

Analysis of Form GSTR9C

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Legal Provision:-

- 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;
 - Furnish a copy of audited annual accounts; and
 - A reconciliation statement, duly certified;

in **FORM GSTR 9C**, electronically on the common portal.

[Section 35(5) of the CGST/SGST Act, 2017 read with Rule 80(3) of the CGST/SGST Rules, 2017]

- 
- Every registered person, who is required to get his accounts audited:
 - Shall furnish the **annual return** with a copy of audited annual accounts and reconciliation statement;

in **FORM GSTR 9**, electronically on the common portal on or before 31st December of next year.

[Section 44(2) of the CGST/SGST Act, 2017 read with Rule 80(1) of the CGST/SGST Rules, 2017]

Due date for 2017-18 extended till June 30, 2019



Whether an Audit Report OR A Certificate?



Important Question:-

Can you rely on the audit of books of accounts performed under any other statute for the purpose of making observations/qualifications under the GST Law?

It is a serious matter of concern whether one can reconcile and provide observations/qualifications on the basis of the audit not certified/attested by him.

If a Chartered Accountant/ cost Accountant is not satisfied with the audit performed, whether he should make:

Observation

OR

Qualification

Observations



Mentioning the fact that Accounting and Auditing Standards which are generally applicable to books of accounts have not been complied with because the revenue recognition under GST Legislature is different.

Qualifications



Quantifying the differences in books of accounts under GST Law with respect to that of other statute.

Understand the Business and Impact of GST

- **Time constraint** must be considered before going deep into a transaction.
- Important areas of concern while preparation **of reporting** –
 1. The books of accounts
 2. Items covered under Section 35 of CGST Act, 2017-
 - (i) Outward supplies
 - (ii) Inward supplies
 - (iii) Output tax
 - (iv) Input tax

Requirements under GST law

- Requirements mentioned under **Section 35 read with Rule 56 of CGST Act, 2017** must be complied with.
- **Materiality concept** must be considered while forming an opinion.
- Verify whether the **registration formalities** have been completed and requisites certificates have been obtained.
- **Verification of the products**, the dealer deals in.

- Maintain **subsidiary books** reflection all the transactions.
- **Any rulings pending** against the business.
- Excel sheets extrapolated from the books of accounts should not be considered as a part of books of accounts.
- Maintain **stock registers** to keep a track of movement of goods.

Form GSTR 9C – SUMMARY OF AMENDMENTS

Heads	Pre Amendment	Post Amendment
Credit notes issued after the end of the F.Y. but reflected in the Annual return (Table 5E)	<i>Addition</i> to the turnover as per Audited Financial Statements.	<i>Subtraction</i> to the turnover as per Audited Financial Statements. Drafting error corrected.
Credit notes accounted for the in the audited Annual Financial statement but are not permissible under GST (Table 5J)	<i>Subtraction</i> to the turnover as per Audited Financial Statements	<i>Addition</i> to the turnover as per Audited Financial Statements. Drafting error corrected.
Verification of <i>registered person</i>	Not present	The verification of registered person with signature is introduced.

Heads	Pre Amendment	Post Amendment
Mandatory filing (Instructions)	No such requirement	Form GSTR-1, GSTR-3B and GSTR-9 for the F.Y. 2017-18 has to be filed mandatorily before filing Form GSTR-9C
Additional liability	No facility to declare and pay additional liability	The additional liability declared in the said form has to be paid through Form DRC-03. Permitted only through electronic cash ledger only.

Heads	Pre Amendment	Post Amendment
<p>Taxable turnover as per liability declared in Annual Return (GSTR-9) – (Table 7F)</p>	<p>Source of the data was Table 4N of the GSTR-9 i.e. Total supplies and advances made on which tax is payable as per returns filed.</p> <p>It included inward RCM supplies and did not consider supplies / taxes declared through amendments.</p>	<p>Drafting error rectified and to be determined as per new formula : <u>Table (4N- 4G) + (10-11)</u>.</p> <p>Table 4N:- Total supplies and advances made during the financial year on which tax is to be paid.</p> <p>Table 4G:- The value of inward supplies on which tax is to be paid on reverse charge basis (RCM).</p> <p>Table 10:- Supplies/tax declared through Amendments (net of debit notes)</p> <p>Table 11:- Supplies/tax reduced through Amendments (net of credit notes)</p>

PART – A – Reconciliation statement

See rule 80(3)

PART – A - Reconciliation Statement

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

- ☐ Reconciliation Statement to be filed for each GSTIN separately
- ☐ Details for the period July 2017 to March 2018 are to be provided
- ☐ Current Financial Year means financial year for which reconciliation statement is filed

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
5	Reconciliation of Gross Turnover	
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)	

Table 5a - ANALYSIS

- ❑ Turnover for each GSTIN should be derived internally in case of multiple GSTINs (State-wise) registration
- ❑ **Turnover as per audited Annual Financial Statements only to be declared**
- ❑ Should not include “Deemed supplies under Schedule I” as Sl. No. 5D separately covers this provision.
- ❑ Care to be taken to include other indirect income like interest, forex gain, miscellaneous income.
- ❑ Trial Balance of each State / GSTIN will be a good source

