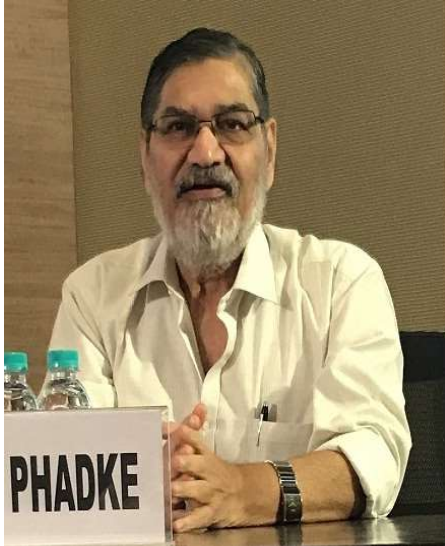


GST AUDIT & ACCOUNTS



DILIP PHADKE

Chartered Accountant

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Audit Sec. 2(13)

- *“Audit” means*
- *the examination of records, returns and other documents* maintained or furnished by the registered person **under this Act or the rules** made thereunder or **under any other law** for the time being in force
- **to verify the correctness of**
- **turnover declared,**
- **taxes paid,**
- **refund claimed and input tax credit** availed, and
- to assess his **compliance with the provisions of this Act** or the rules made thereunder;
- **It's a certificate & Not Report**

Points to **verify the correctness**

A) Turnover declared,

- a) Vouching of invoices b) Stock Records, c) Mismatch Reports

B) Taxes paid,

- a) Classification b) Levy c) Exemption d) Time of supply
e) Valuation f) Interest & Penalty g) E- ledgers - PMT

C) Refund claimed and input tax credit availed,

- a) Eligibility b) Ineligibility c) Reduction & Reversal of ITC
e) Place of supply

And to assess his **compliance with the provisions of this Act** or the rules made thereunder;

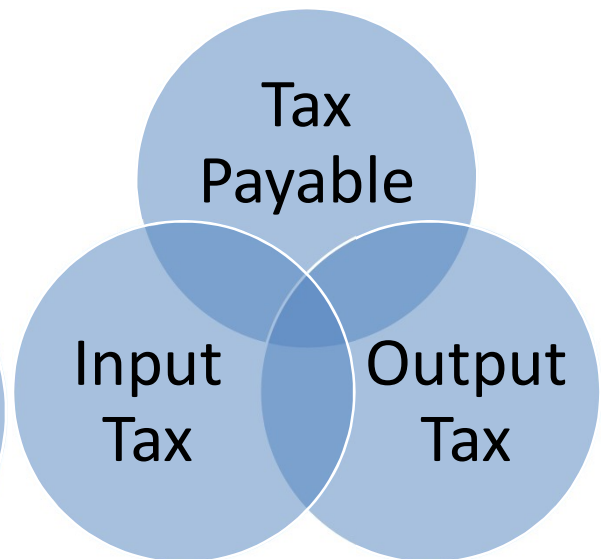
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Parties Involved



Important Audit Points



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Annual Return - Audit sec. 44

- (1) Every RTP, other than an ISD, TDS, TCS, CTP, NRTP shall **furnish an annual return** for every F.Y. electronically in such form **GSTR 9C** and manner as may be prescribed on or **before 31ST December** following the end of such financial year.
- (2) Every registered person who is **required to get his accounts audited** in accordance with the provisions of **sec. 35 (5)** shall furnish, electronically, the **annual return** as per provisions of sec. 44(1) **along with a copy of the audited annual accounts and a reconciliation statement**, reconciling the value of supplies declared in the **return furnished** for the financial year **with the audited annual financial statement**, and such other particulars as may be prescribed.

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Annual Return - Audit Rule 80

- (3) Every registered person whose **aggregate turnover during a financial year exceeds two crore rupees** shall get his accounts audited as specified u/s 35 (5) and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C, electronically through the CP**
- 2 (6) **“aggregate turnover”** means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the **same PAN**, to be computed on **all India basis** but excludes C/S/UT/IGST & cess;

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Questions Required to be answered

- **A)** Aggregate turnover. (T/o as per P&L + Br. Transfer + Related Party Transactions - Taxes) (Advances ?)
- **B)** Outward/Inward Supplies/ Total of both
- **C)** PAN India or per state/ or GST no.
- **D)** Turnover of Financial Year or Nine months
- **E)** Turnover for Income Tax, CO. Act, GST.
- **F)** Test Check or Full checking – Materiality
- **G)** Definition as per old acts & GST
- **H)** Audit of ISD, CTP, NRTP

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• Annual Return Forms

Dealer subject to
Audit

- Form GSTR 9 + GSTR 9C - With
- Audited annual accounts & documents

Composition Dealer
E-commerce

- Form GSTR 9 A
- Form GSTR 9 B

Other normal
Dealers

- Form GSTR 9

Penalty: 1) Late fee Rs. 100/- per day Max .25% of T/O in state / UT
– Non filing of A/R. 2) Gen. Rs. 25,000/- for No Audit.

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Consider Before Accepting Audit

A) Appointment & Fees.

B) Review Of

a) Trial balance b) Audit reports c) Consolidation of returns
 d) Correction of mistakes e) Trans-1,2 f) ITC 4 h) I.T. system i)
 invoice & other documents j) Discount policy k) Revenue cut
 off, l) Major contracts & agreements m) Products dealt- HSN,
 Rate applicable

C) Industry specific issues

D) Clients data like history, litigations, assessment, payments

E) Evaluation of Risk involved

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Determination of Value of Supplies under GST		Value*
Outward Supply = A + B + C + D		
A	Value of all Taxable Supplies (as reported in GSTR 1)	
	B2B (Registered and SEZ Supplies with or without the payment of GST) -4A, 4B, 4C, 6B, 6C - B2B Invoices	
	B2C (Unregistered Persons) -5A, 5B - B2C (Large Invoices) & 7 B2C (Others)	
	DN (Registered Persons) + 9B (normal, sez, export)	*
	DN (Unregistered Persons) + 9C (B to C large)	
	CN (Registered Persons) - 9B (normal, sez, export)	
	CN (Unregistered Persons) - 9C (B to C large)	

