

AUDIT UNDER GST

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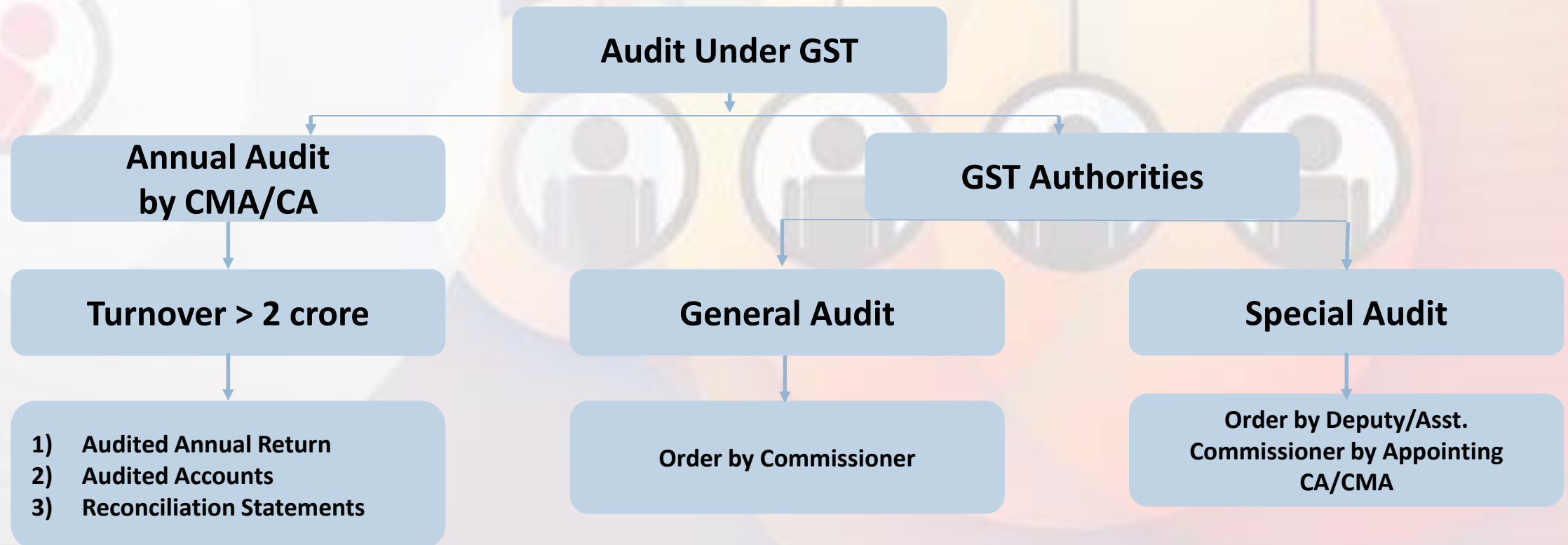
Trainer - Central Excise Officers of Various Commissionerate

Advisor - Laghu Udyog Bharati

Founder - Bizsolindia Services Pvt. Ltd.

- **Audit by the Taxpayer**
- **Audit by the GST Office**
- **Special Audit**
- **Accounts & Records**
- **Audit Check points**

- Audit under GST is the examination of records maintained by a registered dealer. The object is to verify the correctness of information declared, taxes paid and to assess the compliance with GST



Every registered person whose turnover during a financial year exceeds Rs. 2 crores shall get his accounts audited by a chartered accountant or a cost accountant and shall submit :

- Copy of the audited annual accounts
- Reconciliation statement in Form 9C duly certified by CA / CMA

Refer Sec 35(5) of the CGST Act, 2017 read with Rule 80(3) of the CGST Rules, 2017 as amended

The Commissioner or any person authorized by him may undertake Audit of any registered person for :

- A financial year or multiples thereon
- **Officer shall Issue Notice in Form GST ADT-1 not less than 15 days**
- After verification of documents, records, accounts etc, the officer may inform the discrepancies noticed during the audit to the tax payer and after receipt of the reply from the tax payer, finalize the audit findings.
- **The Officer shall inform the findings in Form GST ADT -02**
- The audit shall be completed within a period of **three months** from the date of commencement of the audit

Refer Sec 65 of the CGST Act, 2017 read with Rule 101 of the CGST Rules, 2017

- Assistant Commissioner and above, with prior approval of the Commissioner, direct any registered person by a communication in writing (Form GST ADT -03) to get his records including books of accounts examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner.
- Above audit can be directed by the officer at any stage of scrutiny, inquiry, investigation or any other proceedings before him, if he is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits.
- The chartered accountant or cost accountant so nominated shall, within the period of **ninety days**, submit a report (Form GST ADT – 04) of such audit duly signed and certified by him to the said Assistant Commissioner mentioning therein such other particulars as may be specified. The period can be further extended for any material and sufficient reason.