Check Points:

- ❑ Ensure that **turnover declared for different registrations** under same PAN (across India) matches with the total turnover of the entity – different auditors may be involved
- ❑ If the **financial statements are not required to be audited** under any other law, then the auditor must engage himself based on financial statements provided and make suitable disclosure
- ❑ Wherever revenue is transferred from the **branch accounts** to the head office accounts (and vice versa), the same shall not be reckoned twice in Table 5A.
- ❑ Understanding how the accounts have been derived and ensuring their correctness is crucial.
- ❑ Turnover declared in the GST returns may have to be reconciled with the turnover declared in the Income Tax return as a precaution.

Table 5b & 5H

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
B	Unbilled Revenue at the beginning of Financial Year	(+)	
H	Unbilled Revenue at the beginning of Financial Year	(-)	

- ▶ **Unbilled revenue** which was recorded in the books of accounts on the basis of accrual system of accounting in the last financial year and GST was payable in the current financial year to be declared in Table 5B.
Eg. If Rs. 10 crores of unbilled revenue existed for the previous year and during the current financial year GST was paid / payable on Rs. 4 crores, then value of Rs. 4 crores shall be declared here.
- ▶ As GST introduced on 01.07.2017, care to be taken to exclude invoices raised from 01.04.2017 to 30.06.2017.
- ▶ Those on which GST is not payable to be recorded in Table 5H

Check Points:

- ▶ Reconcile the amount with corresponding declaration made under Section 142(11) in Form GSTR TRAN 01
- ▶ Adequate attention to “Notes to Accounts” and “Significant Accounting policies” where entity needs to adhere to audit provisions under allied laws.

Table 5B - Reconciliation of unbilled revenue

Particulars	Amount (Rs.)
Opening balance of unbilled revenue as on 31 st Mar 2017	XXXXXX
Less: Invoice raised during the period Apr 2017 to Jun 2017	(XXXXXX)
Less: Invoice raised during the period Jul 2017 to Mar 2018	(XXXXXX)
Add: Unbilled revenue recognized as on 31 st Mar 2018	XXXXXX
Closing balance of unbilled revenue as on 31 st March 2018	XXXXXX

Table 5C and Table 5I

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
C	Unadjusted advances at the end of the Financial Year	(+)	
I	Unadjusted advances at the beginning of the Financial Year	(-)	

Analysis -Table 5C & 5I

- ▶ Advances received during the financial year on which GST has been paid but the same is not recognized as revenue in the financial statements to be declared in Table 5C and vice-versa in Table 5I.
- ▶ Analysis of Time of Supply of goods and services becomes crucial
- ▶ **Supply of goods:** Taxation on advances received by all registered persons relaxed w.e.f. 15.11.2017 only (Notification No. 66/2017-CT dated 15th Nov 2017).
- ▶ **Supply of services:** Advances are taxable even when received before supply.
- ▶ Table 11A and 11B of GSTR 1 along with relevant amendments made to Table 11 in the subsequent periods to be referred.
- ▶ Only advances, on which GST is liable, to be considered for adjustments (*detailed in next slides*)

Analysis -Table 5C

Adjustment (5C)

Sl.No.	Particulars	Reason
1.	Advance received for services as on 31 st March 2018	Revenue not recognised in books, but offered to tax for GST
2.	Advance received for Goods before 15 th Nov 2017 and supply of goods not complete as on 31 st March 2018	Revenue not recognised in books, but offered to tax for GST

Analysis -Table 5I & 5C

Adjustment (5I & 5C)

Sl.No.	Particulars	Reason
1.	Advance received for exempted services as on 31 st March 2018	GST is not applicable
2.	Advance received for Goods after 15 th Nov 2017	GST is not applicable
3.	Financial Advances received (loan)	Not a GST transaction
4.	Deposits received	GST is not applicable

Table 5C & 5I - CHECKPOINTS

Check Points:

- ▶ Whenever **tax rate cannot be determined** during receipt of advance, GST @ 18% has to be charged.
- ▶ Whenever the **nature of supply cannot be ascertained**, the advance has to be considered as inter-state supply and IGST has to be paid.
- ▶ Maintain **workings showing year wise breakup** of unadjusted advances showing the opening balance, amounts billed during the year and closing balance.
- ▶ For reporting/ascertainment of unadjusted advances, examination of trial balance and financial statements must be done.

Table 5d

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
D	Deemed Supply under Schedule I	(+)	

Instruction: Aggregate value of deemed supplies under Schedule 1 of the CGST Act, 2017 shall be declared here. Those already part of the turnover in the audited Financial Statements is not required to be included here.

