



GST

A T T D T T

CHALLENGES – GST AUDIT

CA Manoj Malpani

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

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

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

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



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

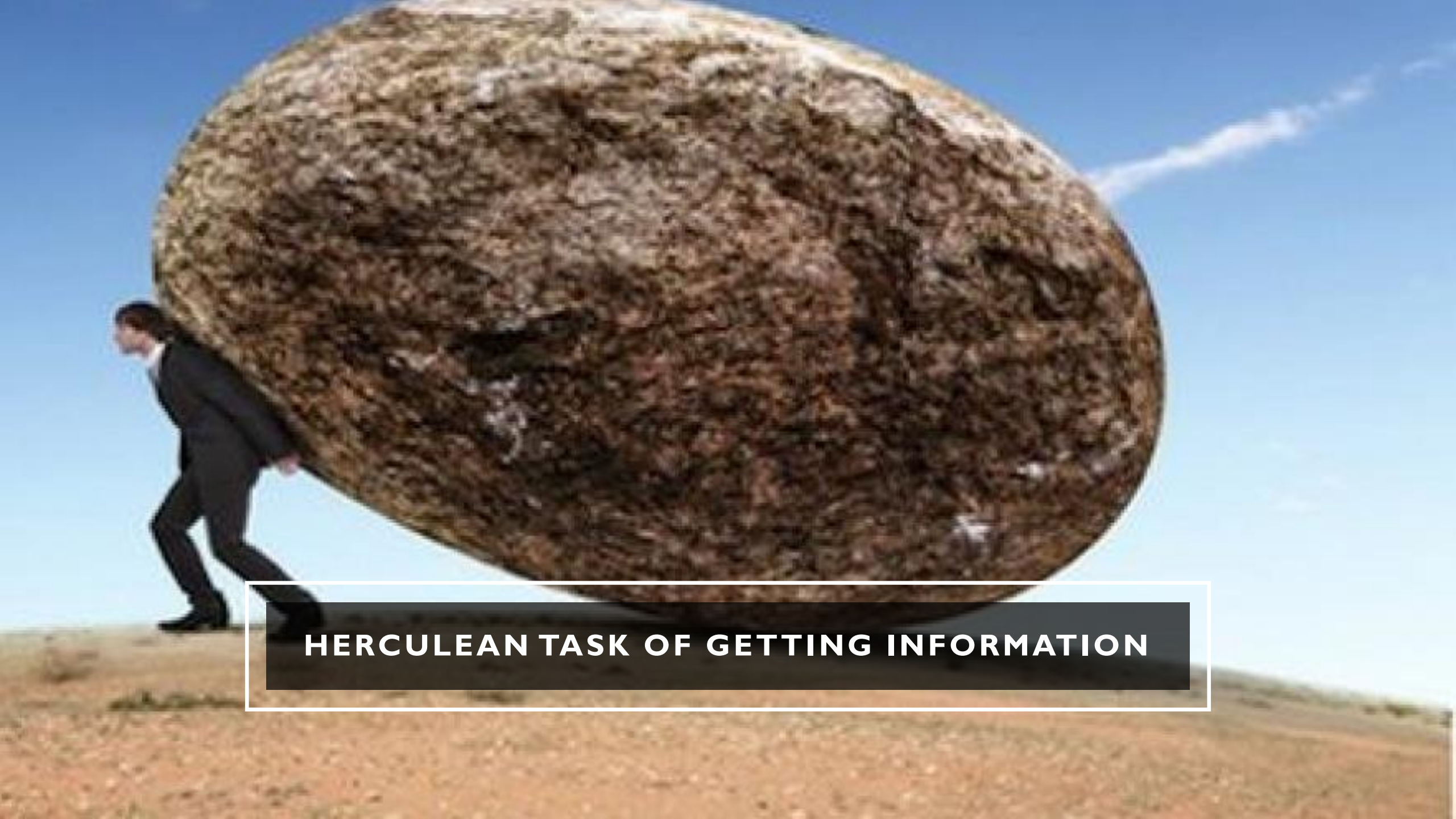
ACCOUNTS & RECORDS

- ✓ Register of tax invoice, credit note, debit note, delivery challan issued or received during any tax period
 - ✓ Names and complete addresses of suppliers / customers / recipients
 - ✓ Complete addresses of the premises where the goods are stored by him, including goods stored during transit along with the particulars of the stock stored therein
 - ✓ Relevant documents viz invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills, etc
- **Period of retention of accounts:**
1. **Normal situation:** 72 months from the due date of filing of annual return for the respective year
 2. **Appeal or revision or any other proceeding:** One year after final disposal of such appeal or revision or proceeding or 72 months from the last date of filing of annual return, whichever is later