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Determination of Value of Supplies under GST		
A	Advances received (11A (1), 11A (2)) - Tax Liability	
	Advances adjusted (11B (1), 11B (2))	
	Total of A outward supply	
B	Value of all Exempt Supplies (Table 8 outward supplies)	
	NIL Rated Supplies	
	Exempt Supplies	
	Non-Taxable Supplies like Alcoholic Liquor for Human Consumption and five specified Petroleum Products.	
	Total of B	

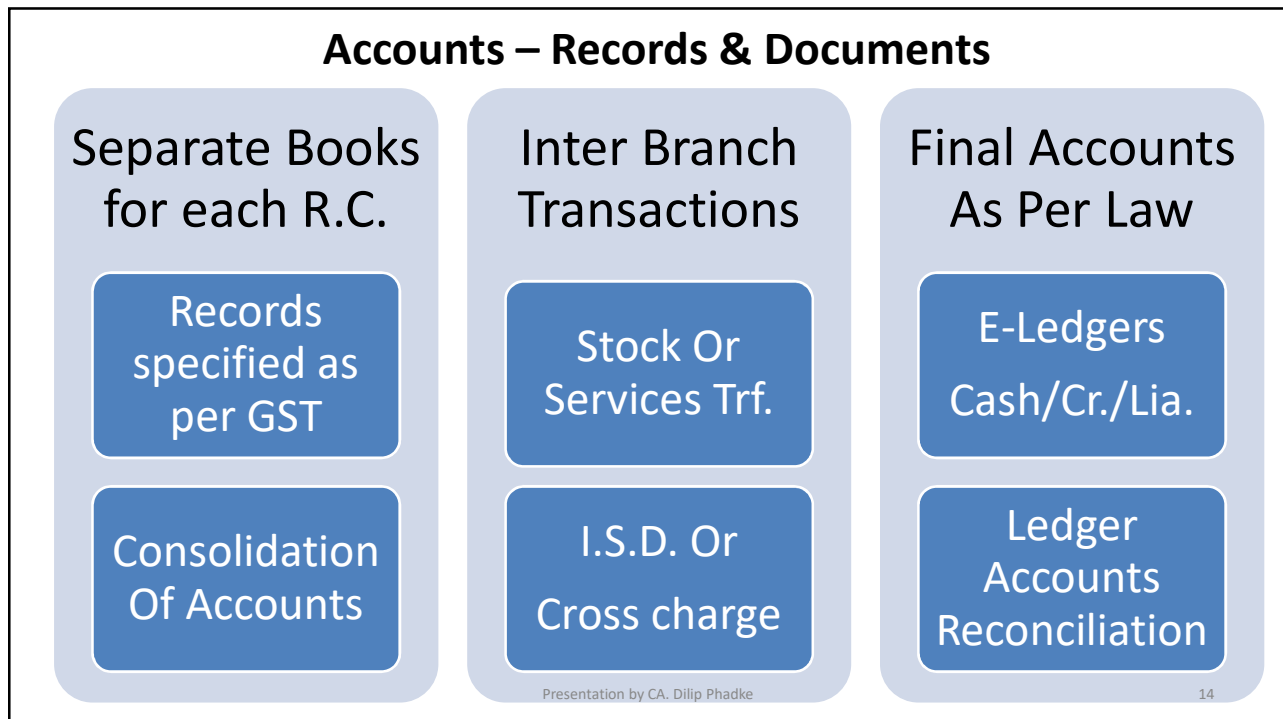
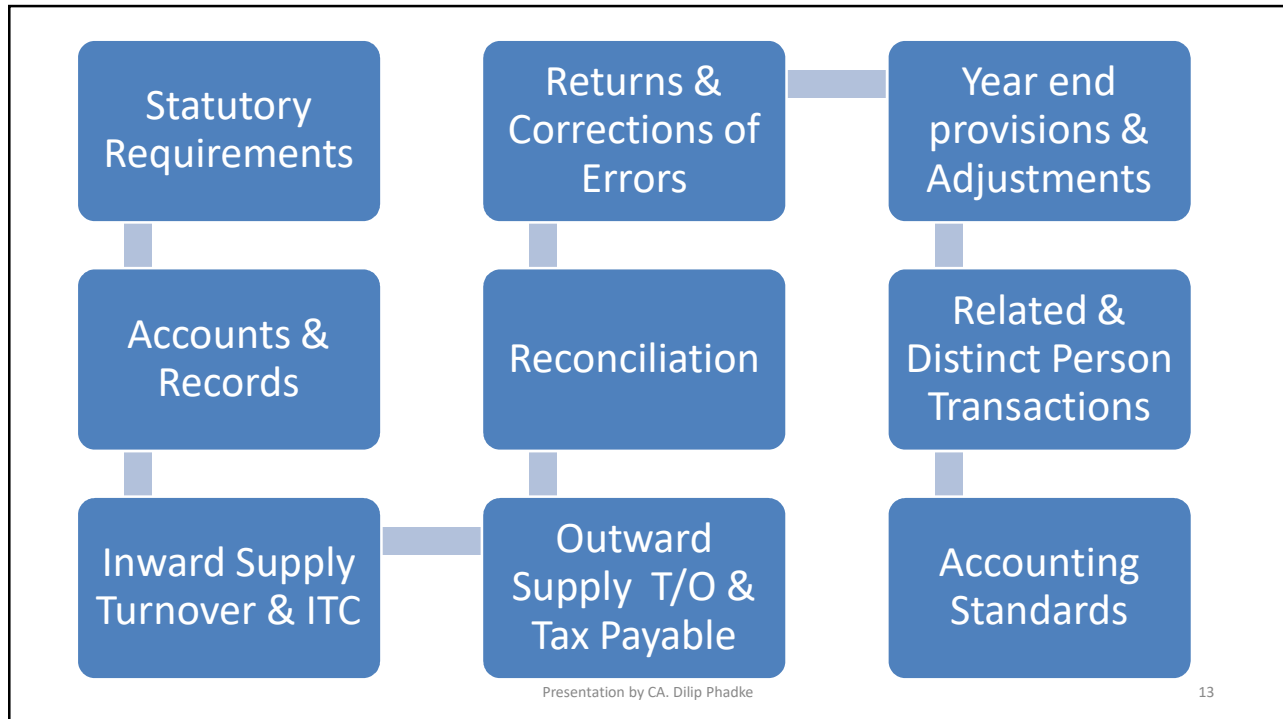
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Determination of Value of Supplies under GST		
C	Value of Export of Goods or Services or both	
	6A – Export Invoices	
	DN - Amendment of Export Invoices (9A of GSTR-1)	
	CN - Amendment of Export Invoices (9A of GSTR-1)	
	Total of C	
D	Supplies to branches in other States having same PAN but different reg. & business vertical in same state	
	Branch A	
	Branch B	
	Supply to agent or related person without Consideration	*
	Total of D	

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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

GST Audit Report : Certificate 1

PART – B- CERTIFICATION

I. 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 fromto ending on, and

(c) the cash flow statement for the period beginning fromto 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.