Analysis -Table 5d

- ▶ No direct source of data – the requirement is to report the transactions that are not reported in financial statements. Examples:
 - ▶ Movement of goods – e-way bill
 - ▶ Stock transfer of goods – delivery challans / e-way bills
 - ▶ Donation of assets, impairment of assets etc – fixed asset register / schedule
- ▶ Covers:
 - ▶ Permanent transfer or disposal of business assets where ITC claimed (donation of assets, disposals etc)
 - ▶ Supply between related persons / distinct persons (employer-employee supplies, gifts above 50k, etc)
 - ▶ Supply of goods between principal and agent
 - ▶ Import of services from related person / establishments outside India
- ▶ Taxable even though no consideration is involved

Table 5e

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(-)	

Analysis -Table 5e

- ❑ Applies to **credit notes issued after 31.03.2018** and given effect to in Annual Returns if not reflected in financial statement of that year.
- ❑ For most entities, this Table may well be '**Nil**'.
- ❑ Steps for Analysis
 - Prepare a list of credit notes dated beyond 31.03.2018
 - Prepare another list of credit notes adjusted in Table 9A, 9B and 9C of GSTR-1 for 2017-18
 - Validate that these credit notes have not been 'given effect to' in the turnover derived in Table 5A of GSTR-9C

Table 5F

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
F	Trade Discounts accounted for in the audited Annual Financial Statements but are not permissible under GST	(+)	

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.

precautions

- ❑ Documents maintained to be verified w.r.t conditions mentioned in Section 15(3) of CGST Act, 2017 for dis-allowance
- ❑ May be netted off with turnover in financials
- ❑ Kinds of trade discounts:
 - ❑ Special discount / rebate
 - ❑ Bonus discounts
 - ❑ Incentive / Commission
 - ❑ Remission
 - ❑ Compensation

Table 5 G

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
G	Turnover from April 2017 to June 2017	(-)	

analysis

- ❑ Turnover included in the audited Annual Financial Statement for **April 2017 to June 2017** to be declared here.
- ❑ Data could be sourced from the **returns filed** under the Excise Laws, State Level VAT Laws, and Service tax Laws – after reconciling the same with books.
- ❑ **Criteria for reducing turnover** for the period April 2017 to June 2017 – Not when the revenue was recognized in books, but when they were liable to tax under the erstwhile laws. Examples:
 - ❑ Services – if advances received between April 2017 to June 2017 but services rendered after 01.07.2017
 - ❑ Services completed between April 2017 to June 2017 but invoice raised after 30.07.2017
- ❑ Reconciliations ought to tally with **declarations made u/s 142(11)** of the CGST Act, 2017 in Form GST TRAN I.

Table 5J

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
J	Credit notes accounted for in the audited Annual Financial Statements but are not permissible under GST	(+)	

Analysis -Table 5J

- ❑ Credit notes **not admissible under Sec 34** of the CGST Act but accounted in the books of accounts to be declared here.
Examples:
 - ❑ Credit notes issued for Exempted supply, Zero rated and non GST outward supply of goods,
 - ❑ Post-supply discounts (Cash discounts after supply),
 - ❑ Credit notes for 2017-18 issued after September 2018
- ❑ Adjustments on account of reduction in receivable **not adjusted to the turnover etc.** should not be considered for reconciliation.

Table 5K

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	

- ❑ Value of all goods supplied by SEZs to DTA units for which the DTA units have filed the bill of entry shall be declared here – as such supplies are not required to be disclosed by SEZ
- ❑ Transactions where SEZ unit have filed the bill of entry shall not be declared here.

Table 5I

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
L	Turnover for the period under composition scheme	(-)	

Instructions:

- ☐ Registered person under composite scheme (who has opted out in a year) to file GSTR 9 and 9A.
- ☐ The audited financial statements would include turnover as a composition taxpayer which is to be declared here.
- ☐ Data can be sourced from GSTR-4

Table 5M

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	

Analysis -Table 5M

- ▶ Difference between the turnover in financial statements and turnover in GSTR 9 **due to valuation provisions** shall be declared here.
- ▶ Examples: Subsidies linked to price, Incidental expenses charged by supplier, interest for delayed payment of consideration, amount supplier is liable to pay but incurred by recipient
- ▶ Following documents may be obtained for verification;
 - Vendor contracts,
 - Contracts for pure agency,
 - List of related parties and details of transactions with them,
 - Review of e-way bills (to track free supply)

Table 5N

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	

Instructions:

- ☐ Difference between the turnover reported in GSTR9 and turnover reported in Financial Statements due to forex fluctuations shall be declared here
- ☐ Forex Gain should be deducted and forex loss should be added.

Table 5O

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
O	Adjustments in turnover due to reasons not listed above	(+/-)	

- ❑ Table 5O is a residuary clause, which requires disclosure of reconciliation details relating to adjustments for which specific column is not provided.

Analysis -Table 5O

- ❑ Following **head of adjustments can be considered** under Table 5O.
 - turnover considered as 'supply' under GST but not considered as income in the audited Annual Financial Statements
 - turnover discovered as 'supply' during the course of audit, but not considered in the books of account and Form GSTR 9
- ❑ Adjustments should not be made under Table 5O merely to bring Table 5R to '**Nil**'.
- ❑ NIL rated supplies, Non-GST supply, exempt supply and Zero rated supplies without payment of tax should not be reduced as an **adjustment under Table 5O**

Analysis -Table 5O (cont.)