Start of the Audit

- **Understanding the business of the auditee**
- **Understanding the software used**
- **Special attention to transactions not appearing in the financial accounts**
- **Registration**
 - ☐ Core Changes
 - ☐ Non Core Changes
 - ☐ ISD
- **Masters**
 - ☐ Customer
 - ☐ Suppliers
 - ☐ Items with HSN
 - ☐ Services with SAC
 - ☐ Tax Codes
 - ☐ ITC Entitlement

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



HERCULEAN TASK OF GETTING INFORMATION

**HERCULEAN TASK
TO GET THE
INFORMATION**

Transactions Prior To 30th June 2017

**Transactions After 1st July 2017 To 31st
March 2018**

**Transactions After 1st July 2017 but Upto
13th October 2017 (RCM)**

**Advances Received After 1st July 2017 But
Prior 15th November 2017 (Advances)**

**Transactions Before And After Rate
Change, If Any**

HERCULEAN TASK TO GET THE INFORMATION

Exempted, Nil rated, Non-GST supply including adjustment through debit note & credit note.

ITC separately for Input, capital goods & input services

HSN wise Rate wise supplies made

HSN wise supplies received

Inward Supplies from Unregistered Dealer and Composition Dealer

Inwards supplies and outward supplies appearing in books of accounts but not reported till date

ISSUES
TO BE
PONDERED
WITH



Sr. No.	Particulars	Reason for issues
1	Drop Shipment	In the GST Amendment Act 2018, Drop Shipment is covered in Schedule III in section 7. However this is not having retrospective effect and therefore whether it will be considered as exempt supply for the calculation of reversal under rule 42 & 43 for the purpose of finalization of GSTR-9C certification for the year July 2017 to March 2018 and for the period April 2018 to 31st January 2019.
2	High Sea Sale	In the GST Amendment Act 2018, it is very clear that High Sea Sale will not be treated as Supply. However this is not having retrospective effect and therefore whether it will be considered as exempt supply for the calculation of reversal under rule 42 & 43 for the purpose of finalization of GSTR-9C certification for the year July 2017 to March 2018 and for the period April 2018 to 31st January 2019.
3	Bus Transport	Non-AC bus transport on fixed route falls is exempted and should be considered for calculation of reversal under rule 42 & 43. However, some of the service provider are charging GST and no ITC is required to be taken. However, if it is provided on chargeable basis, whether subsidized rate or otherwise then tax liability needs to be suitably worked out.

Sr. No.	Particulars	Reason for issues
4	Calculation of reversal of ITC under Rule 42 & 43, since there is no ITC track for exclusive inward supplies of exempted or non-taxable supplies	Most of the companies have not kept the separate tax for ITC not availed on exclusive inward supplies for exempted or non-taxable supplies and in accordance with Rule 42 & 43, it may have to be given separately.
5	Schedule III to Section 7 whether will be considered as non taxable supply (even though it is not supply) for the purpose of Rule 42	In the GST Amendment Act 2018, it is very clear that such supplies will not be treated as Supply for the purpose of reversal of ITC. However, explanation has been inserted vide Notification No. 03/2018 C. Tax dtd 23.01.2018 and any explanation to the provision is having a retrospective effect and hence not to be considered for reversal of ITC under rule 42 & 43. E.g. Interest is out of purview of GST and can be considered as a No Supply, but such income should not be considered as exempted service for the purpose of ITC reversal under Rule 42 & 43.