GST Audit Report : Certificate 1

3. (a) *I/we report the following observations/ comments / discrepancies / inconsistencies; if any:

.....

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 are *in agreement/not in agreement with the books of account maintained at the Principal place of business atand **additional place of business within the State.

4. The documents required to be furnished under section 35 (5) of the CGST Act and Reconciliation Statement required to be furnished under section 44(2) of the CGST 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 correct subject to following observations/qualifications, if any:

- (a)
- (b)
- (c)

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

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 theAct, 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 fromto ending on,
- (c) the cash flow statement for the period beginning fromto 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.

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.

GST Audit Report : Certificate 2

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

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 subject to the following observations/qualifications, if any:

- (a)
- (b)
- (c)

...(Signature and stamp/Seal of the Auditor)

Place:

Name of the signatory

Membership No.....

Date:

Full address

Contents Of Specimen 1/2

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Examined the B/sh, P&L & C.F. 2. Maintained/not maintained BOA, records and documents required under the GST 3(a) Report: observations/comments/discrepancies 3(b) Report that
Obtained all information necessary
Proper Books of Accounts are maintained
B/SH, P&L and CF in agreement with books 4. Financials and Reconciliation attached 5. Particulars in 9C are true and correct subject to observations | <ol style="list-style-type: none"> 1. Enclose B/sh, P&L, C.F. & annexures 2. Maintained books of accounts, records and documents required under the GST 3. Financials and Reconciliation attached 4. Particulars in 9C are true and correct subject to observations |
|--|---|

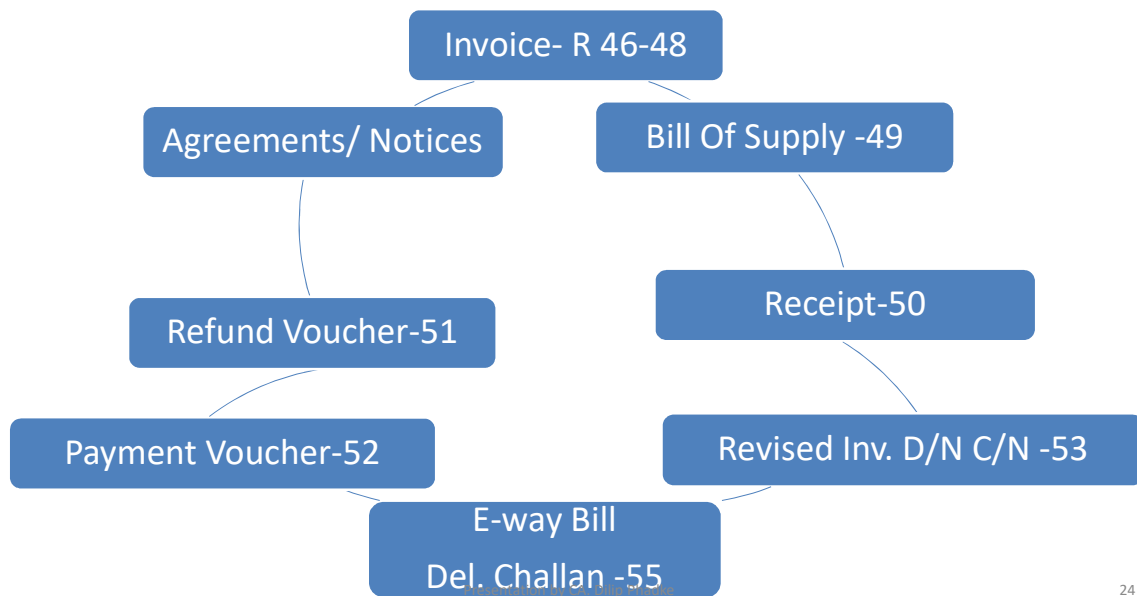
Comparison GST & Tax Audit Certificate

Format I	Form 3CB
1. Examined the B/sh, P&L and Cash Flow	1. Examined the balance sheet, P&L
2. Maintained/ not maintained books of accounts, records and documents required under the GST Law	2. BS PL and CF in agreement with books
3(a) Report observations/comments/discrepancies	3(a) Report observations/comments/discrepancies
3(b) Report that A. Obtained all information necessary B. Proper Books of Accounts are maintained C. BS PL and CF in agreement with books	3(b) Report that A. Obtained all information necessary B. Proper Books of Accounts are maintained C. True and Fair View
4. Financials and Reconciliation attached	4. Particulars enclosed
5. Particulars in 9C are true and correct subject to observations	5. Particulars in Form 3-CD are true and correct subject to observations

Content of Vat Audit Report

- Verification of correctness of the tax liability for the sales tax returns.
- Proper books of accounts and records are maintained
- Determination of Turnover and Gross turnover of sales & purchases
- Certify that all the transactions of sales and purchases are taken into consideration
- Taken into consideration all the cases from the website of the department
- The deduction claimed, classification of the sales, the tax rate applied, set off calculation are correct.
- Records relating to the dispatches are properly maintained. The transactions in the bank statement are reflecting in the books.