➤ Illustrations of adjustments to be made in Table 5O:

Sl.No.	Particulars	Action
1.	Notice pay recovered from employees	(+)
2.	Incentives / Rebate received and considered as supply under GST	(+)
3.	Out of pocket expenses considered in the value of supply	(+)
4.	Stocks issued to discharge CSR obligation	(+)
5.	Value on which GST paid on sale of Capital Goods	(+)
6.	Sales promotion / advertisement reimbursement received and considered as supply	(+)
7.	Profit on the sale of Capital goods disclosed in the audited Annual Financial Statements	(-)
8.	Loss on the sale of Capital goods disclosed in the audited Annual Financial Statements	(+)

Analysis -Table 5O (cont.)

Sl.No.	Particulars	Action
9.	Inward supply returns considered as Outward supply	(+)
10.	Outward supply returns considered as Inward supply	(-)
11.	Income in Profit and Loss account recognized based on special circumstances	(-)
12.	Discounts which are not to be excluded from the value of supply as per Section 15	(+)
13.	Value on which GST is liable to be paid in respect of transactions where income is recognized based on special circumstances	(+)

Table 5P

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
5	Reconciliation of Gross Turnover	
P	Annual turnover after adjustments as above	<Auto>

Amount arrived here is auto-populated from Table 5B to 5O

Table 5Q

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
5	Reconciliation of Gross Turnover	
Q	Turnover as declared in Annual Return (GSTR9)	

□ This turnover may be derived from

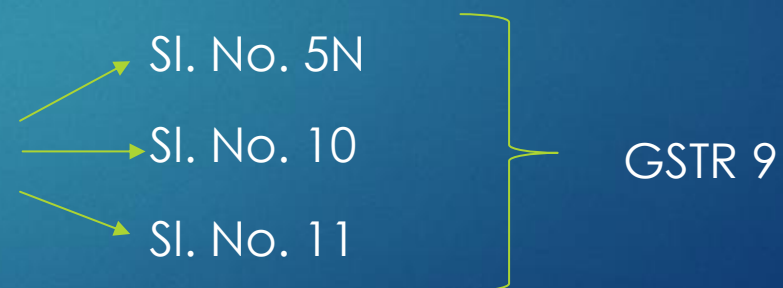


Table 5R

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
5	Reconciliation of Gross Turnover	
R	Un-Reconciled turnover (Q-P)	AT1

Analysis -Table 5R

- ❑ **Auto generated** – Difference between 'determined annual turnover' and 'turnover as per annual return'.
- ❑ **Reasons for difference** should be given under Part II Sl. No. 6.
- ▶ Un-reconciled turnover on account of :
 - Disclosure norms as per Accounting Standards (ICAI)
 - Supply on sale or approval basis beyond months deemed to be supply under GST **whereas** may not be a sale in books of accounts
 - Zero rated supplies made without compliance with relevant conditions will be construed as regular supplies
 - Statutory provisions/ practices adopted by Registered Person (Special approval basis)not reconciled at turnover level should be disclosed here.

Example: The mechanism for determining revenue in case of sale of a Capital Asset shall differ for the value to be disclosed in the GST returns compared with that of the practice adopted in the books of accounts

Table 6 A to C

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
6	Reasons for Un – Reconciled difference in Annual Gross Turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Instructions:

Reasons for non reconciliation of turnover between audited financial statements and GSTR-9

Analysis -Table 6A - C

- ❑ **Explanations for the turnover differences** between 'determined annual turnover' and 'turnover as per annual return' to be furnished here. Examples:
 - ❑ Capital gain/loss recorded in books on sale of fixed asset whereas total consideration value recorded in returns.
 - ❑ Goods sent on sale or approval basis but not returned within 6 months –Taxable under GST, not recognised in the Books as revenue.
 - ❑ Any direct adjustments of incomes in the expense ledger on which tax has been paid.
- ❑ Auditor to report whether books and returns can be compared.

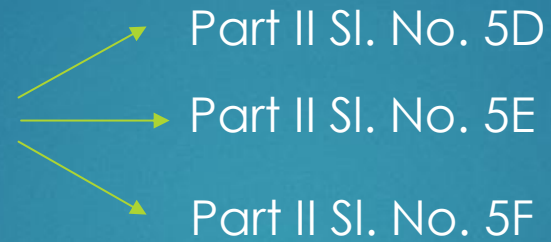
Table 7A&B

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
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	
Table No.	Instructions	
7	Reconciliation of Turnover between Audited financial statements and GSTR-9	
7A	Annual turnover as derived in Table 5P (Auto Populated)	
7B	Value of exempted, nil rated, non-GST and no-supply turnover shall be declared here, net of credit/debit notes and amendments if any.	

