

ANALYSIS OF GSTR9C



GST AUDIT

CMA Ashok B Nawal

- ◆ Change in law is constant
- ◆ Monitoring of law is dynamic
- ◆ Impact assessment due to following notifications issued till date

Notification/Circulars issued	2017	2018 (Upto March 2018)
Notification		
Central Tax	75	28
Central Tax Rate	47	11
Integrated Tax	12	1
Integrated Tax Rate	50	12
Union Territory Tax	17	11
Union Territory Tax Rate	47	11
Compensation Cess	1	0
Compensation Cess Rate	7	1
Total	256	75

Circulars & Orders	2017	2018 (Upto March 2018)
Central Tax	37	49
Integrated Tax	2	1
Union Territory Tax	1	0
Compensation Cess	1	0
Total	41	50

- ◆ Format of Annual Return in GSTR-9 & 9A has been notified.
- ◆ Format of GSTR-9C alongwith Certification is notified.



GST

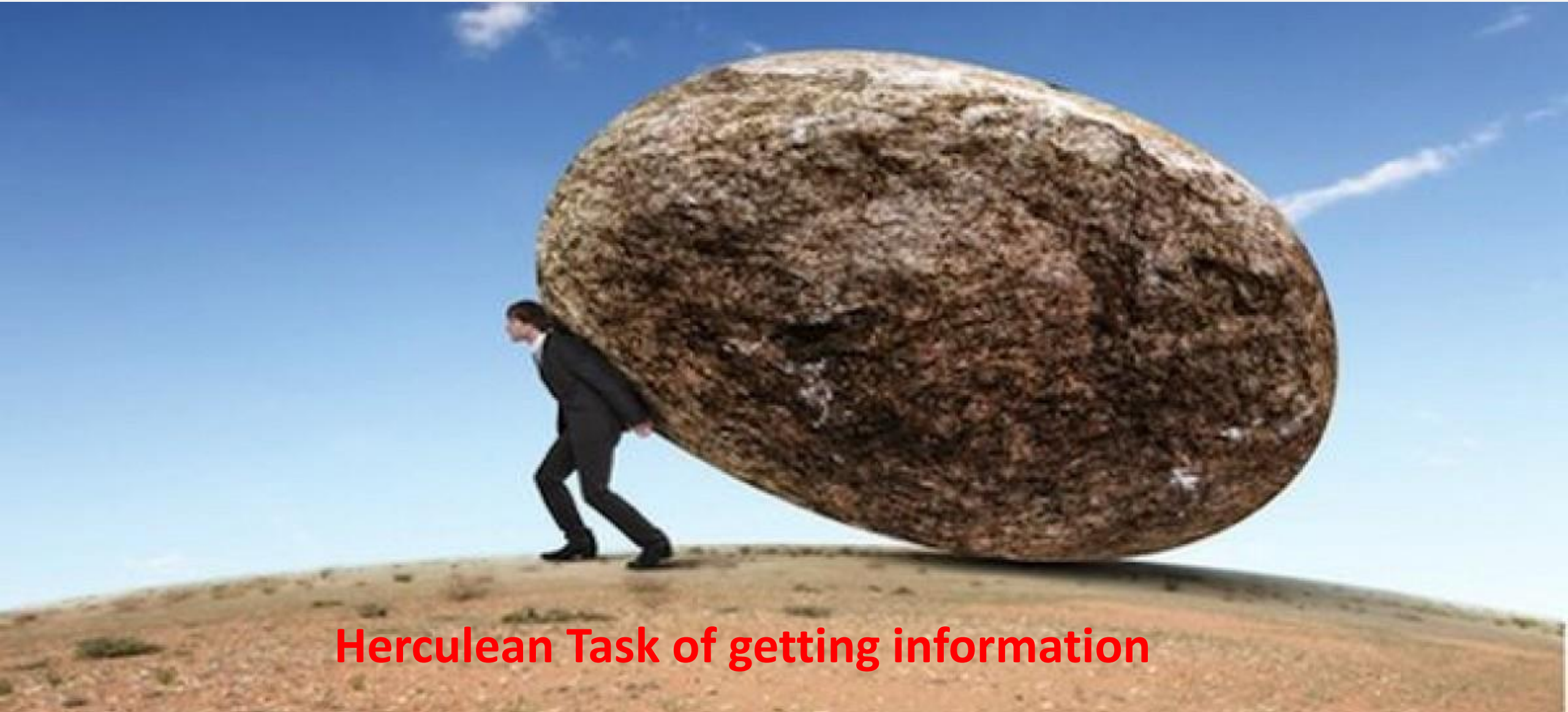
Accounts & Records

- **Records to be maintained by registered persons for each registration separately including principal place of business & additional place of business**
 - ✓ Goods or services imported and Exported
 - ✓ **Supplies attracting payment of tax**
 - ✓ Supplies attracting payment of tax on reverse charge
 - ✓ **Stock of goods supplied / received - opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples including raw materials, finished goods, scrap and wastage thereof**
 - ✓ Monthly production accounts with quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof
 - ✓ **Quantitative details of goods used in the provision of each service, details of input services utilized and the services supplied**
 - ✓ Advances received, paid and adjustments made thereto – Refund Vouchers / Payment Vouchers
 - ✓ **Details of tax payable, tax collected and paid, input tax, input tax credit claimed**

