarification*  
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