Analysis -Table 7B

- ❑ Values of exempted, nil rated, non-GST and no-supply turnover to be declared here to arrive at taxable turnover
 - **Exempted supplies** include wholly / partly exempted supplies
 - **Non-taxable supplies** are defined under Section 2(78) of the CGST Act 2017. (namely alcoholic liquor)
 - **No-supply** include activities covered under Schedule III - Sale of land or completed building, actionable claims other than lottery, betting and gambling etc.
- ❑ The Value of 'No-supply' as reported in books is considered to be the actual value for the purpose of reporting in GSTR-9C

Control -Table 7B



- ❑ Cross link with GSTR 9

- ❑ Cross check with exempted turnover computation for the purpose of section 17(2)

Table 7c

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
7	Reconciliation of Taxable Turnover	
C	Zero rated supplies without payment of tax	

Instructions:

Value of zero-rated supplies (including supplies to SEZs) on **which tax is not paid**, net of credit notes, debit notes and amendments if any shall be declared here

Analysis -Table 7c

- ❑ Values of **zero-rated supplies (without payment of tax)** to be declared here to arrive at taxable turnover.
- ❑ It should have formed part of **Table 5P** – Annual Turnover after adjustments
- ❑ Should include even those that have been **omitted to be disclosed in GSTR-1 / GSTR-9**
- ❑ **GSTIN-wise** bifurcation of zero-rated supplies to be ensured
- ❑ Treatment of zero-rated supplies (without payment of tax) **without LUT** – Basis Circular No. 37/11/2018-GST dated 15.03.2018, Auditor may issue the certificate with a necessary audit note.

Table 7D

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
7	Reconciliation of Taxable Turnover	
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	

- ❑ The declaration in Table 7D shall be net of credit/debit notes and amendments of supplies where the recipient is liable to pay RCM not the supplier (assesse)
- ❑ Supplies on which tax has been paid wrongly on forward charge, though liable to tax under reverse charge, will still have to be declared in Table 7D.
- ❑ Relevant declaration to be ensured in the tax invoice

Table F

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
7	Reconciliation of Taxable Turnover	
F	Taxable turnover as per liability declared in Annual Return (GSTR9)	

Taxable turnover as declared in Table (4N- 4G) + (10-11) of GSTR9 shall be declared here

Table 4N:- Total supplies and advances

Table 4G:- The value of inward supplies liable to RCM.

Table 10 & 11 :- Supplies/tax declared or reduced through Amendments (net of debit notes)

Table 8 A to C

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	
8	Reasons for Un – Reconciled difference in taxable turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

part II

Table 8

- ▶ Reasons for un-reconciled **taxable turnover differences** between **adjusted annual turnover** (Table 7E) & **taxable turnover** (Table 7F) to be provided here
- ▶ If **turnover in 7E > turnover in 7 F** - Declare in Part III Sl. No. 11 and pay tax by cash
- ▶ If **turnover in 7E < Turnover in 7F** then GST portal shall be checked to verify whether value in Sl. No. 11 may be declared negative and refund (if any) can be claimed. Clarification on the same is awaited.

Analysis table 8

❑ **Source of Information:**

- ❑ Filled on basis of data drawn out of Table 5, 6 & 7
- ❑ Review transactions through E-Way Bill – to check for details about exceptional transactions, if any.

❑ **Relevant documents/ Books/ Records**

- ❑ Examine Agreements, Work Orders, Purchase Order, etc., to check tax applicability
- ❑ If any exemption benefits have been availed – check if the conditions for the same have been met.
- ❑ Examine existence & validity of LUT – Zero Rated Supplies made.

Table 9: A to O

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
A	5%					
B	5% (RC)					
C	12%					
D	12% (RC)					
E	18%					
F	18% (RC)					
G	28%					
H	28% (RC)					

Part III

table 9: A to O Contd.

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
I	3%					
J	0.25%					
K	0.10%					
L	Interest					
M	Penalty					
N	Late Fee					
O	Others					

Part III

Analysis of table 9

- ❑ The total taxable turnover as reported under **Table 7E of GSTR 9C (Adjusted taxable turnover)** to be declared here – rate-wise
- ❑ This Table quantifies the **un-reconciled Tax Payable and other amounts** such as interest, penalty, etc., between books of accounts and amounts disclosed in GSTR 9 – basis for Auditors recommendation of additional tax liability (Part V).
- ❑ Provides for **separate reporting** of taxable value and liability of tax for outward supplies and inward supplies on which RCM is payable by the assessee.

