

Pune Branch of WIRC
&
The Western Maharashtra Tax Practitioners
Association, Pune

Presents

Dnyan Sangam 2018 – Seminar on "GST &
RERA"

Topic - -"Annual Returns & GST Audit"

**PRESENTED BY –
CA. KEVIN SHAH**

STATUTORY PROVISIONS

▶ Section 35 (5) of the CGST Act, 2017

(5) Every registered person whose **turnover** during a financial year 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 under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.

▶ Section 44 of the CGST Act, 2017

(1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, **shall furnish an annual return for every financial year** electronically in such form and manner as may be prescribed on or **before the thirty-first day of 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 sub-section (5) of section 35 shall furnish, electronically, **the annual return under sub-section (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.

STATUTORY PROVISIONS

▶ Rule 80 of the CGST Rules, 2017

(1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return as specified under sub-section (1) of section 44 electronically in **FORM GSTR-9** through the common portal either directly or through a Facilitation Centre notified by the Commissioner:

Provided that a **person paying tax under section 10** shall furnish the annual return in **FORM GSTR-9A**.

(2) Every **electronic commerce operator** required to collect tax at source under section 52 shall furnish annual statement referred to in sub-section (5) of the said section in **FORM GSTR -9B**.

(3) **Every registered person** whose **aggregate turnover** during a financial year **exceeds two crore rupees** shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C**, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

SUMMARY

Sr.No	Class of Person	Forms	Notification
1	Registered Person	GSTR-9	39/2018 dated 04.09.2018
2	Composition Tax Payer	GSTR-9A	39/2018 dated 04.09.2018
3	Electronic Commerce Operator	GSTR-9B	Not to file as of now
4	Registered person having a T/o more than Rs. 2 crore	GSTR-9C	49/2018 dated 04.09.2018

Persons not liable to file Annual Returns:

1. Input Service Distributor
2. Casual Taxable Person
3. Non-resident Taxable Person

Fundamental question: Since the term “turnover” is not defined, can we assume that turnover means aggregate turnover as per Rule 80?