- ✓ Register of tax invoice, credit note, debit note, delivery challan issued or received during any tax period
 - ✓ Names and complete addresses of suppliers / customers / recipients
 - ✓ Complete addresses of the premises where the goods are stored by him, including goods stored during transit along with the particulars of the stock stored therein
 - ✓ Relevant documents viz invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills, etc
- **Period of retention of accounts:**
1. **Normal situation:** 72 months from the due date of filing of annual return for the respective year
 2. **Appeal or revision or any other proceeding:** One year after final disposal of such appeal or revision or proceeding or 72 months from the last date of filing of annual return, whichever is later
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- **Understanding the business of the auditee**
 - **Understanding the software used**
 - **Special attention to transactions not appearing in the financial accounts**
 - **Registration**
 - Core Changes
 - Non Core Changes
 - ISD
 - **Masters**
 - Customer
 - Suppliers
 - Items with HSN
 - Services with SAC
 - Tax Codes
 - ITC Entitlement
-

- **Applicability of GST**
 - ✓ Aggregate Turnover
 - ✓ Threshold Limit
 - ✓ Composition Scheme
 - **Outward Supply & Determination of Tax Liability**
 - **Inward Supply & Eligible ITC & Reversal of ITC**
-



Herculean Task of getting information

Herculean Task to get the Information

- **Transactions Prior To 30th June 2017**
 - **Transactions After 1st July 2017 To 31st March 2018**
 - **Transactions After 1st July 2017 But Upto 13th October 2017 (RCM)**
 - **Advances Received After 1st July 2017 But Prior 15th November 2017**
(Advances)
 - **Transactions Before And After Rate Change, If Any**
-

Herculean Task to get the Information

- Exempted, Nil rated, Non-GST supply including adjustment through debit note & credit note.
 - ITC separately for Input, capital goods & input services
 - HSN wise Rate wise supplies made
 - HSN wise supplies received
 - Inward Supplies from Unregistered Dealer and Composition Dealer
 - Inwards supplies and outward supplies appearing in books of accounts but not reported till date
-

Issues to
be
pondered
with



Sr. No.	Particulars	Reason for issues
1	Drop Shipment	In the GST Bill, Drop Shipment is covered in Such III in section 7. However this is not having retrospective effect and therefore whether it will be considered as exempt supply for the calculation of reversal under rule 42 & 43
2	High Sea Sale	In the GST Bill, it is very clear that High Sea Sale will not be treated as Supply. However this is not having retrospective effect and therefore whether it will be considered as exempt supply for the calculation of reversal under rule 42 & 43
3	Canteen	Rate of tax as well as valuation, when given free of subsidised rate to employees.
4	Bus Transport	No Ac bus transport on fixed route falls is exempted and should be considered for calculation of reversal under rule 42 & 43

Sr. No.	Particulars	Reason for issues
5	<p>Calculation of reversal of ITC under Rule 42 & 43, since there is no ITC track for exclusive inward supplies of exempted or non-taxable supplies</p> <p>5% for personal use</p>	<p>Most of the companies have not kept the separate tax for ITC not availed on exclusive inward supplies for exempted or non-taxable supplies and in accordance with Rule 42 & 43, it may have to be given separately.</p> <p>If personal use is shown being mandatory under rule 43 for Capital use , whether the same may be considered for the purpose of non taxable supplies</p>
6	<p>Schedule III to Section 7 whether will be considered as non taxable supply (even though it is not supply) for the purpose of Rule 42</p>	<p>In the GST Bill, it is very clear that such supplies will not be treated as Supply for the purpose of reversal of ITC. However this is not having retrospective effect and therefore whether it will be considered as exempt supply for the calculation of reversal under rule 42 & 43</p>

Sr. No.	Particulars	Reason for issues
7	Reversal of ITC for by product or scrap - Loss / destroyed / free samples / gift	It may be always disputed about the quantum of reversal of ITC on scrap or by product which has been lost, destroyed, given free.
8	Reconciliation between GSTR 2A and ITC receivables on account of a. Mismatch in Invoice no b. Wrong tax head of GST c. Wrong GSTN No d. Invoices not uploaded by supplier e. ITC as per GSTR-2A is more than ITC availed in books (detected after September of subsequent year) f. Suppliers paid the GST through their GSTR-3B and GSTR-I but shown such supplies as B2C	Department may raise the objection and will allow final credit only for matched invoices since section relating to matching & mismatching has not been kept on hold.

Sr. No.	Particulars	Reason for issues
9	100% amount not paid on account of retention	It can be termed as full payment has not been received and if it is not paid within 180 days ITC reversal will be disputed
10	ITC on CSR activities done when it is shown as business expenditure	As per Section 16(I) of CGST Act, Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

Sr. No.	Particulars	Reason for issues
II	ITC on Motor Vehicle insurance, motor repairs, repair, vehicle building	<p>As per Section 17(5)(a) of CGST Act, ITC shall not be available in respect of the following namely;</p> <p>(a) motor vehicles and other conveyances except when they are used—</p> <p>(i) for making the following taxable supplies, namely:—</p> <p>(A) further supply of such vehicles or conveyances ; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on driving, flying, navigating such vehicles or conveyances;</p> <p>(ii) for transportation of goods;</p> <p>(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.</p> <p>Explanation.—For the purposes of clauses (c) and (d), the expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;</p>

Sr. No.	Particulars	Reason for issues
12	ITC on CSR activities done when it is shown below the line as a part of CSR compliance	As per Section 16(I) of CGST Act, Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.
13	Value of free goods supplied / Amortization when specific clause is absent in PO	As per circular no. 47/21/2018-GST dated 8th Jun 2018 issued by the CBIC, the value of dies / tools / moulds supplied FOC need not be added in the value of the goods supplied by manufacturer. Considering the clarification in the circular, every person needs to be ensure that absolute clarity while raising the purchase order when such part / components are going to be sourced from the manufacturers and for which dies / tools /moulds are supplied by the recipient of the component. The purchase order should clearly specify that the consideration of parts / components with the separate clause that dies / moulds / tools will be supplied on “FOC basis’ till the time such goods are sourced from the manufacturer.