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graph TD; A([Provides for Rate-wise disclosure of Taxable turnover as per Table 7E of GSTR 9C]) --> B[Clause 9 A, C, E, G, I, J & K represents Outward supplies - taxable value and tax liability.]; A --> C[Clause 9 B, D, F & H represent Inward supplies (RCM) - taxable value and tax liability]; B --> D([7 Rates of Taxes – 0.10%, 0.25%, 3%, 5%, 12%, 18% and 28%]); C --> D;
```

Provides for Rate-wise disclosure of Taxable turnover as per Table 7E of GSTR 9C

Clause 9 A, C, E, G, I, J & K represents Outward supplies - taxable value and tax liability.

Clause 9 B, D, F & H represent Inward supplies (RCM) - taxable value and tax liability

7 Rates of Taxes –
0.10%, 0.25%, 3%, 5%,
12%, 18% and 28%

Part III

Clause 9I-9N

Table	Particulars
9L - Interest	Interest that ought to have been payable to be reported here. Monthly computation to be made to compute correct interest
9M – Late Fees	Late fee that ought to have been payable to be reported here. Relevant waiver notifications to be carefully perused
9N - Penalty	Penalty leviable under any sections of the Act to be reflected here

Part III

Table 9: clause P - R

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
P	Total amounts to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Unreconciled payment of amount (PT1)					

Part III

clause 9P – 9R

Clause 9P	The total amount to be paid as tax liability declared in Table 9A to 9O is auto populated here.
Clause 9Q	<p>Details of amount paid through cash & ITC during FY 2017-18 in GSTR 3B along with details of amount paid in GSTR 3B for differential tax liability in GSTR 1 filed between April-September 2018 (Table 9 & Table 14 of GSTR 9) shall be declared.</p> <p>Only details of tax paid need to taken and not the details of tax payable</p>
Clause 9R	This shall be auto calculated by the system based on the difference between clause 9P and 9Q.

Part III

Table 10

10	Reason for un-reconciled payment of amount	
A	Reason 1	<< Text >>
B	Reason 2	<< Text >>
C	Reason 3	<< Text >>

- ❑ Table 10, mandates the Auditor to identify and disclose **the reasons for un-reconciled payment** of tax, interest, late fee, penalty, cess, others.
- ❑ It has to be ensured that for the whole amount of non reconciliation reported in Table 9, the **reason wise quantification** of the same is done in Table 10.

Part III

Notes on Table 10

► Reasons for the un-reconciled difference can be as under:

GSTR 3B shows less/more tax paid

- GSTR 1 matches with Audited Financials with regard to the tax payable
- *GSTR 3B shows the tax paid differently from the books of accounts*
- **Captured in Part V – Auditors Recommendation of additional tax liability**

GSTR 1 & 3B match with each other but not with Audited Financial

- GSTR 3B and GSTR 1 match with each other
- *Matched GSTR 1 & GSTR 3B are different with regard to the audited financial statements*
- **Captured in Table 10 – Reasons for unreconciled payment**

Taxable turnover as per books matching in GSTR 1 & 3B but tax is not matching

- The taxable value of supply in GSTR 3B matches with that in GSTR 1
- Tax payable as self-assessed in GSTR 3B is different from what is shown in GSTR 1
- **Captured in Table 10 – Reasons for unreconciled payment**

Part III

Table 11

11	Additional amount payable but not paid (due to reasons specified under Tables 6, 8 & 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%					

Part III

Notes on table 11

- ❑ Amounts **payable** in accordance with the non reconciliation reported under **Table 6, 8, and 10** but not actually paid are to be **reported rate-wise** as under:
 - ❑ Tax
 - ❑ Interest
 - ❑ Late fee
 - ❑ Penalty
 - ❑ Cess
 - ❑ Others

The flow of non-reconciliation to be reported in table 6, 8 & 10 shall be understood as under

Un-reconciliation of Gross Turnover reported in Table 6

Those not having impact on tax.

Those having impact (would be generally in relation of Taxable Turnover)

Un-reconciliation of Taxable Turnover reported in Table 8 (repetition of point II above)

Those having impact on Additional Tax Liability but already paid in GSTR 3B

Those having impact on Additional Tax to be paid & not paid till date in GSTR 3B

Contd.



Un-reconciliation of Tax Payable and paid reported in Table 10
(Repetition of point II above)

Those having impact on Additional Tax Liability to be paid & not paid till date in
GSTR 3B

Part III

Table 11: Contd.

11	Additional amount payable but not paid (due to reasons specified under Tables 6, 8 & 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
	Interest					
	Late Fee					
	Penalty					
	Others (Please specify)					

Part IV

Table 12: A

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
12	Reconciliation of Net Input Tax Credit (ITC)	
A	ITC availed as per audited Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from the books of accounts	

Part IV

Clause 12 A

It comprises of the ITC availed (after reversals) as per the audited Annual Financial Statement by the Registered Person

Multiple
GSTINs

Cases where multiple GSTINs (State-wise) registrations exists on the same PAN, the registered person has the internally derive their ITC for each individual GSTIN and declare the same here


Note


The Reference to audited Annual Financial Statements includes reference to books of accounts in case of person/entities have presence over multiple States

Analysis clause 12A

Source of information

- ▶ The Auditor needs to collect the entire information of all the Tax account codes/ ledger names from the Registered person in which he enters the ITC availed.