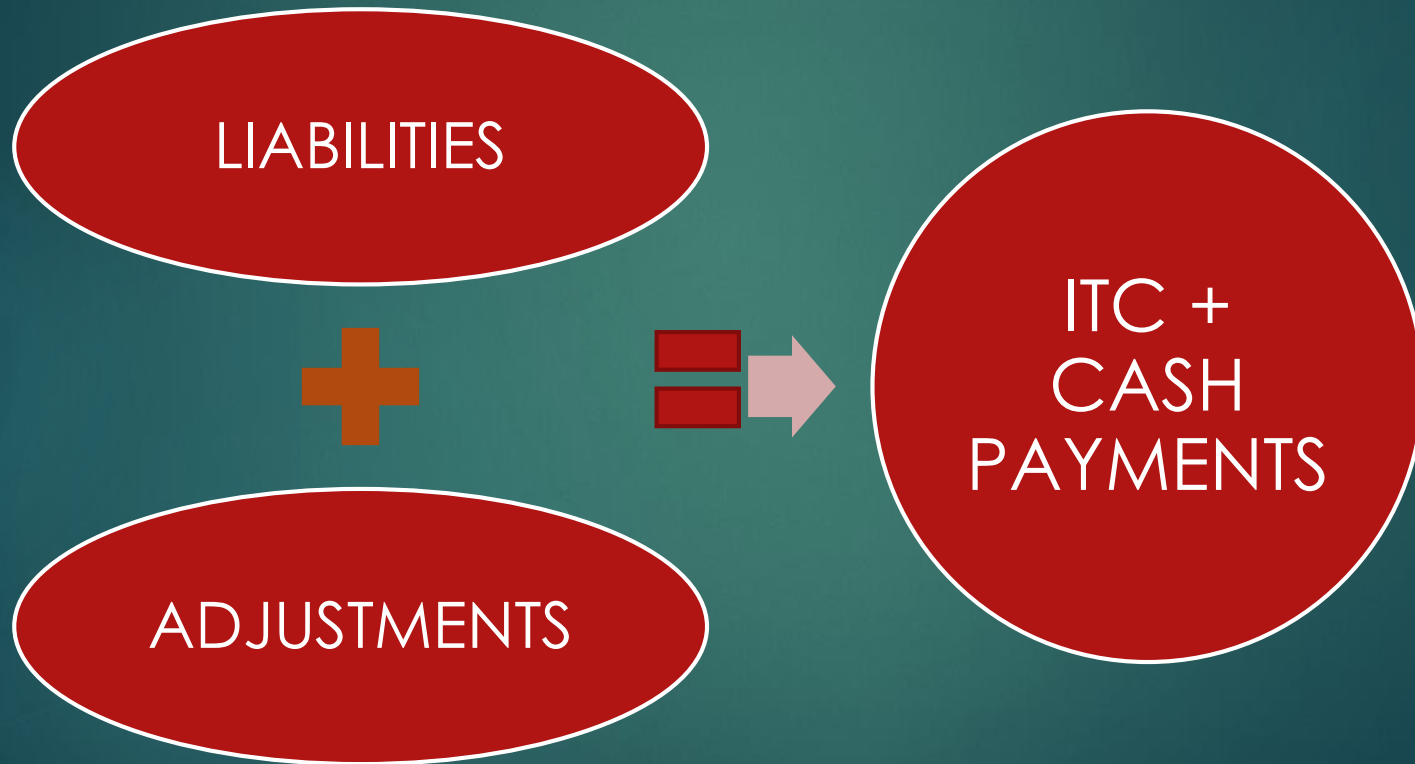
Preparation till 20th October, 2018

- ▶ Reconciliations of ITC not claimed in books and the one reflecting in GSTR – 2A. Further, ITC declared in GSTR-3B is merely a provisional credit as per Section 41 of the CGST Act, 2017. [Press release dated 18.10.2018]
- ▶ Disclosures of debit/credit notes
- ▶ Amendments of invoices
- ▶ Reversal of credit
- ▶ Re-credit of invoices which are reversed due to 6 months provision.

II. Summary of Annual Returns

- Point I : Basic Information
- Point II : Outward Liabilities
- Point III : ITC
- Point IV : Cash payments
- Point V : Other Information