Sr. No.	Particulars	Reason for issues
14	Rate of interest on ITC reversal / ITC wrongly availed	<p>As per Section 50 of CGST Act,</p> <p>(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.</p> <p>(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.</p> <p>(3) A taxable person who makes an undue or excess claim of input tax credit under subsection (10) of section 42 or undue or excess reduction in output tax liability under subsection (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.</p>

Sr. No.	Particulars	Reason for issues
15	Interest, dividend, Securities	These are non- taxable supplies and therefore it should be considered for the purpose of reversal of ITC in terms of Rule 42 and Rule 43 of CGST Rules 2017.

Sr. No.	Particulars	Reason for issues
16	Exports on FOC basis - ITC reversal ?	<p>As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;</p> <p>As per CGST Rules 42 Manner of determination of input tax credit in respect of inputs or input services and reversal thereof.-(1) The input tax credit in respect of inputs or input services, which attract the provisions of sub-section (1) or sub-section (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-</p> <p>16. (1) “zero rated supply” means any of the following supplies of goods or services or both, namely:–</p> <p>(a) export of goods or services or both; or</p> <p>(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.</p> <p>(2) Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.</p>

Sr. No.	Particulars	Reason for issues
17	<p>Issues of Tran-I</p> <p>Material received prior to 30.06.2017 but no GRN prepared and no accounting done upto 30.06.2017</p> <p>Material received prior to 30.06.2017 but GRN prepared and no accounting done upto 30.06.2017 or no application made for extension</p> <p>Stock declared - Supported with duty paying documents not directly in the name of tax payer / registered person</p> <p>Invoice with registered person prior to 12 months</p> <p>Stock declared without duty paying documents. Provision made in the books of accounts based on Tran-I but not sold before due date</p> <p>Stock declared without duty paying documents. Provision made in the books of accounts based on Tran-I but sold before due date Tran-2 not filed or not updated</p>	
18	<p>Partial written off value of goods</p>	<p>"As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;</p>

Sr. No.	Particulars	Reason for issues
19	ITC on Assets discarded / written off / given free on which ITC / Cenvat / VAT sett off has not been availed	As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;
20	ITC on Assets discarded / written off / given free on which ITC / Cenvat / VAT sett off has been availed	As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;
21	Removal of inputs as such which were procured prior to 30.06.2017 and given FOC / lost / destroyed - What amount to be reversed	Whether to reverse CGST (w.r.t Excise Cenvat availed at that time) and SGST (w.r.t. VAT set off availed at that time) or to reverse GST on the said items at prevailing GST rates

Sr. No.	Particulars	Reason for issues
22	Removal of inputs as such which were procured prior to 30.06.2017 and given FOC / lost / destroyed - What amount to be reversed by EOU	Whether to reverse only SGST (to the extent of VAT set off)
23	Allocation and apportionment value is different for the purpose of valuation of WIP and finished goods in the books of accounts vis-à-vis tax invoice prepared on distinct person	Valuation of tax invoice prepared on distinct person
24	Supply to SEZ by unregistered supplier without payment of GST	Whether SEZ needs to pay GST under reverse charge mechanism till 13.10.2017

Sr. No.	Particulars	Reason for issues
25	Supply to SEZ by registered supplier without payment of GST but without execution of LUT	Whether SEZ is require to pay GST in such case
26	Supply to SEZ unit / developer located at non-processing zone for operation and maintenance	Whether the supplier can avail the benefit of exemption of IGST when goods / services are supplied to be used in non processing zone for operation and maintenance of SEZ
27	Supply to SEZ unit / developer located at non-processing zone for developing infrastructure	Whether the supplier can avail the benefit of exemption of IGST when goods / services are supplied to be used for developing infrastructure
28	Receipt of goods from unregistered person prior to 13.10.2017 but accounted after 13.10.2017	Whether GST is payable under reverse charge

Sr. No.	Particulars	Reason for issues
29	Receipt of goods at prevailing rate of tax and subsequently tax rate is reduced. Return of goods against invoice - Rate of Tax ? Vis-a -vis return of goods against credit note	Since rates are different and return can be made through either credit note or tax invoice what should be the applicable & what should be the tax rate
30	Credit note issued with GST - for various reasons	Credit note issued for volume Discount, commission discount after sales, whether tax to charged on credit note.
31	At the time advance GST rate was higher which was subsequently reduced at the time of supply - Refund voucher	What will be impact of difference in rate when advance received and actual invoice issued?
32	When invoice value is higher as reflected in GSTR-2A but booked less in the books of accounts on account of certain deduction - Taxability thereof	What is the effect of this on the recipient