- ▶ One needs to understand whether the Registered person has maintained separate ledgers for availing ITC for different GSTINs (States) or a common one.

- 
- In such cases, the amounts are directly relatable to the GSTIN.
 - Information shall be collated from net of debit & credits (exclude payments) of such ledgers/account codes.

- 
- It's a challenge for the Auditor to certify the amount of ITC availed, thus
 - A suitable assurance in the form of corroborative evidence should be taken by the Auditor

Notes to consider- in case where a single accounting ledger is maintained for all the states

- ▶ In such cases, it might become difficult for the Auditor to report the details as per this Table, hence a detailed examination of such an account is required.
- ▶ The reconciliation of the entire account can be prepared as follows:

Sl. No.	Particulars	Dr.	Cr.
1.	Opening balance of credit ledger	XXX	
2.	Tax payable		XXX
2A.	Tax payable reversed (Credit notes)	XXX	
3.	ITC availed	XXX	
4.	ITC reversed		XXX
5.	ITC reclaimed	XXX	
6.	Tax paid by Cash Ledger	XXX	
7.	Closing Balance	XXX	

Analysis – contd.

Clause 12 A

Validation of Information

- ▶ The total of these columns should be reconciled with the balance of such accounts as they appear in the Trial Balance of the particular GSTIN.

No Revision Required

- ▶ The column is derived from the books of accounts and thus there is no need to revise the same

Part IV

Table 12: B

Pt. IV	Reconciliation of Input Tax Credit (ITC)		
12	Reconciliation of Net Input Tax Credit (ITC)		
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	

Part IV

Clause 12 B

- ❑ Any ITC which was booked in the audited Financial Statements of earlier FY(s) but
- ❑ Availled in the ITC ledger in the FY for which the reconciliation statement is being filed – declared in this clause
- ❑ Includes transitional credit which was booked in earlier years **but** availed during FY 2017-18
- ❑ 2017-18 – first year of GST this column should ideally be zero (except if there was transitional credit booked ~~earlier~~ but availed during FY 2017-18)

Analysis

Clause 12 B

► Source of Information

- Details can be drawn from the claims of TRAN 1 booked in the earlier period but not availed during the year
- From next year :

Amount in this column = Amount in column 12C of GSTR 9C of Previous FY

Hopefully the same shall be auto-populated by the system

► Validation of Information

- Closing balances of Credits appearing in the GST Returns
- Details filed in TRAN 1
- Transfer entries for carry over of pre-GST credits into GST Credit Ledgers

Part IV

Table 12: C

Pt. IV	Reconciliation of Input Tax Credit (ITC)		
12	Reconciliation of Net Input Tax Credit (ITC)		
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	

Details

clause 12 C

- ▶ Clause 12C indicates the Input Tax Credit which was booked in the audited Annual Financial Statement of the current financial year but claimed in the returns of GSTR 3B filed during FY 2018-19.
- ▶ It includes all credits which were for any reason (inadvertent or conditions not being fulfilled) were not taken in returns as filed from July 2017- March 2018.
- ▶ It depicts the amount of eligible claim of ITC which the Registered person failed to take in GSTR 3B of the year under Audit.

Analysis clause 12 C

► Source of Information

- Amounts which are debited in the books of accounts but not claimed as credit should be reported here.
- The difference of unclaimed ITC between the GST receivables ledgers and Input tax register (amounts as reported in GSTR 3B of FY 2017-18) will also be reported here.

Analysis Contd.

clause 12 C

► **Validation of Information**

- Value in this Sl. No. = amount reported in Clause 13 of GSTR 9.
- Amount of Credits relating to FY 2017-18 booked in FY 2018-19 only in the books of accounts shall be subtracted from the reported amount in Clause 13 of GSTR 9.

Notes to Consider

- Un-reconciled transactions appearing in GSTR 2A – not to be directly disclosed here.
- The amounts appearing in 2A could be for various reasons including vendor uploading transactions with the wrong GSTIN.

Part IV

clause 12 D- F

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
12	Reconciliation of Net Input Tax Credit (ITC)	
D	ITC availed as per audited financial statements or books of accounts	<Auto>
E	ITC claimed in Annual Return (GSTR 9)	
F	Un-reconciled ITC	ITC 1

Part IV

clause 12 D - F

Clause 12D	ITC availed as per audited Annual Financial Statement/ Books of accounts as derived from the values declared in Table 12 Clause A, B & C above will be auto-populated here.
Clause 12E	The Net ITC available for utilization as declared in Table 7J of Annual Return (GSTR 9) shall be declared here.
Clause 12F	It provides for the difference between the ITC as computed from the books of accounts in Clause 12D and ITC as claimed for the FY in Clause 7J of Annual Return .

Part IV

table 13

13	Reason for un-reconciled difference of ITC	
A	Reason 1	<< Text >>
B	Reason 2	<< Text >>
C	Reason 3	<< Text >>

Part iv

details –Table 13

- ▶ Table 13 provides reasons listed by the Auditor for the non-reconciliation of ITC as per :
 - Audited financial statements of books of accounts – **Table 12 Clause D of GSTR 9C**
- and
- The net ITC availed in the Annual return – **Table 12 Clause E of GSTR 9C**
- ▶ The difference can be



analysis

In case the difference is positive

The possible reasons of difference may be as under:

The amount of ITC for the financial year disclosed Annual return (Point 13) i.e., ITC claimed in the returns of the subsequent year for the FY

The amount of ITC available but not availed which can be divided into:

→ ITC which has lapsed as not availed