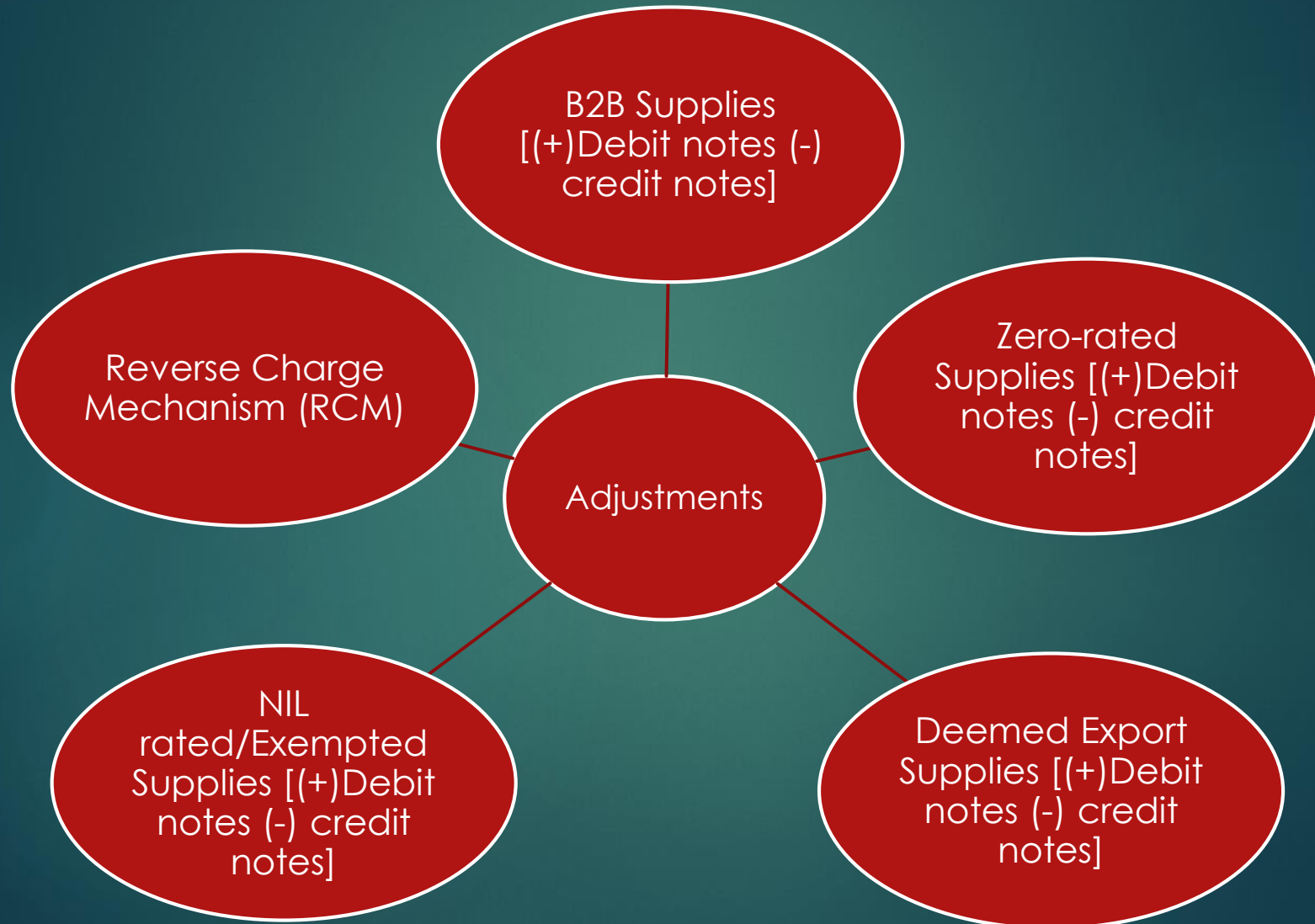
SYNOPSIS OF ANNUAL RETURNS



SYNOPSIS OF ANNUAL RETURNS



SYNOPSIS OF ANNUAL RETURNS



4A. Supplies made to un-registered persons (B2C)

1. All GSTR-1 should be added for the period from July 2017 to March 2018 [B2C column] [Table 7 & 5]
2. Effect of amendments made in Table 9 & 10 of GSTR-1 for the above mentioned periods should be taken into consideration.
3. Supplies made through E-commerce operators should also be given effect including net of debit & credit notes.
4. Aggregate value of supplies made to consumers and unregistered persons on which tax has been paid shall be declared here. These will include details of supplies made through E-Commerce operators and are to be declared as net of credit notes or debit notes issued in this regard. Table 5, Table 7 along with respective amendments in Table 9 and Table 10 of FORM GSTR-1 may be used for filling up these details.

4B. Supplies made to registered persons (B2B)

1. All GSTR-1 should be added for the period from July 2017 to March 2018 [B2B column] [Table 4A & 4B]
2. Supplies made through E-commerce operators should be given excluding supplies on which tax is paid under RCM (9(5) transactions) [Table 4C]
3. Details of Debit and Credit notes to be mentioned separately
4. Aggregate value of supplies made to registered persons (including supplies made to UINs) on which tax has been paid shall be declared here. These will include supplies made through E-Commerce operators but shall not include supplies on which tax is to be paid by the recipient on reverse charge basis. Details of debit and credit notes are to be mentioned separately. Table 4A and Table 4C of FORM GSTR-1 may be used for filling up these details.
5. Amendments has to be reported in Table 4K & 4L

4C. Zero rated supply (Export) on payment of tax (except supplies to SEZs)

1. All the GSTR-1 should be added for the period from July 2017 to March 2018 [Export column] [Table 6A]
2. Aggregate value of exports (except supplies to SEZs) on which tax has been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.
3. Amendments has to be reported in Table 4K & 4L

4D. Supply to SEZ on payment of tax

1. All the GSTR-1 should be added for the period from July 2017 to March 2018 [Table 6B]
2. Aggregate value of supplies to SEZs on which tax has been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.
3. Amendments has to be reported in Table 4K & 4L

4E. Deemed Exports

1. All the GSTR-1 should be added for the period from July 2017 to March 2018 [Table 6C]
2. Aggregate value of supplies in the nature of deemed exports on which tax has been paid shall be declared here. Table 6C of FORM GSTR-1 may be used for filling up these details.

Check notification 48/2017 dated 18/10/2017 read with circular 14/14/2017 dated 06/11/2017 whether all the conditions mentioned in the instant notification & circular is complied for claiming exemption.

4F. Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)

1. All the GSTR-1 should be added for the period from July 2017 to March 2018 for which advances are appearing as on 31/03/2018 [basically advances total mentioned in Balance sheet should match]
2. Details of all unadjusted advances i.e. advance exports has been received and tax has been paid but invoice has not been issued in the current year shall be declared here. Table 11A of FORM GSTR-1 may be used for filling up these details.