Sr. No.	Particulars	Reason for issues
33	Payment / facilities to employee which is not considered as part of Form 16- Treatment of gift and tracking thereof	What will be taxability of facilities/ gifts given to employees which are not covered under Form-16
34	ITC on billing of banquet hall when separate value are available for foods and others / not available	Whether input tax credit on the banquet hall charges paid is allowed where no separate value of food & other is mentioned.
35	Determination of Composite supply vis-à-vis mixed supply and rate thereof	How to differentiate between composite supply & mix-supply
36	Mis reporting of transaction in different tables of GSTR-I	Whether report to be qualified for wrong reporting 1. RCM reported as outward liability 2. Non-reporting of HSN summary 3. Wrong reporting of export value 4. Reporting of SEZ supply as deemed export supply 5. Credit note not reported in GSTR-I

Sr. No.	Particulars	Reason for issues
37	Non reporting of transaction in different tables of GSTR-I	What will be impact of non reporting of transaction in different tables of GSTR-I
38	Refund claimed and debited but not received	<p>In many of the cases it is found that after application made for refund either refund is partially received i.e. 90% or only CGST/SGST but amount debited to ITC ledger is 100%.</p> <p>I. The Electronic credit ledger does not match with the books of accounts. So are we supposed to make the reconciliation on our end or report the issue in audit report and keep the amount in reconciliation in 9C?</p>

Sr. No.	Particulars	Reason for issues
39	Quantity received is higher than that of Quantity mentioned on Invoice without mentioning additional quantity as free gift. No Debit note / credit note received for same	If the quantity does not have the supporting document, the goods can be confiscated as per section 130(1). 1. How such quantities can be tracked in GST audit as these will not be reflected in GSTR 2A, Invoice, etc.? 2. Do we have to match the stock as there will be difference in the physical quantities stock and quantity of stock as per books?
40	Quantity dispatched is higher than that of Quantity mentioned on Invoice without mentioning additional quantity as free gift. No Debit note / credit note received for same	If the quantity issued is not mentioned on the invoice then that will be treated as free supply or disposal as gift, thus attracting section 17(5) and reversal of ITC has to be made. 1. How such quantities can be tracked as these will not be PO, Sales Invoice, Delivery Challan, etc.? 2. Do we have to match the stock?

Sr. No.	Particulars	Reason for issues
41	Determination of place of supply w.r.t. billing outside India in foreign currency in the matter of Research & Development where goods are also required but output is detailed analysis	I. What will be the place of supply and Tax liability?
42	ITC on material not required for production like uniform, tissue paper, stationery	U/s section 17(5) tax credit related to following will not be allowed:- (g) goods or services or both used for personal consumption; Thus will a. the credit of expenses incurred on the Uniform used by the employees of the company will available to the company? How do you bifurcate that the uniform has been given to the factory workers of admin staff? If the uniform is taken by the employees to his home will it be treated as gift? b. Will the credit related to stationery and tissue papers, etc will be available to the company?

Sr. No.	Particulars	Reason for issues
43	Cost of rework done on imported goods and such cost is debited to foreign supplier. GST impact on same	Is it to be treated as in assessable value or it will be separate as non GST supply
44	ITC on Expenses related to furniture, Electricity & fire extinguisher which can be treated as immovable property allowable or not	1. ITC related to Furniture expenditure as below. How can we determine for which purpose the ply has been issued:- a. ITC of ply and other related material used by the client for creation of cabin, partition, etc., which is connecting the flooring and ceiling. B. Glass partition created c. Chairs and tables made d. Cupboards made for storage 2. Fire Extinguisher - form part of building and is immovable property whether credit will be available?? How can we decide if the value is for the system or the hand pumps?

Sr. No.	Particulars	Reason for issues
45	Anti profiteering clause compliance if any?	Has the benefit of Transitional credit been passed to consumer. Do we have to tell the client about it or be silent during the audit?
46	Car sale and Discloser in Returns and if margin value negative, reversal of 42 & 43 to be done and valuation has to be checked	If the company has sold the used motor vehicle the - 1. what will be the value on which the company has to pay the tax? 2. What will be the rate on which tax is to be paid? 3. What will be the case if no tax is paid? 4. What if the motor vehicle is sold at less than book value, should amount be reversed as per rule 42 & 43?
47	Whether apportionment of expenses to other entities (distinct entity) tax is payable?	COLUMBIA ASIA HOSPITALS PRIVATE LIMITED Advance Ruling No. KAR ADRG 15 / 2018 dtd. 27.07.2018

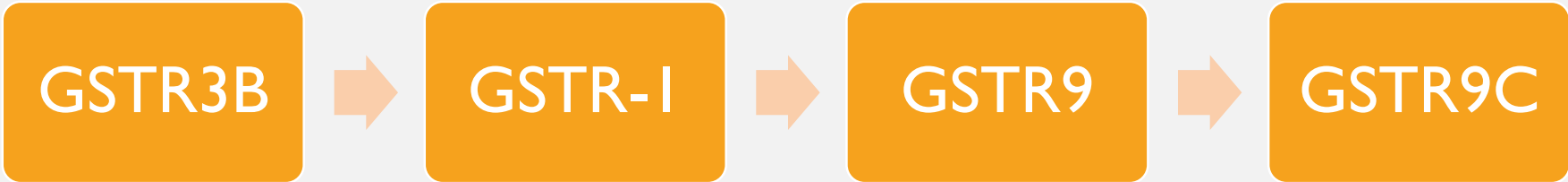
TYPE OF RETURNS

- **GSTR-9** : For each taxable person other than specified
 - **GSTR-9A** : For each taxpayer adopting composition Levy
 - **GSTR-9B** : For E-Com Operator (Yet Not Notified)
 - **GSTR-9C** : For each taxable person having Turnover more than Rs. 2 Cr
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START OF THE AUDIT