Refer Sec 66 of the CGST Act, 2017 read with Rule 10 of the CGST Rules, 2017

➤ **Records to be maintained by registered persons**

- ✓ 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 utilised 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

➤ **Records to be maintained by registered persons**

- ✓ 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

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➤ **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

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

Notification/Circulars issued	2017	2018
Notification		
Central Tax	75	21
Central Tax Rate	47	10
Integrated Tax	12	1
Integrated Tax Rate	50	11
Union Territory Tax	17	6
Union Territory Tax Rate	47	10
Compensation Cess	1	0
Compensation Cess Rate	7	1
Total	256	60
Circulars & Orders		
Central Tax	37	46
Integrated Tax	2	0
Union Territory Tax	1	0
Compensation Cess	1	0
Total	41	46

- ✓ Close monitoring of start of E-way bill

- ✓ Issues of Classification of Goods and Services and rates thereof considering wording of Schedule not matching wording of HSN
- ✓ Determination of inter state and intra state supply
- ✓ Taxability as Goods – Composite / Mixed Supply – Different Advance Rulings
- ✓ Transfer of Goods & services between two Different Distinct Entities with / without consideration
- ✓ Zero rated supply on payment of IGST/Without payment of IGST under LUT
- ✓ Debit note/Credit note with GST
- ✓ Credit note without GST
- ✓ GST on receipt of advances on goods – 1.7.2017 to 15.11.2017
- ✓ GST on receipt of advances on services– 1.7.2017 to till date



- ✓ Disposal of Business Assets with / without consideration
- ✓ Sale / Transfer of Capital Goods (used)
- ✓ Sale / Transfer of motor vehicles (used)
- ✓ Exempt / NIL / Non – Taxable GST Supplies
- ✓ HR practices
- ✓ Recoveries from Employees, Vendors, Service Providers etc
- ✓ All Transactions in the books of Accounts on the Credit Side ??
- ✓ Supply to EOU/EPCG holder/Advance Authorization Holder



- ✓ Verification of Eligibility of ITC
- ✓ System to track payment within 180 days
- ✓ Reversal of ITC for Free Samples, Goods Lost, gifts, destruction etc
- ✓ Determination of exempt supply
- ✓ Reversal of ITC w.r.t exempt / non- taxable supplies
- ✓ Mechanism to capture Ineligible ITC
- ✓ Transitional Credit
- ✓ Composite to Normal and vice versa
- ✓ Reconciliation of Credit as per Electronic Credit ledger and books of accounts (respective ledger) and With GSTR -2A
- ✓ All Transactions in the books of Accounts on the Debit Side ??



- ✓ Preparation of E-way Bills
- ✓ Acceptance of E –way bill
- ✓ Errors noticed after 72 hours but during transit – impact thereof
- ✓ Errors by transporters during transshipments
- ✓ Number of invoices and multiple/single e-way bills
- ✓ Acceptance of the goods after validity of E-way bill is over
- ✓ Delivery of the goods at the location which is not mentioned as additional location
- ✓ Reconciliation of E-way bill acceptance with inward supply of goods
- ✓ Reconciliation of E-way bill issued with outward supply of goods

- ✓ Meaning & Scope of Jobwork
- ✓ Jobworker vis-à-vis LL
- ✓ Annual Intimation and quarterly return
- ✓ Tracking of Goods sent and receipt within 1 year for inputs & 3 years for capital goods
- ✓ GST Liability in case goods do not received within 1 year
- ✓ Non-return of goods sent for testing (Consumed during testing)
- ✓ Direct Supply from Job worker / Exports
- ✓ Mechanism of disposal of scrap generated at job work premises
- ✓ E-way Bill

- ✓ Related party – Open market value
- ✓ Discount - Pre Known, Pre Agreed to be reduced from value of supply
- ✓ Incidental Expenses,, incurred to be included in value of supply
- ✓ Expenses in the nature of pure agent to be excluded from the value of supply
- ✓ Free supplies
- ✓ Amortization



value
engine

- ✓ Customs duty saved on Imports w.r.t. domestic sales
- ✓ Consumption report in Form A
- ✓ Compliances w.r.t deemed export benefit w.e.f. 13.10.2017
- ✓ Restriction of Refund of IGST on Exports
- ✓ De-bonding of goods-payment of IGST
- ✓ Exemption of IGST from 13.10.2018 and till 30.9.2018
- ✓ Tracking of IGCRD application and imports thereon
- ✓ EOU to EOU transfer - endorsement of custom duty on invoice / delivery challan