Sr. No.	Particulars	Reason for issues
6	Reversal of ITC for by product or scrap - Loss / destroyed / free samples / gift.	It may be always disputed about the quantum of reversal of ITC on scrap or by product which has been lost, destroyed, given free.
7	Reconciliation between GSTR 2A and ITC receivables on account of a. Mismatch in Invoice no b. Wrong tax head of GST c. Wrong GSTN No d. Invoices not uploaded by supplier e. ITC as per GSTR-2A is more than ITC availed in books (detected after September of subsequent year) f. Suppliers paid the GST through their GSTR-3B and GSTR-I but shown such supplies as B2C	Since, GSTR-1A, GSTR-3 and mismatch report is not incorporated, provisions of Section 39 and 41 is as such ineffective and hence, ITC may be allowed even on any reasons of mismatch. However, suitable note for safeguarding to interest of auditor to be made in the observation sheet.

Sr. No.	Particulars	Reason for issues
8	100% amount not paid on account of retention	It can be termed as full payment has not been received and if it is not paid within 180 days ITC reversal will be disputed
9	ITC on CSR activities done when it is shown as business expenditure	As per Section 16(I) of CGST Act, Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

Sr. No.	Particulars	Reason for issues
10	ITC on Motor Vehicle insurance, motor vehicle repairs, building repair,	<p>As per Section 17(5)(a) of CGST Act, ITC shall not be available in respect of the following namely;</p> <p>(a) motor vehicles and other conveyances except when they are used—</p> <p>(i) for making the following taxable supplies, namely:—</p> <p>(A) further supply of such vehicles or conveyances ; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on driving, flying, navigating such vehicles or conveyances;</p> <p>(ii) for transportation of goods;</p> <p>(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.</p> <p>Explanation.—For the purposes of clauses (c) and (d), the expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property;</p> <p>However, the CGST Amendment Act 2018 amends Section 17(5) of CGST Act for disallowance on the ITC on the subject matter. This provision is implemented w.e.f. 1st Feb 2019. Therefore, ITC may be allowed.</p>

Sr. No.	Particulars	Reason for issues
11	ITC on CSR activities done when it is shown below the line as a part of CSR compliance	Since it is not in the course of business or furtherance of business and it is appropriation of profit, no ITC is allowed.
12	Value of free goods supplied / Amortization when specific clause is absent in PO	As per circular no. 47/21/2018-GST dated 8th Jun 2018 issued by the CBIC, the value of dies / tools / moulds supplied FOC need not be added in the value of the goods supplied by manufacturer. Considering the clarification in the circular, every person needs to be ensure that absolute clarity while raising the purchase order when such part / components are going to be sourced from the manufacturers and for which dies / tools /moulds are supplied by the recipient of the component. The purchase order should clearly specify that the consideration of parts / components with the separate clause that dies / moulds / tools will be supplied on “FOC basis’ till the time such goods are sourced from the manufacturer.

Sr. No.	Particulars	Reason for issues
13	Rate of interest on ITC reversal / ITC wrongly availed	Interest at the rate of 24% has been specified only on the ITC not reversed on information of mismatch report and mismatches are not removed within the period of 6 months. However, provisions of removing mismatch has not been introduced. Therefore, interest rate to be considered @18%.
14	Income from Dividend, Mutual Funds, Securities etc. or sale of petroleum products.	These are non- taxable supplies and therefore it should be considered for the purpose of reversal of ITC in terms of Rule 42 and Rule 43 of CGST Rules 2017.

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

Sr. No.	Particulars	Reason for issues
16	Issues of Tran-I – Ed Cess, SHE Cess, KKC carry forward	<p>Detailed analysis needs to be done and also considering the retrospective amendment in Section 139 and Section 140 of CGST Act 2017, which is been made effective from 01.07.2017 will have to be considered and therefore, if any credit on account of balance of Ed. Cess, higher & secondary education Cess and KKC is taken then that will have to be reversed.</p> <p>Further, while doing the amendment, eligible duties do not include service tax and therefore such credit which has been transferred in TRAN-I will be unnecessarily litigated even though department have issued the clarification that it is not intended.</p>
	Material received prior to 30.06.2017 but no GRN prepared and no accounting done upto 30.06.2017	
	Material received prior to 30.06.2017 but GRN prepared and no accounting done upto 30.06.2017 or no application made for extension	
	Invoice with registered person prior to 12 months and credit availed in %age as specified i.e. 60%-40%	
17	Partial written off value of goods.	<p>"As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; Since there is a partial written off and stocks are kept in the books of account, no ITC reversal is required.</p>