AUDIT STARTING METHOD



CHECKLIST COLLECTION AND CLASSIFICATION OF TRANSACTIONS

General

1. Audited Annual Financial Statement along with notes to accounts
2. Detailed Trial balance for the period April 2017 to June 2017 comprising Opening Balance, Debit & Credit during the period, Closing Balance- for each registration.
3. Detailed trial balance for the period July 2017 to March 2018 comprising Opening Balance, Debit & Credit during the period, Closing Balance- for each registration.
4. GST returns filed during the period along with the back-up of the same- for each registration.
5. Fixed Asset Register with addition and deletion during the period

GSTR-9

6. E-Copy of GSTR-9 of each registration to be sent through email
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CHECKLIST COLLECTION AND CLASSIFICATION OF TRANSACTIONS

Outward Supply related information

7. Reconciliation of Annual Turnover reported with GSTR-9 with the Annual turnover as reported in Annual Financial Statement
8. Tax rate wise outward supplies during the period July 17 to March 18 as per books of accounts
9. Tax rate wise outward supplies during the period July 17 to March 18 as per GSTR-1 (Also reported in GSTR-9)
10. Details of debit notes, credit notes issued during the period along with the GST if any as per books of accounts. (Please give all debit notes and credit notes irrespective of impact of GST thereon.
11. Exports as books of accounts and Exports as reported in GSTR-9 to arrive at difference in Foreign Exchange fluctuations if any.
12. Transactions w.r.t. advances received for goods up to 15th Nov 2017 & adjusted against invoices & un-adjusted

CHECKLIST COLLECTION AND CLASSIFICATION OF TRANSACTIONS

Outward Supply related information

13. Advances Received for the services during the period 1st July 2017 to March 2018 and adjusted against invoices and un-adjusted
14. Tax rate wise details of stock transfer during the period
15. Ledger Extract of outward liability i.e. IGST, CGST and SGST
16. Purchase Return, Input removed as such, recoveries against tax invoice and tax rate
17. Purchase Return against credit note of suppliers
18. Details of other incomes alongwith tax invoices if any
19. Details of Penalty, detention, demurrages, recoveries credited to expense account

CHECKLIST COLLECTION AND CLASSIFICATION OF TRANSACTIONS

Inward Supply related information

20. Reconciliation of the input tax credit availed as per GSTR-9 with the Input tax credit as per books of accounts.
 21. Expense head wise brake-up of input tax credit availed and expensed out during the period.
 22. Details of Inward Supplies from un-registered sources for goods and services up to 13th October 2017 for ensuring correct reverse charge payment
 23. Details of Inward Supplies from un-registered sources for goods and services up to 13th October 2017
 24. Ledger Extract of input tax credit i.e. IGST, CGST and SGST
 25. Sales return received against credit note issued by you
 26. Sales return received against tax invoice of Customer
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CHECKLIST COLLECTION AND CLASSIFICATION OF TRANSACTIONS

Refund

- 27. Details of refund application made during the period
- 28. Details of refund received during the period
- 29. Details of refund as per books of account

Job work

- 30. ITC-04 returns filed during the period
- 31. Details of open job work challan during the period

Delayed Payment

- 32. Invoices prior to Sept 2018 which has remain unpaid till 31st March 2018 or paid after 180 days

GSTR9 VS GSTR9C

Sl. No.	Return in GSTR 9	Statement in GSTR 9C
1	It is a report of a formal or official character giving information	Means the formal statement to be made under the provisions of the Act the veracity of which need an enquiry as to its correctness
2	Prescribed under a Statute	Prescribed under a Statute
3	To be filed by all registered persons	To be filed only if the aggregate turnover in a financial year exceeds Rs 2 Crores.
4	No threshold	Subject to threshold
5	Not required to be filed by viz., Casual Taxable Person, Non-Resident Taxable Person, Input Service Distributor, Unique Identification Number Holders, Online Information and Database Access Retrieval Service, Composition Dealers, persons required to deduct taxes under Section 51 and persons required to collect taxes under Section 52.	Not required to be filed by viz., Casual Taxable Person, Non-Resident Taxable Person, Input Service Distributor, Unique Identification Number Holders, Online Information and Database Access Retrieval Service, Composition Dealers, persons required to deduct taxes under Section 51 and persons required to collect taxes under Section 52.
6	No need to annex financials	Financials to be annexed

- ✓ Reconciliation of GSTR-2A with inward supplies
- ✓ Reconciliation of GSTR-3B with GSTR-I
- ✓ Reconciliation of Inward Supplies with respective ledgers of Inward supplies and electronic credit ledger
- ✓ Reconciliation of outward supplies with respective ledgers of Outward supplies and electronic credit and cash ledger
- ✓ Reconciliation of tax payment including interest, late fees with respective ledgers of duty payable/paid
- ✓ Reconciliation of Service exports with remittances
- ✓ Reconciliation with write-off vis a vis reversals
- ✓ Reconciliation with E-way bill w.r.t. Inward Supplies as well as Outward Supplies
- ✓ Reconciliation with ISD return and accuracy thereof