GST Documents Rule 46 To 55



Books & Records To be Maintained Sec. 35

- (1) Every RTP **shall keep** and maintain, at his principal place of business, as per RC, a true and correct account of—
- (a) **production** or manufacture of goods;
- (b) **inward and outward supply** of G &/or S; (c) **stock of goods**;
- (d) **input tax credit** availed; (e) **output tax** payable and paid; and
- (f) such other particulars as may be prescribed:
- Where **more than one place** of business, the accounts relating to each place of business shall be kept at such places of business:
- The RTP may keep and maintain such accounts and other particulars in **electronic form in prescribed manner**.
- **If permitted under IT not to maintain records under presumptive Taxation?**

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Books & Records To be Maintained Sec. 35

- 2) Every Reg./ URD **owner or operator of warehouse or godown** or any other place used for storage of goods and **every transporter**, shall maintain **records of the consigner, consignee** and other relevant details of the goods in such manner as may be prescribed.
- 3) Maintenance of **additional accounts** or documents may be notified by Comm. for a class of taxable persons.
- 4) Where the Comm. considers that any class of taxable **persons is not in a position to keep and maintain accounts** in accordance with the provisions of this sec., he may, for reasons to be recorded in writing, permit such class of taxable persons **to maintain accounts in such manner as may be prescribed**.

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Books & Records To be Maintained Sec. 35

- 5) Every RTP whose **turnover** during a F.Y. exceeds the prescribed limit shall get his accounts **audited** by a chartered accountant or a cost accountant and shall **submit a copy of the audited annual accounts, the reconciliation statement** u/s 44(2) and **such other documents** in such form and manner as may be prescribed.
- 6) Subject to the provisions of Sec. 17(5)(h), **where the RTP fails to account** for the G &/or S in accordance with the provisions of sub-section (1), the **PO shall determine the amt. of tax payable** on the G &/or S that are **not accounted for**, as if such G &/or S had been supplied by such person and the provisions of sec. 73 or 74, as the case may be, shall, *mutatis mutandis*, apply for determination of such tax.

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Retention Of Books Sec. 36

- RTP required to keep and maintain books of account or other records shall **retain them until the expiry of 72 months from the due date of furnishing of annual return** for the yr. pertaining to such accounts and records:
- If RTP who is a party to an **appeal or revision** or any other proceedings before any Appellate Authority or Revisional Authority shall **retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision** or proceedings or investigation, or for the period specified above, whichever is later.

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Maintenance Of Records – Rule 56

- 1) Every RTP **shall keep** and maintain a **true and correct account** of the **G/S imported or exported** or of supplies attracting payment of tax on **RCM** along with relevant documents, including invoices, bills of supply, delivery challans, c/n, d/n, receipt vouchers, payment vouchers, & refund vouchers.
- 2) Every RTP, other than a composition dealer, **shall maintain accounts of stock in respect of goods** received and supplied by him, and such account shall contain particulars of the opening balance, receipt, supply, **goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples** and balance of **stock including raw materials, finished goods, scrap and wastage** thereof.

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Maintenance Of Records – Rule 56

- 3) Every RTP shall keep and maintain a **separate account of advances received, paid and adjustments made** thereto.
- 4) Every RTP other than composition dealer, shall keep and maintain an account, containing the details of **tax payable** (including tax payable in RCM u/s 9(3) & (4)), tax collected and paid, input tax, ITC claimed, together with a register of tax invoice, C/N, D/N, D/C issued or received during any tax period.
- 5) Every RTP shall keep the particulars of **names and complete addresses of**
 - i) **suppliers** from whom he has received the goods or services;
 - ii) **customers** to whom he has supplied the goods or services;
 - iii) **The premises** where the **goods are stored** by him, including **goods stored during transit** along with the particulars of the stock stored therein.

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Maintenance Of Records – Rule 56

- 6) The **PO** shall determine the amt. of tax payable on taxable goods found to be stored at any place(s) other than those declared u/r **56(5)** without the cover of any valid documents, as if such goods have been supplied by the registered person.
- 7) Every RTP shall keep the **books of account at the principal POB** and at every **additional POB** and such books of account shall **include any electronic form of data** stored on any electronic device.
- 8) Any entry in registers, accounts and documents **shall not be erased, effaced or overwritten**, and all incorrect entries **shall be scored out** under attestation and thereafter correct entry shall be recorded, and where the registers and other documents are maintained electronically, **a log of every entry edited or deleted** shall be kept.

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Maintenance Of Records – Rule 56

- 09) **Each volume** of books of account maintained shall be **Sr. No.**
- 10) Unless proved otherwise, if any documents, registers, or any books of **account belonging to a RTP are found** at any premises other than those mentioned in the RC, they **shall be presumed to be maintained by the said RTP.**
- 11) **Every agent (u/s 2(5))** shall maintain following accounts –
 - (a) **particulars of authorization** received by him from each principal to receive or supply goods or services on behalf his behalf;
 - (b) **Description, value and quantity of G/S** received or supplied on behalf of every principal;
 - (c) **details of accounts furnished** to every principal; and
 - (d) **tax paid on receipts or on supply of G/S** effected on behalf of every principal.

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Maintenance Of Records – Rule 56

- 12) Every reg. **manufacturer** shall **maintain monthly** production accounts, showing the **quantitative details** of **R.M.** or **services** used in the manufacture and **F.G.** including the **waste and by products**
- 13) Every **services provider** shall maintain the accounts of **goods used** in the provision of each service, details of **input services** utilised and the **services supplied**.
- 14) Every **Works Contractor** shall keep separate accounts for each w/c-
- (a) the **names and addresses of the contractee** executing w/c;
 - (b) description, value and quantity as applicable of **G/S received**.
 - (c) description, value and quantity as applicable of **G/S utilized**.
 - (d) the details of **payment recd.** in respect of each w/c; &
 - (e) the **names and addresses of suppliers** from whom he has recd. G/S.

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Maintenance Of Records – Rule 56

- 15) The records may be maintained in **electronic form** and shall be authenticated by means of a **digital sig.**
- 16) Accounts maintained by the RTP together with all invoices, bills of supply, C/N & D/N, and D/C shall be **preserved as per provisions of sec. 36** and shall be kept at **every POB** in the RC.
- 17) Any **person having custody over the goods (carrier or a C&F agent)** for delivery or dispatch thereof to a recipient on behalf of any RTP shall maintain true and correct records in respect of such goods handled by him and shall produce the details thereof as and when required by the PO.
- 18) Every RTP shall, on demand, **produce the books of accounts** which he is required to maintain under any law in force.