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

Sr. No.	Particulars	Reason for issues
21	Removal of inputs as such which were procured prior to 30.06.2017 and given FOC / lost / destroyed - What amount to be reversed by EOU	Whether to reverse only SGST (to the extent of VAT set off)? It will depend on one to one co-relationship, otherwise GST will be payable on transactions value.
22	Allocation and apportionment value is different for the purpose of valuation of WIP and finished goods in the books of accounts vis-à-vis tax invoice prepared on distinct person	If such apportionment has been accounted in the books of accounts and debited / credited to distinct person, in that case only tax liability will arise, otherwise if it used only for the purpose of costing / MIS then in our opinion, cross charge will not prevail in spite of the facts of decision of advance ruling authority in the case of M/s Cummins India Pvt. Ltd.
23	Supply to SEZ by unregistered supplier without payment of GST	Whether SEZ needs to pay GST under reverse charge mechanism till 13.10.2017. There is exemption on payment of any tax to SEZ Units and Developer for authorized operations on the reverse charge basis vide Notification No. 18/2017 IGST Rates dtd. 05.07.2017 and hence no tax is required to be paid.

Sr. No.	Particulars	Reason for issues
24	Supply to SEZ by registered supplier without payment of GST but without execution of LUT	Whether SEZ is require to pay the GST in such case? Supplier will have to discharge the GST liabilities as LUT is not executed.
25	Supply to SEZ unit / developer located at non-processing zone for operation and maintenance	Whether the supplier can avail the benefit of exemption of IGST when goods / services are supplied to be used in non-processing zone for operation and maintenance of SEZ? In our opinion, since it is not covered under authorized operations, it will not be zero rated supply. It will not be treated as supply to SEZ.
26	Supply to SEZ unit / developer located at non-processing zone for developing infrastructure	If it is for authorized operations, then only such supply will be treated as zero rated supply.
27	Receipt of goods from unregistered person prior to 13.10.2017 but accounted after 13.10.2017.	Whether GST is payable under reverse charge? In our opinion GST will be payable on reverse charge.

Sr. No.	Particulars	Reason for issues
28	Receipt of goods at prevailing rate of tax and subsequently tax rate is reduced. Return of goods against invoice - Rate of Tax ? Vis-a-vis return of goods against credit note	Since rates are different and return can be made through either credit note or tax invoice what should be the applicable & what should be the tax rate? In our opinion, in accordance with time of supply, preparation of invoice / credit note is the relevant date and tax rate is applicable on such date to be applied.
29	Credit note issued with GST - for various reasons	<p>Credit note issued for volume Discount, commission discount after sales, whether tax to be charged on credit note?</p> <p>In our opinion, Issuance of the credit note with GST i.e. reducing the tax liability will have to satisfy the following conditions:</p> <ol style="list-style-type: none">1.It should be known before time of supply.2.Recipient should reverse the ITC <p>Further, credit note can be issued with tax on or before 30th Sept of the subsequent year.. Otherwise, credit note to be issued without GST i.e. without reducing the tax liability.</p>

Sr. No.	Particulars	Reason for issues
30	Payment / facilities to employee which is not considered as part of Form 16- Treatment of gift and tracking thereof	What will be taxability of facilities/ gifts given to employees which are not covered under Form-16. In our opinion, GST will be payable on Open Market Value.
31	ITC on billing of banquet hall when separate value are available for foods and others / not available.	Input tax credit on the banquet hall charges paid is allowed where no separate value of food & other is mentioned.
32	Determination of Composite supply vis-à-vis mixed supply and rate thereof	It will be important to determine composite supply & mix-supply based on the facts and correct rate of tax will be applied accordingly.