4G. Inward supplies on which tax is to be paid on reverse charge basis

1. Aggregate value of RCM (including net of advances and net of credit and debit notes)
2. It will include supplies received from registered persons, unregistered persons on which tax is levied on RCM including import of services
3. All the GSTR-3B values mentioned in table 3.1 (d) should be added
4. Further, foreign payments should match with books of accounts
5. Aggregate value of all inward supplies (including advances and net of credit and debit notes) on which tax is to be paid by the recipient (i.e. by the person filing the annual return) on reverse charge basis. This shall include supplies received from registered persons, unregistered persons on which tax is levied on reverse

4I & J. Amendments in credit/debit notes

1. Debit/Credit notes issued in respect of B2B supplies 4B to 4E mentioned above should be mentioned here
2. Details should be from Table 9B of GSTR-1 for the period from July 2017 to March 2018
3. If GSTR-1 is not filed properly then the same should be appropriately filed and thereafter correct number should be declared in GSTR-9C
4. 4I : Aggregate value of credit notes issued in respect of B2B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.
5. 4J : Aggregate value of debit notes issued in respect of B2B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.

[Note: 43/2018 dated 10th September, 2018]

4K & 4L

Details of amendments made to B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), credit notes (4I), debit notes (4J) and refund vouchers shall be declared here. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.

5A. Zero rated supply (Export) without payment of tax

1. Aggregate value of export on which tax has to be paid
2. Details of Table 6A of GSTR-1 should be used
3. Aggregate value of exports (except supplies to SEZs) on which tax has not been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.
4. Amendments including debit/credit notes pertaining to the same has to be declared in 5H to 5K

5B. Supply to SEZs without payment of tax

1. Aggregate value of supplies to SEZs on which tax has not been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.
2. Amendments including debit/credit notes pertaining to the same has to be declared in 5H to 5K

5C. Supplies on which tax is to be paid by the recipient on reverse charge basis

1. Aggregate value of supplies made to registered persons on which tax is payable by the recipient on reverse charge basis.
2. Details of debit and credit notes are to be mentioned separately.
3. Table 4B of FORM GSTR-1 may be used for filling up these details.

5D. Exempted , 5E. Nil Rated, 5F. Non-GST supply

1. Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here.
2. Table 8 of FORM GSTR-1 may be used for filling up these details.
3. The value of “no supply” shall also be declared here.
4. Amendments including debit/credit notes pertaining to the same has to be declared in 5H to 5K

5H & 5I. Credit Notes/Debit Notes issued in respect of transactions specified in A to F above (-) /(+)

1. Aggregate value of credit/debit notes issue in respect of supplies declared in 5A, 5B, 5C, 5D, 5E and 5F shall be declared here.
2. Table 9B of FORM GSTR-1 may be used for filling up these details.

5J & K. Supplies increased/reduced through Amendments (+)/(-)

1. Details of amendments made to exports (except supplies to SEZs) and supplies to SEZs on which tax has not been paid shall be declared here.
2. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.

5N. Total Turnover (including advances) (4N+5M-4G above)


1. Total Turnover = Aggregate value of supplies + advances (as on 31.03.2018) – RCM

NOTES:

1. Total turnover including the sum of all the supplies (with additional supplies and amendments) on which tax is payable and tax is not payable shall be declared here.
2. This shall also include amount of advances on which tax is paid but invoices have not been issued in the current year.
3. It will not include the aggregate value of RCM i.e. inward supplies on which tax is paid by the recipient (i.e. by the person filling the annual return) on reverse charge basis.

SYNOPSIS OF THE ANNUAL RETURNS TILL POINT 6.

- Aggregate values of supplies including amendments in B2B & B2C.
- Liability for the F.Y. July 2017 is freezed, check the number with Books of accounts.
- Till now all the details of Table 4,5,6,7,8,9 & 10 of form GSTR-1 has been captured.



ITC CLASSIFICATION IN ANNUAL RETURNS [POINT 6,7 & 8]

6 Details of ITC availed as declared in returns filed during the financial year						
A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)		<Auto>	<Auto>	<Auto>	<Auto>
B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	Inputs				
		Capital Goods				
		Input Services				
C	Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed	Inputs				
		Capital Goods				
		Input Services				
D	Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed	Inputs				
		Capital Goods				
		Input Services				
E	Import of goods (including supplies from SEZs)	Inputs				
		Capital Goods				
F	Import of services (excluding inward supplies from SEZs)					
G	Input Tax credit received from ISD					
H	Amount of ITC reclaimed (other than B above) under the provisions of the Act					
I	Sub-total (B to H above)					
J	Difference (I - A above)					
K	Transition Credit through TRAN-I (including revisions if any)					
L	Transition Credit through TRAN-II					
M	Any other ITC availed but not specified above					
N	Sub-total (K to M above)					
O	Total ITC availed (I + N above)					