Analysis

In case the difference is negative

This matter is of more concern as it clearly indicates that more than available ITC has been claimed. The possible reasons of difference may be as under:



ITC of another GSTIN claimed in returns of GSTIN under Audit



ITC of subsequent year where goods/ services were received later but their invoice was received prior was availed



Duplicate ITC availed

Part IV

table 14: A to Q

14	Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per Audited Financial Statements or books of accounts			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
A	Purchases			
B	Freight/ Carriage			
C	Power & Fuel			
D	Imported goods (including received from SEZ)			
E	Rent & Insurance			
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			

Part IV

Table 14: A to Q contd.

14	Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per Audited Financial Statements or books of accounts			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
G	Royalties			
H	Employees' cost (Salaries, wages, bonus, etc.)			
I	Conveyance charges			
J	Bank Charges			
K	Entertainment charges			
L	Stationery Expenses (including postage, etc.)			

Part IV

table 14: A to Q contd.

14	Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per Audited Financial Statements or books of accounts			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
M	Repair & Maintenance			
N	Other Miscellaneous expenses			
O	Capital Goods			
P	Any other expense 1			
Q	Any other expense 2			

Part IV

brief notes on table 14

- Provides for reconciliation of ITC declared

Annual return (GSTR 9)

against

Expenses booked in the audited Financial Statements / books of accounts

- Sub-heads specified in the Table – general expenses in the audited financial statement/ books of accounts on which ITC **may or may not be available.**
- Its only an indicative list of heads.
- Taxpayers may add or delete any of these heads **but** all heads of expenses on which GST has been paid/ payable should be declared

Part I V – table 14

validation of information

- ▶ It is a detailed way of representing Clause 12 and 13 of the same form.
- ▶ Expense ledger wise details of the ITC claimed.
- ▶ Detailed examination of all expenses in the asset ledger.
- ▶ The total of this clause in **Column 3 of Clause 14 = 12A of GSTR 9C.**
- ▶ **Column 4** uses two words “eligible” and “availed” - only the ITC which has been availed and eligible need to appear in that column.

Part IV

Table 14: R

14	Reconciliation of ITC declared in Annual Return (GSTR 9) with ITC availed on expenses as per Audited Financial Statements or books of accounts			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
R	Total amount of eligible ITC availed			<<Auto>>
S	ITC claimed in Annual Return (GSTR 9)			
T	Un-reconciled ITC (ITC 2)			

Part IV

clause 14 R - T

Clause 14R	Total ITC as declared in Table 14 Clause A – Q shall be auto-populated here.
Clause 14S	The Net ITC availed as declared in Annual Return (GSTR 9) shall be declared here. Table 7J of Annual return may be used for filling this Clause
Clause 14T	Its the difference between the eligible availed ITC as computed from Clause 12R and ITC as availed in Annual Return .

Part I V

Table 15

15	Reason for un-reconciled difference in ITC	
A	Reason 1	<< Text >>
B	Reason 2	<< Text >>
C	Reason 3	<< Text >>

Part I V

Table 15

Difference can arise on any of the following counts:

- Ineligible ITC availed by the Registered person.
- ITC booked in the books of accounts but not availed including ineligible ITC not availed (lapsed)

In case the difference is negative

- Reason may be – ITC booked in the books of accounts but availed in the GSTR-3B of subsequent year
- It can be correlated with Point 13 of GSTR 9

Part IV

Table 16

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

Part V

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			To be paid through Cash			
	Description	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%					

part v

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			To be paid through Cash			
	Description	Value	Central Tax	State tax / UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
	Input Tax Credit					
	Interest					
	Late Fee					
	Penalty					

Part V

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			To be paid through Cash			
	Description	Value	Central Tax	State tax / UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
	Any other amount paid for supplies not included in Annual Return (GSTR 9)					
	Erroneous refund to be paid back					
	Outstanding demands to be settled					
	Other (Pl. specify)					

Part V - analysis

- ▶ Shall consist of
 - Additional liability to be discharged due to non-reconciliation of turnover / ITC
 - Additional liability to be paid for supplies not included in Annual return
 - Any refund that has been erroneously taken
 - Any other outstanding demand
 - Table 11 of GSTR 9C
 - Table 16 of GSTR 9C
- ▶ Additional liability need not be restricted for matters pertaining to non-reconciliation of turnover. Auditor can report on matters which was not disclosed in returns or books.

Verification

Verification

I hereby solemnly affirm and declare that I am uploading the reconciliation statement in FORM GSTR-9C prepared and duly signed by the Auditor and nothing has been tampered or altered by me in the statement. I am also uploading other statements, as applicable, including financial statement, profit and loss account and balance sheet etc.

Signature Place:

Date:

Name of Authorized Signatory
Designation/status



**By CA .ARCHANA JAIN(B.Com(H)SRCC
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