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Electronic Records – Rule 57

- 1) Proper **electronic back-up** of records shall be maintained and **preserved** in such manner that, in the event of destruction of such records due to accidents or natural causes, the **information can be restored within reasonable period of time.**
- 2) The RTP maintaining electronic records shall **produce**, on demand, the relevant records or documents, duly authenticated by him, in **hard copy or in any electronically readable format.**
- 3) The RTP shall also provide, details of files stored electronically, their passwords and explanation for codes used, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

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Records by godown owner/ Transporter R - 58

- 1) Every person required to maintain records and accounts u/s 35(2), **if URP** shall submit the details regarding his business electronically on the C.P. in **FORM GST ENR-01**, and, upon validation of the details furnished, a **unique enrolment no.** shall be generated and communicated to him.
- 2) The person enrolled as aforesaid in any S/U.T. shall be deemed to be enrolled in other S/U.T.
- 3) Every enrolled person, where required, amend the details furnished in FORM GST ENR-01 electronically on the C.P.
- 4) a) Any person engaged in the business of transporting goods shall maintain records of goods transported, delivered and stored in transit by him and for each of his branches.

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Records by godown owner/ Transporter R - 58

- 4) b) Every owner or operator of a **warehouse or godown** shall maintain books of accounts, with respect to the period for which particular **goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal** of such goods.
- 5) The goods shall be maintained in the godown in such manner that **they can be identified item wise and owner wise** and shall facilitate any physical verification or inspection by the PO on demand.

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Issues Books & Records To be Maintained Sec. 35

- How to maintain a true and correct account of—
- (a) **production or manufacture** of goods;
- (b) **inward supplies** of G &/or S; **(net or gross amt.)**
- (c) **stock of goods (W.I.P., purpose, management certificate);**
- (d) **input tax credit** availed;
- Where **more than one place** of business, is it compulsory to have separate books of accounts, & Final A/c?.
- If permitted under IT not to maintain records under presumptive Taxation is it necessary to maintain it under GST?
- If documents do not contain required particulars, are they valid?
- If Tax liability changes in 18/19 for 17/18 because of AAR decision or change of HSN Code – Accounting treatment?

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Check List Before commencement of Audit:

General profile of registered person-

- 1) GST Registration Certificate
- 2) Address of Principal Place of Business
- 3) Address of Additional Place of Business
- 4) Place of dispatch of material ,whether it is same as per gst certificate? Determination of place of supply?
- 5) Constitution of Business copy of MOA OR Partnership deed or LLP Agreement or society bye laws etc,

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- (a) PAN of (i) company and (ii) key person/director/partners
- (b) mobile number of key person
- (c) email address of key person
- (d) din of directors (in case of company)
- (e) residential address of key person
- (f) expiry date of digital signature of key person
- (g) password of digital key –correctness
- (h) detail of change in key person at the date of submission.
- (i) Engagement letter cum Authority letter of submission of Gst Audit report with Resolution of company/society

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Import Export Code Number

Corporate Identify Number or Firm/LLP Registration Number

Branches detail, with Gst Number

(a) Turnover of Branches

(b) opening of new branch

(c) closer of branch

(d) Fixed assets purchased/disposed/transfer during the year

(f) reconciliation of branch transfer-sale/purchase

Running Bank account detail –cancelled cheque

Internet Banking,

Brief nature of business,

Description of Major Goods and/or services provided-UP TO 10

Any addition/discontinue of products.

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1) HSN code of products as well as Accounting code of all services, as per turnover 2 digit or 4 digit

2) Classification of Rate of Tax as per CGST,SGST OR IGST) of products or services wherein registered person deals

3) Transaction Value , Inclusion and exclusion

4) Exempted sales-compliance of the condition therein

5) **LUT-Validity of LUT** –copy of same shall be obtained

6) Auditor login and password for accounting software

7)Last Back up date and mode of back up

8) **Method of Valuation** of opening and closing stocks

9) Change in method of valuation of stock

10) Statutory Audit/Tax Audit/Audit under law-Copy of Report-

Verification of Auditor remark in respect of stock valuation etc.

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Working Papers Before commencement of Audit

- 1) Input, Input services, Capital goods – HSN Code, Tax rate applicable
- 2) Output – Composition i.e. export, local, exempt, non gst. etc. with HSN codes & tax rate applicable.
- 3) Applicable notifications/ circulars/ orders/ press release their dates and effective dates.
- 4) Pronounced AAR & its effect on organization
- 5) Related party transactions and its valuation
- 6) I.T.C. – available, blocked, Reversal (exempt & 6 mts), Re- availment.
- 7) Advance received- tax, & its adjustment
- 8) Advance given – Tax & its adjustment.