6A/6B/6C/6D/6E/6F/6G/6H Auto-populated credit & its sub-classification

- ▶ Total credit taken in Form 3B for the period from July 2017 – March 2018 would be auto-populated in the instant table. [Ref: Table 4A of Form GSTR-3B]
- ▶ Aggregate value of input tax credit availed on all inward supplies except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs shall be declared here.
- ▶ Total ITC availed has to be classified as ITC on inputs, capital goods and input services. [Ref: Table 4(A)(5) of FORM GSTR-3B]
- ▶ This shall not include ITC which was availed, reversed and then reclaimed in the ITC ledger and has to be declared separately under 6(H) below.

6A/6B/6C/6D/6E/6F/6G/6H Auto-populated credit & its sub-classification

- ▶ Aggregate value of input tax credit availed on all inward supplies received from unregistered persons/registered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here.
- ▶ It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. [Ref: Table 4(A)(3) of FORM GSTR-3B]
- ▶ Details of input tax credit availed on import of goods including supply of goods received from SEZs shall be declared here.
- ▶ It may be noted that the total ITC availed is to be classified as ITC on inputs and capital goods. [Ref: Table 4(A)(1) of FORM GSTR-3B]

6A/6B/6C/6D/6E/6F/6G/6H Auto-populated credit & its sub-classification

- ▶ Details of input tax credit availed on import of services (excluding inward supplies from SEZs) shall be declared here. [Ref: Table 4(A)(2) of FORM GSTR-3B]
- ▶ Aggregate value of input tax credit received from input service distributor shall be declared here. [Ref: Table 4(A)(4) of FORM GSTR-3B]
- ▶ Aggregate value of input tax credit availed, reversed and reclaimed under the provisions of the Act shall be declared here

6I/6J. Analysis of ITC

- ▶ The difference between the total amount of input tax credit availed through FORM GSTR-3B and input tax credit declared in row B to H shall be declared here. Ideally, this amount should be zero.
- ▶ If the same is not zero then a reconciliation has to be prepared and an effort should be drawn towards minimizing the difference.
- ▶ Reference to Circular No. 26/26/2017-GST dated 29.12.2017 should be taken in cases where adjustment is possible.

6K/6L Transition Credit through TRAN-I & TRAN – II (including revisions if any)

- ▶ Details of transition credit received in the electronic credit ledger on filing of FORM GST TRAN-I including revision of TRAN-I (whether upwards or downwards), if any shall be declared here.
- ▶ Details of transition credit received in the electronic credit ledger after filing of FORM GST TRAN-II shall be declared here.

6M. Any other ITC availed but not specified above

- ▶ Details of ITC availed but not covered in any of heads specified under 6B to 6L above shall be declared here.
- ▶ Details of ITC availed through FORM ITC01 and FORM ITC-02 in the financial year shall be declared here.
 - ▶ Form ITC-01 : Conditions for claiming credit u/s 18(1)
 - ▶ Form ITC-02 : Credit availment in case of sale/amalgamation/transfer etc.
- ▶ Summing all the details of table 6, total ITC availed for the period FY 17-18 subject to reversals.

7	Details of ITC Reversed and Ineligible ITC as declared in returns filed during the financial year				
A	As per Rule 37				
B	As per Rule 39				
C	As per Rule 42				
D	As per Rule 43				
E	As per section 17(5)				
F	Reversal of TRAN-I credit				
G	Reversal of TRAN-II credit				
H	Other reversals (pl. specify)				
I	Total ITC Reversed (A to H above)				
J	Net ITC Available for Utilization (60 - 7I)				
K	Gross ITC Available for Utilization (60 - 7I + 7J)				

7A to 7H Details of ITC reversal & Ineligible ITC

- ▶ Details of input tax credit reversed due to ineligibility or reversals required under rule 37, 39, 42 and 43 of the CGST Rules, 2017 shall be declared here.
- ▶ This column should also contain details of any input tax credit reversed under section 17(5) of the CGST Act, 2017 and details of ineligible transition credit claimed under FORM GST TRAN-I or FORM GST TRAN-II and then subsequently reversed.
- ▶ Table 4(B) of FORM GSTR-3B may be used for filling up these details.
- ▶ Any ITC reversed through FORM ITC -03 shall be declared in 7H

7J NET ITC AVAILABLE FOR UTILIZATION

The total availment of credit can be derived from point 6

(Less:) total reversal of credit derived from point 7

Net ITC available for utilization.