Sr. No.	Particulars	Reason for issues
33	Determination of place of supply w.r.t. billing outside India in foreign currency in the matter of Research & Development where goods are also required but output is detailed analysis	It is important to determine place of supply and work Tax liability accordingly. Further, it should be also ensure, if the place of supply is outside India, whether it will be considered as export of service and tax liability to be worked out accordingly.
34	ITC on material not required for production like uniform, tissue paper, stationery.	<p>U/s section 17(5) tax credit related to following will not be allowed:-</p> <p>(g) goods or services or both used for personal consumption; Thus will</p> <p>a. the credit of expenses incurred on the Uniform used by the employees of the company will available to the company? How do you bifurcate that the uniform has been given to the factory workers of admin staff? If the uniform is taken by the employees to his home will it be treated as gift?</p> <p>b. Will the credit related to stationery and tissue papers, etc will be available to the company?</p> <p>Eligibility of ITC will be determined after understanding the facts of the case.</p>

Sr. No.	Particulars	Reason for issues
35	Cost of rework done on imported goods and such cost is debited to foreign supplier. GST impact on same	Place of Supply has to be ascertained and liability has to be calculated accordingly.
36	ITC on Expenses related to furniture, Electricity & fire extinguisher which can be treated as immovable property allowable or not	<p>1. ITC related to Furniture expenditure as below. How can we determine for which purpose the ply has been issued:-a. ITC of ply and other related material used by the client for creation of cabin, partition, etc., which is connecting the flooring and ceiling.</p> <p>B. Glass partition created</p> <p>c. Chairs and tables made</p> <p>d. Cupboards made for storage</p> <p>2. Fire Extinguisher - form part of building and is immovable property whether credit will be available??</p> <p>How can we decide if the value is for the system or the hand pumps?</p> <p>The answer will depend on the facts, whether such goods can be disassembled in the original form. If yes, it is the movable goods and ITC will be allowed. If no, then it is immovable property and no ITC will be allowed.</p> <p>Needles to say, wherever ITC is availed and the said amount should not be included in capitalization of such assets.</p>

Sr. No.	Particulars	Reason for issues
37	Anti profiteering clause compliance if any?	As such there is no provision in GSTR-9C and therefore this aspect need not to be looked into while finalizing GSTR-9C.
38	Car sale and Disclosure in Returns and if margin value negative, reversal of 42 & 43 to be done and valuation has to be checked	<p>If the company has sold the used motor vehicle the -</p> <ol style="list-style-type: none">1. what will be the value on which the company has to pay the tax?2. What will be the rate on which tax is to be paid?3. What will be the case if no tax is paid?4. What if the motor vehicle is sold at less than book value, should amount be reversed as per rule 42 & 43? <p>Tax liability will be determined based on the facts of the case.</p>
39	Destruction of goods acquired prior to GST regime and destroyed?	<p>The goods destroyed to be linked to the invoice of purchase and tax credit availed on the basis of the invoice to be reversed. If the company has reversed excess no need to comment on Audit Report. However, If, reversal / payment is short, then tax payable to be reported.</p>

Sr. No.	Particulars	Reason for issues
40	What %age to be applied for the removal of capital goods acquired prior to GST regime?	<p>For Capital goods pertaining to earlier regime and credit is availed of earlier tax on the same identified then 5% per quarter to be identified. The amount identified to be compared with GST applicable on such goods on transaction value and higher amount has to be paid.</p> <p>If above method is not followed necessary comments to be given in the report.</p>
41	Who should pay GST under RCM on ocean freight in case goods are imported by A and stored in bonded warehouse and later clearance is made by B for home consumption?	<p>(26) “importer”, in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner or any person holding himself out to be the importer;</p> <p>From the definition of importer, both A & B can be treated as importer in case A has not paid GST on ocean freight, then B has to pay on reverse charge basis.</p> <p>If not paid, the liability to be reported in GST Audit.</p>

Sr. No.	Particulars	Reason for issues
42	Whether ITC is required to be reversed on impairment of asset made in the books of accounts?	As per Section 17(5)(h) of CGST Act, ITC shall not be available in respect of the following namely; goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. However, it is the impairment of asset keeping in the books of account, no ITC reversal is required.
43	Whether ITC is required to be reversed on reimbursement towards sharing of exempt supplies viz; water, electricity	Being exempt supply ITC is required to be reversed. If not reversed necessary action to be taken in the audit report.
44	In case where the Company has paid IGST on export and obtained a refund. The Company's supplier had availed the benefit of Notifications referred in Rule 96 (10) of CGST Rules. Whether refund claimed is to be shown as erroneously claimed in audit report	Yes, audit report should be qualified, and appropriate disclosure should be given.