Form GSTR-9C

ANALYSIS OF GSTR9C

PARTS OF GSTR9C

PART A



PART B



The GSTR-9C can be divided into broad 10 parts,

1. Basic Details like Financial year, GSTN, Legal Name, Trade name etc.
 2. Reconciliation of turnover declared in GSTR-9 and Annual financial records
 3. Reconciliation of Taxable Turnover
 4. Reconciliation of Tax paid
 5. Additional amount payable on outward supplies but not paid
 6. Reconciliation of net input tax credit
 7. Reconciliation of ITC declared in Annual return with ITC availed in books of accounts
 8. Tax payable on un-reconciled difference in ITC
 9. Auditors recommendation on additional liability
 10. Auditors certificate
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POINT - I - GSTR9C

BASIC DETAILS

Pt. I	Basic Details	
1	Financial Year	
2	GSTIN	

1. In case of Non-resident taxable person (“NRTP”), Rule 13 of the CGST Rules permits registration even in absence of PAN. In such case, registration shall be granted based on the tax identification number or unique number on the basis of which the entity is identified by the foreign Government where the said entity is based.

2. Name listed in PAN could differ with ROC

3. Additional place of business is not disclosed in registration certificate.

3A	Legal Name	< Auto>
3B	Trade Name (if any)	<Auto>

- Pvt. Ltd instead of Ltd.
 - Trade name is not disclosed on registration certificate.
 - E.g: Indigo instead of Interglobe Aviation
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4 Are you liable to audit under any Act? <<Please specify>>

There can be drop-down for this if we select yes.

POINT – II – GSTR9C

Reconciliation of Turnover

FOCUS OF AUDITOR



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)	
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- Multiple GSTN turnover in financial statement. (Consolidated)
- Should not consider deemed supply under Schedule I (5D point)
- Should cover all income including non-GST and exempt income
- Foreign branch turnover?
- Different auditor for different registration. Ensure turnover declared add-up to total turnover. SA 299 "Responsibility of Joint Auditor". Alternatively, management declaration to be taken.
- Not to include RCM turnover in total turnover.
- Turnover is less than 2 Cr in books but more than 2 Cr under GST. In this case, no audited statement is required.

*** Checks and balances to validate correctness and completeness:**

To ensure completeness and correctness of the details of turnover to be declared under this Sl.No., the following checks could be used:

1. turnover in State/UT (in case of single registration) must reconcile to the turnover disclosed in the audited financial statements;
 2. turnover in State/UT (in case of multiple registration) must reconcile to the turnover as recorded in the books of accounts of each registration;
 3. Master reconciliation to ensure that the details of turnover declared for different registrations (in case of multiple registrations either due to presence in multiple States/UTs' or due to unit(s) in SEZ) with the total turnover of the entity
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Precautions:

While declaring the turnover details, the following precautions could be adopted:

1. As this Sl.No. specifically requires turnover from 'audited financial statements', the Auditor must insist on the audited financial statements to start with. If the financial statements/ books of accounts are not required to be audited under any other law (for instance a partnership firm having revenue lower than Rs.2 crore in a financial year but the aggregate turnover under GST exceeds Rs. 2 crore), then the Auditor must only engage himself based on financial statements provided by the entity and make suitable disclosure.
2. Establishing the completeness of the turnover details as per the audited financial statements if those financial statements are audited by another Auditor;
3. Understand how the accounts are derived by the Registered Person and ensure the correctness. In situations where multiple registrations are obtained in the State/UT due to different business verticals or unit(s) in SEZ, the accounts must be specifically examined as there could be errors/ mistakes/ accounting mismatches (E.g. turnover of one registrant could be accounted as turnover of another registrant). Though the financial statements will not have any impact for the entity as they are mutually cancelling each other, these mistakes must be rectified as they would affect the reported turnover of the respective Registered Person.

Precautions:

4. The audit also has to ensure that the inter-unit / branch accounts are reconciled at the end of the year to verify the correctness and completeness. The Auditor is also required to ensure that wherever revenue is transferred from branch accounts to head office accounts (and vice versa), while computing the turnover of the head office, the same shall not be reckoned twice in this Sl.No..
 5. However, in case only one trial balance is maintained for the entity although it has multiple GSTINs, the Auditor to ensure that the data of turnover is extracted GSTIN wise and at consolidated level it matches to the audited financial statements.
 6. Ensure to communicate to the other Auditors of the Registered Person who are furnishing this reconciliation for other States/UTs' to ensure thorough reconciliation of turnover to be declared.
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The following list of documents could be obtained by the Auditor for the purpose of declaring the details of turnover under this S.No.:

1. Audited financial statements for the FY to derive the total turnover of the Registered Person;
 2. Registrant-wise trial balance to facilitate furnishing the Form GSTR 9C for each registrant;
 3. Communication with the other Auditor to obtain details of the turnover declared by him to ensure completeness and holistic reconciliation of turnover of the Registered Person;
 4. Form GSTR 9C, if already filed by different Auditor, in case of multiple registrations of the Registered Person;
 5. GST (Viz. Form GSTR 3B and Form GSTR 1) returns filed by the Registered Person to ensure that the turnover declared in the returns match with the turnover captured in the audited financial statements
 6. Income tax Returns (ITR) to ensure that the turnover details are reconciled with turnover as per GST.
-