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

8A/8B/8C to 8K Other ITC information

- ▶ The total credit available for inwards supplies (other than imports and inwards supplies liable to reverse charge but includes services received from SEZs) received during 2017-18 and reflected in FORM GSTR-2A (table 3 & 5 only) shall be auto-populated in this table.
- ▶ This would be the aggregate of all the input tax credit that has been declared by the corresponding suppliers in their FORM GSTR-I.
- ▶ The input tax credit as declared in Table 6B and 6H shall be auto-populated here.
- ▶ Aggregate value of input tax credit availed on all inward supplies (except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs) received during July 2017 to March 2018 but credit on which was availed between April to September 2018 shall be declared here. Table 4(A)(5) of FORM GSTR-3B may be used for filling up these details.

8A/8B/8C to 8K Other ITC information

- ▶ Aggregate value of the input tax credit which was available in FORM GSTR2A (table 3 & 5 only) but not availed in any of the FORM GSTR-3B returns shall be declared here. The credit shall be classified as credit which was available and not availed or the credit was not availed as the same was ineligible. The sum total of both the rows should be equal to difference in 8D.
- ▶ Aggregate value of IGST paid at the time of imports (including imports from SEZs) during the financial year shall be declared here.
- ▶ The input tax credit as declared in Table 6E shall be auto-populated here.
- ▶ The total input tax credit which shall lapse for the current financial year shall be computed in this row.

Other parts of the Annual Returns

- ▶ Part IV is the actual tax paid during the financial year. Payment of tax under Table 6.1 of FORM GSTR-3B may be used for filling up these details.
- ▶ Part V consists of particulars of transactions for the previous financial year but declared in the returns of April to September of current FY or date of filing of Annual Return for previous financial year (for example in the annual return for the FY 2017-18, the transactions declared in April to September 2018 for the FY 2017-18 shall be declared), whichever is earlier.

Other parts of the Annual Returns [Point 10,11,12,13 & 14]

▶ Amendments in output Supplies

- ▶ Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 9A, Table 9B and Table 9C of FORM GSTR-1 of April to September of the current financial year or date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here. Payment details for the same shall be declared in point 14

▶ Amendments in ITC

- ▶ Aggregate value of reversal of ITC which was availed in the previous financial year but reversed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for previous financial year, whichever is earlier shall be declared here. Table 4(B) of FORM GSTR-3B may be used for filling up these details.

▶ Fresh availment of ITC:

- ▶ Details of ITC for goods or services received in the previous financial year but ITC for the same was availed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for the previous financial year whichever is earlier shall be declared here. Table 4(A) of FORM GSTR-3B may be used for filling up these details

Other parts of the Annual Returns [Point 15, 16, 17, 18 & 19]

- ▶ Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here.
- ▶ Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority shall be declared here
- ▶ Aggregate value of supplies received from composition taxpayers shall be declared here. [Ref : Table 5 of GSTR-3B]
- ▶ Aggregate value of all deemed supplies from the principal to the job-worker
- ▶ Aggregate value of all deemed supplies for goods which were sent on approval basis but were not returned to the principal supplier within one eighty days of such supply shall be declared here.
- ▶ HSN Summary to be provided.

Verification



- ▶ **Declaration:** I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.
- ▶ Can be done by the company officials.

SUMMARY OF GSTR-9C

Para	Para	Particulars
Part A		RECONCILIATION STATEMENT
	Part I	General Details
	Part II	Turnover Reconciliation
	Part III	Tax paid reconciliation
	Part IV	ITC reconciliation
	Part V	Auditor's recommendation
Part B		CERTIFICATIONS
	Part I	
	Part II	

RECONCILIATION STATEMENT FORM

Other Features:

- ▶ The details for the period between July 2017 to March 2018 are to be provided in this statement for the financial year 2017-18.
- ▶ Reference to current financial year means F.Y 2017-2018
- ▶ The reconciliation statement is to be filed for every GSTIN separately.
- ▶ Such persons / entities, will have to internally derive their GSTIN wise turnover and declare the same here.
- ▶ Auditor's have to provide recommendation which will form a subject matter of further enquiry.