Sr. No.	Particulars	Reason for issues
45	Whether ISD Registration is compulsory? Cross Charge?	<p>There is no separate registration is required under ISD if covered under Normal Registration and tax invoice is raised for services rendered.</p> <p>As far as cross charge is concerned, when all the entities are providing taxable supply only, they are entitled for full ITC and hence whatever value is shown on invoice, will be treated as Open Market Value. However, if any distinct entity is providing taxable supply as well as exempted supply, then valuation should be based on Rule 30 i.e. Cost + 10%.</p>
46	Whether ITC needs to be reversed, in case the same is considered as per revised VAT Return in TRAN-I?	<p>Section 142 very clearly provides to avail ITC only as per original return and any differential liability / refund on account of filing revised VAT Return, even within time limit, will not have any impact on TRAN-I Return of GST and it has to be dealt with the provisions of earlier Law i.e. MVAT Act 2002 read with CST Act 1956.</p>

Sr. No.	Particulars	Reason for issues
47	ITC to be availed in March 2019 for items, which are subsequently covered in 17(5)? For prior to 1 st Feb 2019.	<p>ITC is allowed on Input & Input Services, Capital goods subject to eligibility criteria not covered under Section 17(5) of CGST Act 2017. ITC also can be taken on the strength of the following</p> <ul style="list-style-type: none">a. Goods or services are receivedb. Tax invoice is in possession <p>It is undoubtedly that, since invoice is raised prior to date 1st Feb 2019 and invoice can be raised only at the time of supply of goods or services, ITC is eligible subject to having tax invoice in possession. Further, ITC can be availed max upto 12 months from the date of invoice but not later than 30th Sept 2018 or date extended i.e. 31st March 2019. Mere late booking of tax invoice will not change basic criteria of eligibility on the date of receiving the services.</p> <p>In our opinion, if invoices are received against the goods & services received prior to 1st Feb 2019, even if booking is done subsequently, ITC will be allowed. However, ITC will be disputed and litigated by the department.</p>

Cases	Outward Supply	Taxable Value	ITC	Remarks
Free Samples and Gifts given to other than distinct entity and related person	No Supply	Nil	No ITC to be availed and reversal 42, 43 needs to be made.	Being considered as free supply.
Free Samples and Gifts given to distinct entity and related person	Supply	Valuation in accordance to Rule 28 of CGST Rules 2017.	ITC to be availed on all the inputs, input services and capital goods.	Appropriate tax to be paid.
Buy one get one free offer when goods or services are different or same	One Supply / Mixed Supply / Composite Supply as the case may be	Taxable value to be ascertained in accordance to Section 15 read with Valuation provisions. It means the price will be for composite/ mix quantity.	ITC to be availed on all the inputs, input services and capital goods.	Appropriate tax rate to be applied considering composite / mix supply (Highest rate applicable).

Cases	Outward Supply	Taxable Value	ITC	Remarks
Discounts (if shown on invoice itself) including 'Buy more, save more' offers	Supply	Valuation will be after discounts	ITC to be availed on all the inputs, input services and capital goods	Appropriate tax to be paid
Staggered Discount determined established before or at the time of supply	Supply	Valuation will be after discounts	ITC to be availed on all the inputs, input services and capital goods	Appropriate tax to be paid
Discount offered by way of Credit note after time of supply	Original Supply	Tax liability can be reduced only after ensuring recipient has reversed the ITC	-	-
Secondary Discounts offered subsequently even if not known prior to supply	Original Supplies	Value to be considered without discount and such discount offered subsequently will not reduce the tax liability	-	-

There are lot of confusion on applicability of tax on canteen and Input Tax Rate Charge by the supplier and ITC thereon. Following table will explicitly simplify the position:

Period	Applicable Notifications	From Taxpayer point of view	Comments	From canteen food provider (Outward Caterer) view	Comments
July 2017 to 14th November 2017	Notification 11/2017-CT Rate	During this period, Taxpayer has two entries which were applicable. a) Having AC facility – 18% (Sr no [iv]) b) Having Non-AC facility - 12% (Sr no [i]) Input tax credit was allowed	On the basis of this provision it is suggested to avail the input tax credit and pay outward tax as applicable to facility.	The service provider used to charge the tax at rate 18% under entry number V of the Sr 7 of the same notification i.e outdoor catering.	Although there was confusion whether the service providers falls under Sr. (i) or Sr no (v), the service providers may have opted for Sr no (V) and charged GST @ 18%.
15th November 2017 to 26th July 2018	Notification 11/2017-CT Rate as amended by 46/2017-CT	Only one entry for taxation is made wherein the tax to be charged @ 5% without ITC made.	In the same notification, explanation was added to mention that it is compulsory for restaurants / canteens to charge the tax rate @ 5% without ITC. Therefore, from this date tax to be charged @ 5% without ITC on service providers bill.	Post this amendment, some service providers started charging 5% without they availing ITC and some kept charging 18% under the outdoor catering category as it was not amended.	In our opinion, the services provider can charge tax @ 5% for this period by not availing ITC.

Period	Applicable Notifications	From Taxpayer point of view	Bizsol Comments	From canteen food provider (Outward Caterer) point of view	Comments
From 27th July 2018 till date	Notification 11/2017-CT Rate as amended by 46/2017-CT & Notification 13/2018	Same as above	Same as above	Clear explanation has been added to Sr (i) that the service providers will be part of this category and tax to be charged @ 5% without they availing ITC.	From this day onward, the service provider should compulsorily charge GST @ 5% and in case of excess charged the same can be recovered from them.



START OF THE AUDIT

ISSUES AND OPEN POINTS IN GSTR 9

Table	Issues
Table 6	Bifurcation of ITC into input, input services and capital goods. The industry has not maintained data to such an extent.
Table 6C & 6D	Bifurcation of GST paid under RCM on account of inward supplies from registered and unregistered persons in to input, input services and capital goods. The source of such data needs to be ascertained.
Table 17 & 18	Given the actual return formats the tax payers were never required to maintain HSN wise inward supplies and its quantity. Also to know which goods constitute more than 10% of total inputs, it is necessary to maintain HSN wise data for all the inputs.
Table 8A	This table compares ITC as per GSTR 2A and as per GSTR 3B. Given that GSTR 2A relating to 2017-18 was continuously updated till April 2019, it was not possible to keep track of all the inward as auto populated in GSTR 2A. Also such comparison will increase needless complexity.
Reporting base	Whether the GSTR-9 to be prepared on the basis of books of account or on the basis of detailed filed in the GSTR-1 and GSTR-3B?

GSTR9 VS GSTR9C

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

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

Form GSTR-9C

ANALYSIS OF GSTR9C

PARTS OF GSTR9C

PART A



PART B

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

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



POINT – I – GSTR9C

BASIC DETAILS

Pt. I	Basic Details	
1	Financial Year	
2	GSTIN	

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

2. Name listed in PAN could differ with ROC

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

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

- Pvt. Ltd instead of Ltd.
- Trade name is not disclosed on registration certificate.
- E.g: Indigo instead of Interglobe Aviation

4 Are you liable to audit under any Act? <<Please specify>>

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



POINT – II – GSTR9C

Reconciliation of Turnover

FOCUS OF AUDITOR

Turnover as
per Financials



Reconciliation
Adjustments



GSTS9C

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)	
---	--	--

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

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

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

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

Precautions:

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

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

Precautions:

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

The following list of documents could be obtained by the Auditor for the purpose of declaring the details of turnover under this S.No.:

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

GSTR 9C – Reconciliation of Turnover

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

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

GSTR 9C – Reconciliation of Turnover

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

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

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

GSTR 9C – Reconciliation of Turnover

D	Deemed Supply under Schedule I	(+)	
---	--------------------------------	-----	--

- Aggregate value of deemed supplies under Schedule I of the CGST Act, 2017 shall be declared here. Any deemed supply which is already part of the turnover in the audited Annual Financial Statement is not required to be included here.
- Take management representation for completeness of transaction.
- Permanent Transfer or disposal of business assets where input tax credit has been availed on such assets
- Transactions between employees
- Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:
- Supply of goods-
 - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