GSTR 9C – Reconciliation of Turnover

B	Unbilled revenue at the beginning of Financial Year	(+)	
H	Unbilled revenue at the end of Financial Year	(-)	

- Unbilled revenue is the revenue recognized in the books of accounts before the issue of an invoice at the end of a particular period.
- Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting in the earlier financial year for which the invoice is issued under GST law is required to be declared here. In other words, when GST is payable during the financial year on such revenue (which was recognized as income in the earlier year), the value of such revenue is to be declared here.
- OEM

Common Errors/control checks

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- Reconcile with corresponding declaration made under 142(I I) in GSTR Form TRAN 01;
 - Must be vouched / checked with notes to accounts in the Balance Sheet (PY and CY);
 - Notes to GSTR FORM 9-C may be drafted for this Sl.No. as to the manner of its quantification from the books and records and correlated with returns filed in GSTR Form 3-B;
 - Cross link with corresponding item in FORM GSTR 9 – Part III Sl.No. 6K;
 - Invoices raised during April 01, 2017 to June 30, 2017 to be excluded and reconciled with GSTR TRAN 01;
 - Adequate attention of the reader must be drawn to “Notes on accounts” and “Significant Accounting policies” in cases of entities which need to adhere to Statutory Audit provisions under allied laws
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GSTR 9C – Reconciliation of Turnover

C	Unadjusted advances at the end of the Financial Year	(+)	
I	Unadjusted Advances at the beginning of the Financial Year	(-)	

- Value of all advances for which GST has been paid but the same has not been recognized as revenue in the audited Annual Financial Statement shall be declared here.

Include for Adjustment		
Sl.No.	Particular's	Reason
1	Advance received for services as on 31st March 2018	Revenue not recognized in books, but offered to tax for GST
2	Advance received for Goods before 15th Nov 2017 and the supply of goods not complete as on 31st March 2018	Revenue not recognized in books, but offered to tax for GST
Do NOT Include for Adjustment		
Sl.No.	Particular's	Reason
1	Advance received for EXEMPTED services as on 31st March 2018	GST is not applicable
2	Advance received for Goods after 15th Nov 2017	GST is not applicable
3	Financial Advances received (loan)	NOT a GST Transaction
4	Deposits received	GST is not applicable

Common Errors/control checks

- For clear demarcation unadjusted balances i.e. IIA – IIB should be computed
- Balance as per the books of accounts to be arrived as per the methodology
- If the amount mentioned in Clause No. 1 above is not matching with Clause No. 2, a GST Auditor should adopt advances received as per books.
- Generally, a Trial Balance is prepared entity wise and thereafter the financials are segregated for the profit and loss account and the Balance sheet items GSTIN wise.

Information reported in GSTR I may not be required to be adopted at face value, whereas, an Auditor has to cross check the data which is available in the Trial Balance.

Suitable Management representation letter to be obtained since this information is not apparently available on the face of the financial statements.

D	Deemed Supply under Schedule I	(+)	
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- Aggregate value of deemed supplies under Schedule I of the CGST Act, 2017 shall be declared here. Any deemed supply which is already part of the turnover in the audited Annual Financial Statement is not required to be included here.
- Take management representation for completeness of transaction.
- Permanent Transfer or disposal of business assets where input tax credit has been availed on such assets
- Transactions between employees
- Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:
- 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.
- 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.

GSTR 9C – Reconciliation of Turnover

E	Credit note issued after the end of financial year but reflected in annual return (GSTR-9)	(+)	
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- Reporting of the aggregate value of credit notes which were issued after Mar 31, 2018 in respect of any supply accounted in the current financial year (2018-19) but such credit notes were reflected in the annual return (GSTR –9 for the financial year 2017-18).
- E.g: Financials are closed for 2017-18 in June 2018. In Aug 18, clients comes to know that for supplies made in 2017-18, credit note is to be issued due to some discount. This effect is taken in Annual return.
- This is rare adjustment.

Notes to consider

- Information collated for Clause 5E of GSTR 9C should be thoroughly examined with necessary supporting documents furnished to trace back the Transaction in the Previous Financial Year
 - Reconcile duly the transactions reported in the returns filed during previous Financial Year with corresponding Books of Accounts to check the accuracy of adjustments reported in Current Financial year for the Amendments/ Credit Notes reported as per Table 9 of GSTR I
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F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
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- Clause 5F requires disclosure of trade discounts which have been given effect to, in the audited financial statements but which are not permissible as part of deductions from the value of supply under the GST Laws.
- Post sale discount – Co. has reduced turnover in books but under GST, this discount is not permissible.

Common Errors

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- a) The valuation of trade discounts for the purposes of disclosures under this head, has to be clearly documented.
 - b) The input tax credit reflected in GSTR-2A attributable to such trade discounts has to be maintained
 - c) The trade discount has to be demarcated between the supplies made in erstwhile law and GST regime
 - d) The customer agreements have to be scrutinised to determine the quantum of nonallowable discounts.
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GSTR 9C – Reconciliation of Turnover

G	Turnover from April 2017 to June 2017	(-)	
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- Turnover included in the audited Annual Financial Statement for April 2017 to June 2017 shall be declared here.
- Matching of returns with turnover.
- Consideration received as advances in April 2017 to June 2017 for which services are provided on or after July 2017 needs to be included in turnover for April 2017 to June 2017 since the said consideration is liable to service tax as advances on receipt basis and not liable to GST as per S.142(11)(b) though services is provided on or after July 2017.