Part II: Turnover Reconciliation

Particulars	Amt	Amt
Turnover as per audited Financial Statement		XXX
(+) Trade Discounts		XX
(+) Deemed Supply		XX
(+) Adjustments		
Unbilled revenue at beginning of F.Y	XX	
Unadjusted advances at the end of F.Y	XX	
Credit Notes issued after the end of the F.Y	XX	XX
(-) T/o for the period April 2017 to June 2017		(XX)
(-) Supply of goods by SEZ to DTA units		(XX)
(-) Turnover for the period under composition scheme		(XX)
(-) Adjustments		
Unbilled revenue at end of F.Y	(XX)	
Unadjusted advances at the beginning of F.Y	(XX)	
Credit Notes accounted but not permissible under GST	(XX)	(XX)

Part II: Turnover Reconciliation

Particulars	Amt
(+)/(-) Turnover difference due to valuation	XX/(XX)
(+)/(-) Turnover difference due to foreign exchange fluctuations	XX/(XX)
Annual Turnover after adjustments[A]	XXX
Turnover as declared in Annual Returns (GSTR-9).....[B]	XXX
Unreconciled T/o[C]=[B] – [A]	XXX
Reasons for such un-reconciled T/o (1)..... (2).....	

Part II: Turnover Reconciliation

Particulars	Amt
Annual turnover after adjustments (from above)	XXX
Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	(XXX)
Zero rated supplies without payment of tax	(XXX)
Supplies on which tax is to be paid by the recipient on reverse charge basis	(XXX)
Taxable t/o as per adjustments above[D]	XXX
Taxable t/o as per Annual Return.....[E]	XXX
Unreconciled taxable turnover.....[F] = [D] – [E]	XXX
Reasons for such un-reconciled T/o (1)..... (2).....	

Observation on Part II

- ▶ **Trade discounts** which are accounted for in the audited Annual Financial Statement but on which GST was leviable (being not permissible) shall be declared here.
- ▶ As per Section 15(3) of the CGST Act, 2017, if the discount is not duly recorded in the invoice or in terms of the agreement and the ITC on such discounted portion has been taken then, GST is payable on the said amount. However, the same would be recorded as discount in Financial Statement and accordingly a difference would arise.
- ▶ 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. [example: Gifts to employees exceeding 50,000/-, sale of assets etc]

Observation on Part II

- ▶ **Unbilled revenue** which was recorded in the books of accounts on the basis of accrual system of accounting in the last financial year and was carried forward to the current financial year shall be declared here. In other words, when GST is payable during the financial year on such revenue (which was recognized earlier), the value of such revenue shall be declared here.
- ▶ For example, if Rs. 100 of unbilled revenue existed for the financial year 2016-17, and during the current financial year i.e. 2017-18, GST was paid on Rs. 40 of such revenue, then value of Rs. 40 shall be declared here
- ▶ 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. For example, if Rs. 50 of Advances existed for 2017-18 and GST has been paid but the same is not booked as revenue in 2017-18 then it has to be declared here.

Observation on Part II

- ▶ Aggregate value of credit notes which were issued after 31st of March for any supply accounted in the current financial year i.e. 2017-18 but such credit notes were reflected in the annual return (GSTR-9) shall be declared here.
- ▶ If books are closed and at the time of filing GSTR-1 we understand that a credit note u/s 34 has to be issued for the period March 2018 then though it may not form part of audited Financial Statement of 2017-18 but disclosure to that extent can be made here.
- ▶ Turnover included in the audited Annual Financial Statement for April 2017 to June 2017 shall be declared here.
- ▶ 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.

Observation on Part II

- ▶ 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.
- ▶ Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting during the current financial year but GST was not payable on such revenue in the same financial year shall be declared here.
- ▶ Value of all advances for which GST has not been paid but the same has been recognized as revenue in the audited Annual Financial Statement shall be declared here.

Observation on Part II

- ▶ Aggregate value of **credit notes** which have been accounted for in the audited Annual Financial Statement but not admissible under GST [Sec 34 of CGST Act] shall be declared here.
- ▶ Credit notes under GST as per Section 34 can be issued under following circumstances:
 - ▶ On account of inflated taxable value or tax amount
 - ▶ On account of sales return
 - ▶ On account of deficiency in goods/service so supplied
- ▶ 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. Therefore, 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.