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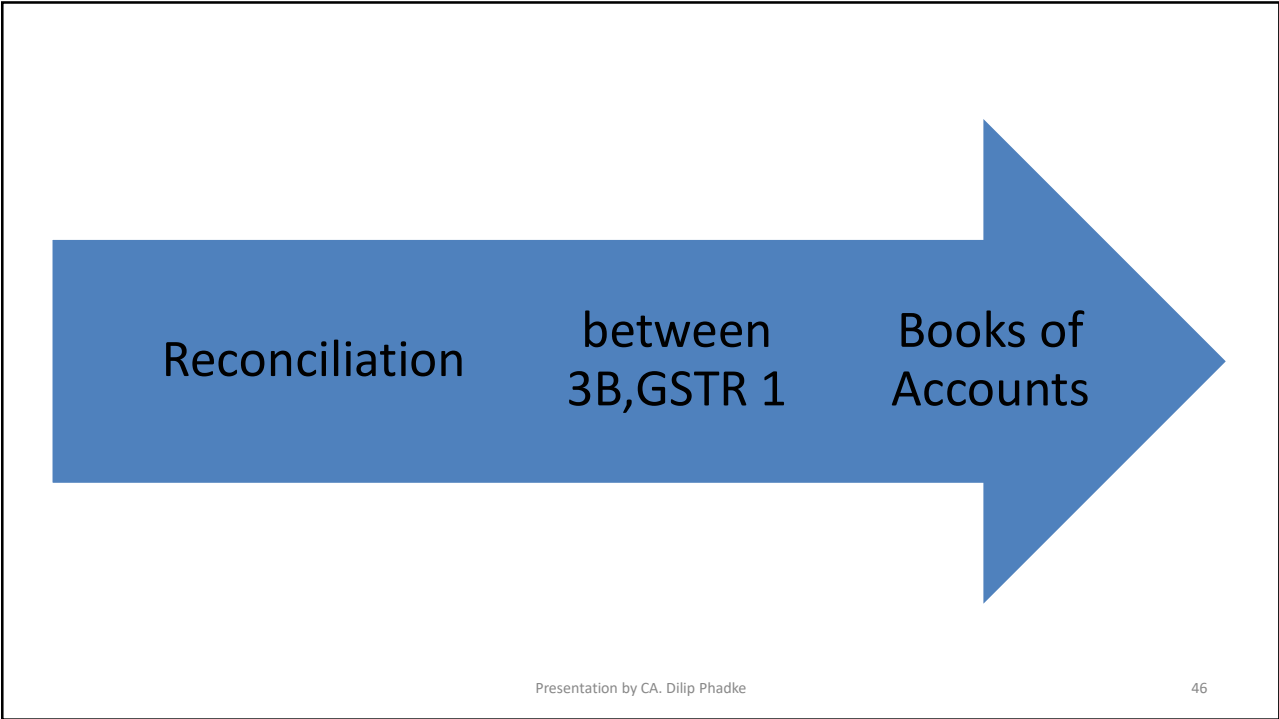
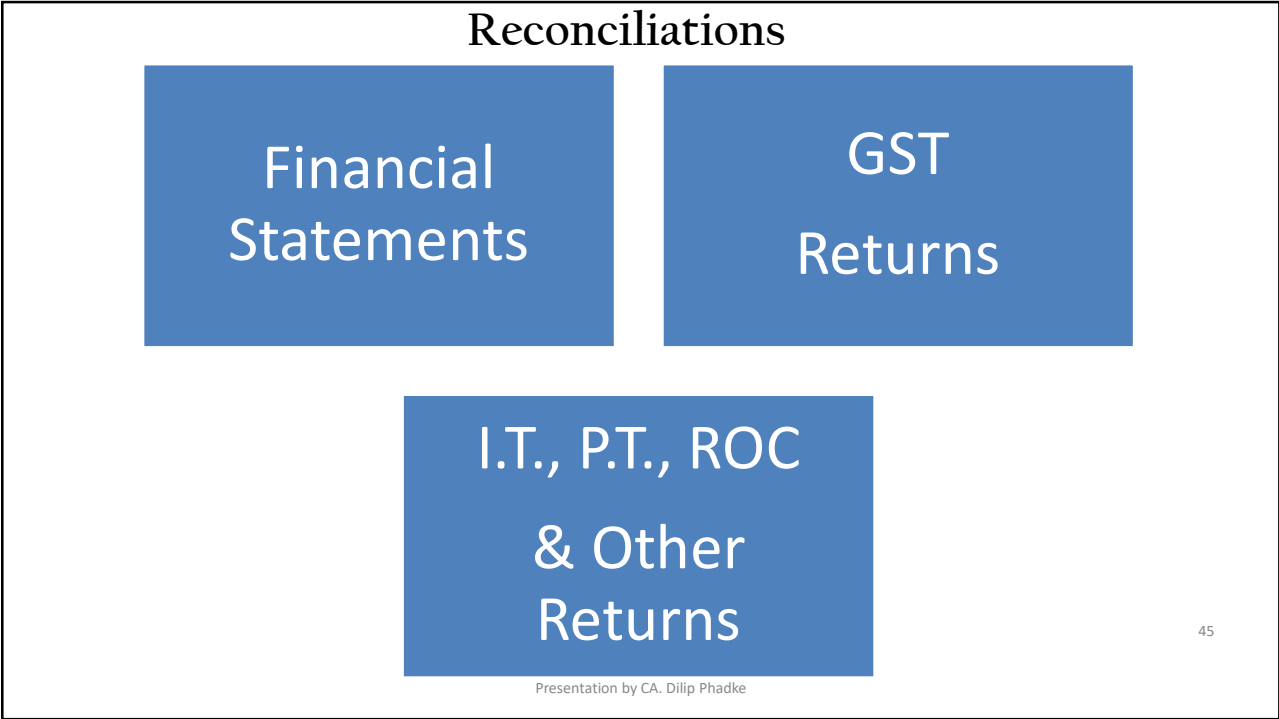
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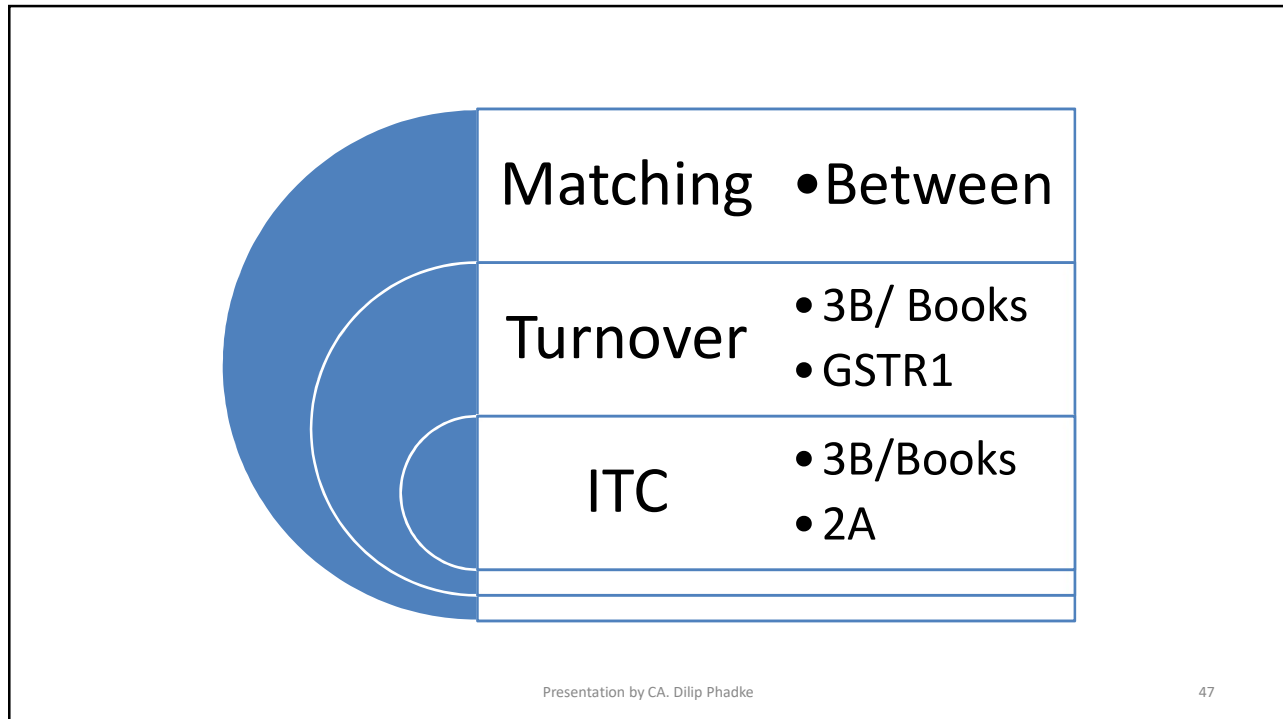
Working Papers Before commencement of Audit