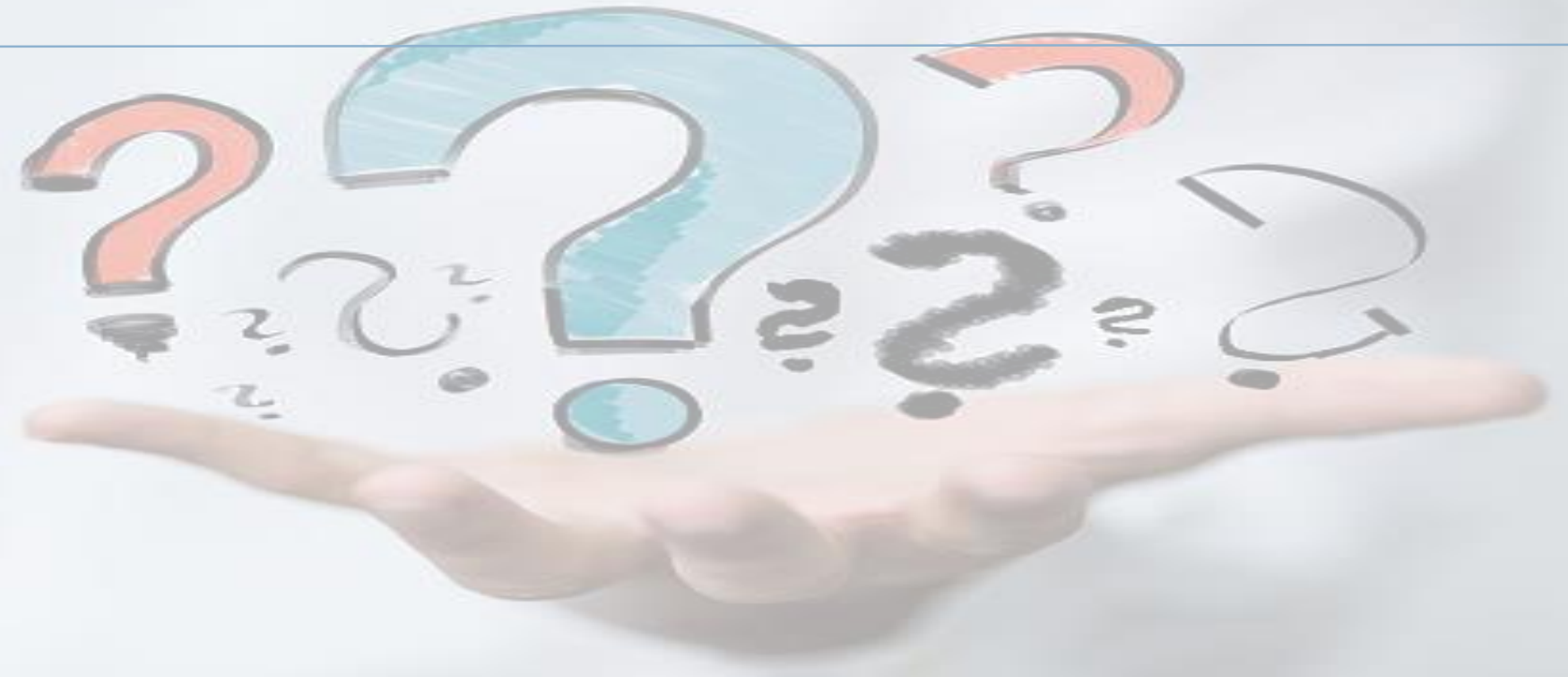
- ✓ Purchases from unregistered person from 1.7.2017 to 13.10.2017
- ✓ Inward supply of specified services – whether registered or unregistered
- ✓ Import of services continued under RCM
- ✓ Time of Supply is payment date / 60 days from the date of invoice whichever is earlier . In case of associate , booking of invoice is the time of supply
- ✓ Preparation of invoices and payment voucher of RCM – ITC litigated
- ✓ Liability under Reverse charge in case of pure agent reimbursement made to CHA

- ✓ Availment of CENVAT credit, VAT set off as on 30.6.2017 in transitional return (TRAN-1)
- ✓ Goods on which excise and VAT was paid and received by the tax payer after 1.7.2017 and booking done up to 30.7.2017 / 29.8.2017 (under permission of commissioner)
- ✓ Credit of service tax for the transitional period
- ✓ Goods sold prior to 1.7.2017 and returned by customer within 6 months from 1.7.2017 and thereafter
- ✓ Credit w.r.t stock of raw material , WIP, FG which were exempted in pre GST and taxable in GST

- ✓ Refund of IGST paid under Rule 96
- ✓ Refund of GST paid for Deemed Exports
- ✓ Refund under Rule 89
- ✓ Determination of Net ITC
- ✓ Refund under Inverted duty structure
- ✓ Refund of wrong tax paid



- ✓ Reconciliation of GSTR-2A with inward supplies
- ✓ Reconciliation of GSTR-3B with GSTR-1
- ✓ 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



*Thank
you*



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