Observation on Part II

- ▶ 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.
- ▶ Annual turnover as declared in the Annual Return (GSTR 9) shall be declared here. This turnover may be derived from Sr. No. 5N, 10 and 11 of Annual Returns i.e. Total Turnover (+)/(-) supplies of FY 17-18 declared in FY 18-19
- ▶ Value of exempted, nil rated, non-GST and no-supply turnover, zero rated supplies (including supplies to SEZs) on which tax is not paid, reverse charge supplies on which tax is to be paid by the recipient shall be declared here. This shall be reported net of credit notes, debit notes and amendments if any.

Part III : Reconciliation of Tax paid (Tax calculated v/s declared in Annual returns)

- ▶ The table provides for reconciliation of tax paid as per reconciliation statement and amount of tax paid as declared in Annual Return (GSTR 9).
- ▶ Bifurcation of tax paid under RCM and forward charge has to be provided in the said table.
- ▶ Reasons for un-reconciled tax payments has to be provided
- ▶ Further, any amount which is payable due to reasons specified under headings un-reconciled t/o or unreconciled tax payments above shall be declared separately. [Table 11 of GSTR-9C]

Part IV : Reconciliation of ITC (ITC as per books v/s. Annual Returns)

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

Part IV : Reconciliation of ITC (ITC as per books v/s. Annual Returns)

- ▶ ITC availed (after reversals) as per the audited Annual Financial Statement shall be declared here. There may be cases where multiple GSTINs (Statewise) registrations exist on the same PAN. This is common for persons / entities with presence over multiple States. Such persons / entities, will have to **internally derive their ITC** for each individual GSTIN and declare the same here.
- ▶ Any ITC which was booked in the audited Annual Financial Statement of FY 2016-17 or earlier but availed in the ITC ledger in the financial year FY 2017-18 including transitional credit shall be declared here.

Part IV : Reconciliation of ITC (ITC as per books v/s. Annual Returns)

- ▶ Any ITC which has been booked in the audited Annual Financial Statement of the current financial year i.e. FY 2017-18 but the same has not been credited to the ITC ledger for the said financial year i.e. July 2017 to March 2018 shall be declared here.
- ▶ Reasons for non-reconciled ITC as per audited Annual Financial Statement or books of account and ITC as per Annual Returns has to be provided.

Expense-wise breakup of ITC and reconciliation with Annual Returns

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

Expense-wise breakup of ITC and reconciliation with Annual Returns

I	Conveyance charges			
J	Bank Charges			
K	Entertainment charges			
L	Stationery Expenses (including postage etc.)			
M	Repair and Maintenance			
N	Other Miscellaneous expenses			
O	Capital goods			
P	Any other expense 1			
Q	Any other expense 2			
R	Total amount of eligible ITC availed			<<Auto>>
S	ITC claimed in Annual Return (GSTR9)			
T	Un-reconciled ITC			ITC 2
15	Reasons for un - reconciled difference in ITC			
A	Reason 1		<<Text>>	
B	Reason 2		<<Text>>	
C	Reason 3		<<Text>>	

Issues under consideration

- ▶ What if such expenditure are considered as inclusive of GST while filing Tax audit report?
- ▶ Expense heads can be added/deleted?
- ▶ Whether it requires reconciliation with P/I?
- ▶ Whether reconciliation with GSTR-2A required?

Part V : Auditor's Recommendation

- ▶ Tax, liabilities and ITC will flow from earlier clauses
- ▶ Also to report interest, late fee, penalty
- ▶ Any other amount paid for supplies not included in Annual Return (Taxes to be paid through DRC 03) [Section 73(5) read with Rule 142 (5)]
- ▶ Erroneous Refunds to be paid back
- ▶ Outstanding demand
- ▶ Others

Verification Clause

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

(Signature and stamp/Seal of the Auditor)

Place:

Name of the signatory

Membership No.....

Date:

Full address

Certifications

Certifications:

Option I Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by the person who had conducted the audit

Option 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

Certifications

S.N	Option I	Option II
1	Examination of B/s, P/I & Cash Flow statements	Examination of B/s, P/I, Cash Flow statements & Annexures
2	Maintained books of accounts, records and documents required under GST Law	Maintained books of accounts, records and documents required under GST Law
3(a)	Report observations/comments/	
(b)	Report that obtained all information necessary, proper books of accounts, P/L and CF are in agreement with books of accounts	
4	Financials and reconciliation attached	Financials and reconciliation attached
5	Particulars in GSTR-9C are true and correct subject to qualifications	Particulars in GSTR-9C are true and correct subject to qualifications

THANK YOU

Balanced view presented by

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