- 09) Anti profiteering
- 10) Creditors ageing statement
- 11) Mechanism to distribute and claim ITC in case of ISD
- 12) Any supply becoming exempt, going out of composition etc.
- 13) Application for refund – RFD 3, RFD 4 issued by dept. and its effect on financial position.
- 14) Expenses liable to RCM u/s 9(3) and up to 13/10/17 u/s 9(4)
- 15) Sch.- I transactions having no financial implications like barter.
- 16) Job work movement & statements filed
- 17) F.A.Q., Circulars, Press release, tweets
- 18) Binding old judgments.

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Contents Of 3B

Table No.	Description
3.1(a)	Outward taxable supplies (other than zero rated, nil rated and exempted)
3.1(b)	Outward taxable supplies (zero rated)
3.1(c)	Other outward supplies (Nil rated, exempted)
3.1(d)	Inward supplies (liable to reverse charge)
3.1(e)	Non-GST outward supplies
4 (A) (1)	Import of goods
4 (A) (2)	Import of services
4 (A) (3)	Inward supplies liable to reverse charge (other than 1 & 2 above)
4 (A) (4)	Inward supplies from ISD
4 (A) (5)	All other ITC
4 B	ITC Reversed
4 D	Ineligible ITC

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Contents of GSTR1

Table No.	Description
4	Taxable outward supplies made to registered persons (including UIN-holders) other than supplies covered by Table 6
5	Taxable outward inter-State supplies to un-registered persons where the invoice value is more than Rs 2.5 lakh
7	Taxable supplies (Net of debit notes and credit notes) to unregistered persons other than the supplies covered in Table 5
9	Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4, 5 and 6 [including debit notes, credit notes, refund vouchers issued during current period and amendments thereof]
11	Consolidated Statement of Advances Received/Advance adjusted in the current tax period/ Amendments of information furnished in earlier tax period

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Contents of GSTR1

Table No.	Description
6A	Export
6B	Supply made to SEZ Unit or SEZ Developer
6C	Deemed Export
8A	Inter-State supplies to registered persons
8B	Intra- State supplies to registered persons
8C	Inter-State supplies to Unregistered persons
8D	Intra- State supplies to Unregistered persons

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
B2B	Total	4A ...				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
B2C	Large	5A ...				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
	Others (Net)	7				
Adv Recd	Total	11A				
	Amendments	11A				
Adv Adjusted	Total	11B				
	Amendments	11B				
SUB-TOTAL			0	0		

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
Export	With Tax - Total	6A				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
	Without Tax - Total	6A				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
SUB-TOTAL			0	0		

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
Nil Rated	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
Exempt	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
SUB-TOTAL			0	0		
Non-GST	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
SUB-TOTAL			0	0		

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Points Of Reconciliation- Financial & GST Returns

7. (1) "supply" includes—

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- (b) import of services for a consideration whether or not in the course or furtherance of business;
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration; and

1A The activities or transactions which are supply as per ss 1 to be treated as supply of G 7/or S as referred to in Schedule II.

(2)(a) activities or transactions specified in Schedule III; NOT SUPPLY

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Points Of Reconciliation- Financial & GST Returns

SCH. I – SUPPLY TAXABLE EVEN IF MADE WITHOUT CONSIDERATION

1. Permanent trf. or disposal of business assets where ITC has been availed. (Gift old car to trust, employee, third party) – P&M?
2. Supply of G &/or S between related persons or between distinct persons (U/s 25), when made in the course or furtherance of business: Gifts not exceeding Rs. 50,000/- in value in a financial year by an employer to an employee shall not be treated as supply of G &/or S
3. Supply of **goods** by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or V/V
4. Import of services by a RTP from a related person or any of his other establishments outside India, in the course or furtherance of business.

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Points Of Reconciliation- Financial & GST Returns

SCH. III - ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

5. Sale of land and, subject to clause (b) of para 5 of Sch. II, sale of bldg. Sch. II - 5. (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received. Earlier of a) issuance of comp. certi., where required, by the competent authority or b) after its first occupation,
 - Expl.: (2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; (employee deposit, Compensation rent)

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Points Of Reconciliation- Financial & GST Returns

- Definition of Turnover under GST, IT Act & Acc. Standards.
 - a) Gst not considered but to be considered for 145A
 - b) Other taxes (like municipal taxes) to be included in t/o of GST shown as net off in Financial Accounts.
 - c) Related party transactions like branch trf., agent included
- Turnover split in two periods
 - a) Three months turnover under VAT, Service tax, Excise etc.
 - b) Nine months under GST
- Transportation charges shown in GSTR1, Net out in F.A.