GSTR 9C – Reconciliation of Turnover

J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)	
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Aggregate value of credit notes which have been accounted for in the audited Annual Financial Statement but were not admissible under Section 34 of the CGST Act shall be declared here.

4. Common errors

- Segregation of adjustments to turnover on account of Credit Note with GST and Non- GST has to be carefully examined and dealt with appropriately as discussed in the above illustrations.
- Credit Note issued and subsequently cancelled should be considered while considering the summary of adjustments.
- Any adjustment on account of reduction in receivable not being adjusted to the turnover should not be considered for above reconciliation.
- Accounting / Financial Credit Note issued if any in relation to reduction in the inward supply price consideration should not be considered for filling up the information in the above Table.

K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
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- 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.

 - This is applicable for SEZ Unit GSTR9C.
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L	Turnover for the period under composition scheme	(-)	
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- There may be cases where registered persons might have opted out of the composition scheme during the current financial year.
- Their turnover as per the audited Annual Financial Statement 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.
- GSTR9A for Composition

M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
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- There may be cases where the taxable value and the invoice value differ due to valuation principles under section 15 of the CGST Act, 2017 and rules thereunder.
- Any difference between the turnover reported in the Annual Return (GSTR 9) and turnover reported in the audited Annual Financial Statement due to difference in valuation of supplies shall be declared here.
- Die Amortization
- FOC Material received from recipient

N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
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- Any difference between the turnover reported in the Annual Return (GSTR9) and turnover reported in the audited Annual Financial Statement due to foreign exchange fluctuations shall be declared here.

O	Adjustments in turnover due to reasons not listed above	(+/-)	
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- Important reconciliation item. Make-up for auditor.
- Any difference between the turnover reported in the Annual Return (GSTR9) and turnover reported in the audited Annual Financial Statement due to reasons not listed above shall be declared here.
- Turnover considered as 'supply' under GST but not considered as income in the audited Annual Financial Statements

Sl No.	Particulars	Action
1	Physician sample distributed by the pharmaceutical company to physician for free	(+)
2	Notice pay recovered from employees	(+)
3	Gifts given to customers/vendors/distributors	(+)
4	Stocks issued to discharge CSR obligation	(+)
5	Reimbursement received and considered as supply	(+)
6	Out of pocket expenses considered in the value of supply	(+)
7	Value on which GST paid on sale of Capital Goods	(+)
8	Profit on sale of Capital goods disclosed in audited Annual Financial Statements	(-)
9	Purchase return is removed on GST Sale invoice	(+)
10	Sales return received on tax invoice of buyer	(-)
11	Income in Profit and Loss account recognized based on special circumstances (E.g: Contruction Sector)	(-)
12	Inputs & CG sent to JW but not returned within prescribed time - Sec 143	(+)

GSTR 9C – Reconciliation of Turnover

P	Annual turnover after adjustments as above	<Auto>
Q	Turnover as declared in Annual Return (GSTR9)	
R	Un-Reconciled turnover (Q - P)	ATI

6	Reasons for Un - Reconciled difference in Annual Gross Turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Reason of Difference can be:

- Capital Gain/ Loss on sale of a Fixed Asset recorded in Books for turnover purpose compared with Total consideration available in GST Returns
- Government grant received on account of Capital/Revenue commitment needs a special disclosure in Books based on the conditions to be complied with

GSTR 9C – Reconciliation of Taxable Turnover

7	Reconciliation of Taxable Turnover	
A	Annual turnover after adjustments (from 5P above)	<Auto >
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	
C	Zero rated supplies without payment of tax	
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	
E	Taxable turnover as per adjustments above (A-B-C-D)	<Auto>
F	Taxable turnover as per liability declared in Annual Return (GSTR9)	
G	Unreconciled taxable turnover (F-E)	AT 2

8	Reasons for Un - Reconciled difference in taxable turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

POINT – III – GSTR9C

Reconciliation of Tax Paid

Pt. III	Reconciliation of tax paid					
9	Reconciliation of rate wise liability and amount payable thereon					
			Tax payable			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
	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 1	
10	Reasons for un-reconciled payment of amount					
A	Reason 1		<<Text>>			
B	Reason 2		<<Text>>			
C	Reason 3		<<Text>>			

- **The Auditor needs to identify the various reasons due to which there is some amount reflected in Table 9R. The various reasons can be as under**

GSTR 3B shows less/more tax paid

- GSTR I matches with the audited financials with regard to the tax payable
- GSTR 3B is having a difference as compared to the books of accounts with regard to the tax paid.

GSTR I and GSTR 3B inter se matching but not with Audited Financials

- GSTR 3B and GSTR I are matching with each other
- Matched GSTR I and GSTR 3B is different with regard to the audited financial statements.

Taxable turnover as per books matching in GSTR I and GSTR 3B but tax is not matching.

- value of taxable supply in Form GSTR 3B matches with that in GSTR I
- tax payable as self-assessed in GSTR 3B is different from shown in GSTR I.

This may be due to HSN dispute, GST Rate, Type of supply, Place of supply.



POINT - III - GSTR9C

ADDITIONAL AMOUNT PAYABLE

GSTR 9C – Additional Liability

II Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
To be paid through Cash					
Description	Taxable Value	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)					

Thank You..



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