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Points Of Reconciliation- Financial & GST Returns

- Services provided in March bill raised in April – F.A./G.S.T.
- Advance received but goods/ services not provided
- A.M.C./ Insurance paid/ received for full year – pre-paid/ recd.?
- Cash accounting system & GST invoices
- Taxation of Voucher issued and redeemed
- GTA following RCM method converts to forward charge method
- Deduction allowed while charging tax but shown at gross value in F.A. - Sale of fixed asset like vehicle
- Determination of value of the supply by adopting rule 32 like money exchanger, air ticket, insurance, second hand goods dealer

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Points Of Reconciliation- Financial & GST Returns

- Amount paid by recipient which was payable by supplier netted off in transportation
- Recovery of food expenses from salary deducted from staff welfare expenses.
- Builder showing turnover by % completion method and making bill stage wise.
- Discount treatment – trade discount and post sale discount.

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Time of supply RCM goods/ services - sec 12(3)/ 13(3)

In case of supplies of G/S in respect of which tax is paid or liable to be paid on RCM, the time of supply shall be the earliest of the following

- (a) the date of the receipt of goods (Not for services); or
- (b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier in respect of G/S; or
- (c) the date immediately following 30/60 days from the date of issue of invoice for G/S or any other document, by whatever name called, in lieu thereof by the supplier:
- Provided that where it is not possible to determine the time of supply as above the time of supply shall be the date of entry in the books of account of the recipient of supply.

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Example urd. purchase of goods

(Event)	Mar.18 - G	Feb.18 - S	Remarks
Date Of purchase inv.	12/3/2018	19/2/2018	Goods Recd. 2/4 /service purchase.
Date Of payment	12/4/2018	28/4/2018	
Date of liability	10/4/2018	21/4/2018	Consolidated inv./ 30/60 days
Date of RCM payment	17/4/2018	12/5/2018	
Date Of Filing of return	19/4/2018	18/5/2018	
Return in which RCM ADJ.	Apr.18 filed in May 18	May.18 filed in June 18	
Whether liability for RCM to be booked in Mar 2018			

CA DILIP PHADKE

6 June 2019

Reconciliation

Net outward supplies after considering the return of supplies on which output tax is payable

Sl. No.	Particulars
	Revenue from operations
	Other Income
	Amount as per financials
Less	Revenue/Other Income pertaining to other registered/distinct persons
Less	<u>Revenue items on which output GST is not payable</u>
	Zero rated without payment of tax - Export and supplies to SEZ
	Deemed exports
	Liable to tax under reverse charge mechanism
	Wholly Exempt Supplies
	Partly Exempt Supplies (exempt portion)
	Non-GST supplies
	Not a supply as per Schedule III or the definition of supply
	Amount as per financials (in the State)

Add:	Sale of capital assets
	Unearned revenue (advances)
	Section 15
	Taxes, duties, cess etc levied under other laws charged by supplier
	Amount incurred by recipient but liable to be paid by supplier
	Interest, late fee or penalty for delayed payment of consideration
	Incidental expenses charged by the supplier
	Schedule I
	Write off and disposal of business assets without consideration, if GST credit was availed
	Supply of goods / services by <<GSTIN>> to related persons / distinct persons:
	(i) To employees (excluding gifts per employee upto Rs.50,000)
	(ii) To distinct persons having same PAN
	(iii) To other related persons
	Goods dispatched by GSTIN to agents to the extent sale is not made / recognised
Less:	Unbilled revenue (Considering the provisions of Section 13(2) of the CGST Act, 2017)
	Revenue by way of supplies made through agents where tax paid in PY upon initial dispatch
	Revenue omitted to be declared in the Annual Return
	Revenue against which Time of Supply has occurred in the previous year
	Any other (please specify)
	Amount as per Annual Return (in a State)

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Reconciliation	
Net inward supplies on which input tax credit has been taken	
Sl. No.	Particulars
	Operational Expenses
	Other expenses
Less	Expenses pertaining to other registered persons/distinct persons
Less	<u>Expenses on which input tax credit is not available due to the following:</u>
	Not a supply as per Schedule III or the definition of supply
	Inward supplies received from composition suppliers
	Exempt inward supplies
	Wholly Exempt Inward Supplies
	Partly Exempt Inward Supplies (exempt portion)
	Non-GST Inward supplies
	Goods / services are not used in the course or furtherance of business
	Credit ineligible as the goods/services received are used wholly for effecting exempt supplies (excluding exports)
	Credit ineligible u/s 17(5)(a) : On motor vehicles and other conveyances
	Credit ineligible u/s 17(5)(b)(i) : On food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery

	Credit ineligible u/s 17(5)(b)(ii) : On membership of a club, health and fitness centre
	Credit ineligible u/s 17(5)(b)(iii) : On rent-a-cab, life insurance and health insurance
	Credit ineligible u/s 17(5)(b)(iv) : On travel benefits extended to employees on vacation
	Credit ineligible u/s 17(5)(c) : On works contract services when supplied for construction of an immovable property
	Credit ineligible u/s 17(5)(d) : On goods / services received for construction of an immovable property on own account
	Credit ineligible u/s 17(5)(g) : On goods or services or both used for personal consumption;
	Credit ineligible u/s 17(5)(h) : On goods lost, stolen, destroyed;
	Credit ineligible u/s 17(5)(h) : On goods written off;
	Credit ineligible u/s 17(5)(h) : On goods disposed of by way of gift;
	Credit ineligible u/s 17(5)(h) : On goods disposed of by way of free samples;
	Credit ineligible u/s 17(5)(i) : In respect of tax paid in accordance with the provisions of sections 74, 129 and 130;
	Credit not taken as the recipient's GSTIN was not mentioned / mentioned incorrectly
	Credit reversed u/s 17 (4) for a banking company / financial institution / non banking financial company
	Credit not taken as the place of supply is outside the State
	Amount as per financials (in the State)

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Add:	Purchase of capital assets
	Prepaid expenses
	Expenses of previous year on which input tax credit has been taken this year
	Section 15
	Taxes, duties, cess etc levied under other laws charged by supplier
	Amount incurred by recipient but liable to be paid by supplier
	Interest, late fee or penalty for delayed payment of consideration
	Incidental expenses charged by the supplier
	Any other (please specify)
Less:	Prepaid expenses of previous year
	Expenses omitted to be declared in the Annual Return
	Expenses on which input tax credit will be taken in the subsequent year
	Any other (please specify)
	Amount as per Annual Return (in a State)

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ANY QUESTIONS

ASK

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