GSTR 9C – Reconciliation of Turnover

E	Credit note issued after the end of financial year but reflected in annual return (GSTR-9)	(+)	
---	--	-----	--

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

Notes to consider

- Information collated for Clause 5E of GSTR 9C should be thoroughly examined with necessary supporting documents furnished to trace back the Transaction in the Previous Financial Year
- Reconcile duly the transactions reported in the returns filed during previous Financial Year with corresponding Books of Accounts to check the accuracy of adjustments reported in Current Financial year for the Amendments/ Credit Notes reported as per Table 9 of GSTR I

GSTR 9C – Reconciliation of Turnover

F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
---	---	-----	--

- Clause 5F requires disclosure of trade discounts which have been given effect to, in the audited financial statements but which are not permissible as part of deductions from the value of supply under the GST Laws.
- Post sale discount – Co. has reduced turnover in books but under GST, this discount is not permissible.

Common Errors

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

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

GSTR 9C – Reconciliation of Turnover

G	Turnover from April 2017 to June 2017	(-)	
---	---------------------------------------	-----	--

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

GSTR 9C – Reconciliation of Turnover

J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)	
---	--	-----	--

Aggregate value of credit notes which have been accounted for in the audited Annual Financial Statement but were not admissible under Section 34 of the CGST Act shall be declared here.

4. Common errors

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

GSTR 9C – Reconciliation of Turnover

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

- ☐ Aggregate value of all goods supplied by SEZs to DTA units for which the DTA units have filed bill of entry shall be declared here.
- ☐ This is applicable for SEZ Unit GSTR9C.

GSTR 9C – Reconciliation of Turnover

L	Turnover for the period under composition scheme	(-)	
---	--	-----	--

- There may be cases where registered persons might have opted out of the composition scheme during the current financial year.
- Their turnover as per the audited Annual Financial Statement would include turnover both as composition taxpayer as well as normal taxpayer.
- Therefore, the turnover for which GST was paid under the composition scheme shall be declared here.
- GSTR9A for Composition

M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
---	---	-------	--

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

GSTR 9C – Reconciliation of Turnover

N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
---	--	-------	--

- 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.

GSTR 9C – Reconciliation of Turnover

O	Adjustments in turnover due to reasons not listed above	(+/-)	
---	---	-------	--

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

GSTR 9C – Reconciliation of Turnover

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

GSTR 9C – Reconciliation of Turnover

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

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

Reason of Difference can be:

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

GSTR 9C – Reconciliation of Taxable Turnover

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

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



POINT – III – GSTR9C

Reconciliation of Tax Paid

9	Reconciliation of rate wise liability and amount payable thereon						Remarks
				Tax payable			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable	
	1	2	3	4	5	6	Tax Rate wise break-up required Separate reporting for Reverse Charge
A	5%						
B	5% (RC)						
C	12%						
D	12% (RC)						
E	18%						
F	18% (RC)						
G	28%						
H	28% (RC)						
I	3%						
J	0.25%						
K	0.10%						

9	Reconciliation of rate wise liability and amount payable thereon						Remarks
			R	Tax payable			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable	
	1	2	3	4	5	6	
K	0.10%						
L	Interest						
M	Late Fee						
N	Penalty						
O	Others						
P	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>		
Q	Total amount paid as declared in Annual Return (GSTR 9)						
R	Un-reconciled payment of amount				PT 1		Differential amount to be paid

The total amount is reconciled with the amount paid in GSTR-9.

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 applicabl e
	1	2	3	4	5	6
A	5%					
B	5% (RC)					
C	12%					
D	12% (RC)					
E	18%					
F	18% (RC)					
G	28%					
H	28% (RC)					
I	3%					
J	0.25%					
K	0.10%					
L	Interest					
M	Late Fee					
N	Penalty					
O	Others					
P	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Un-reconciled payment of amount				PT 1	
10	Reasons for un-reconciled payment of amount					
A	Reason 1		<<Text>>			
B	Reason 2		<<Text>>			
C	Reason 3		<<Text>>			

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

GSTR 3B shows less/more tax paid

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

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

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

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

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

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



POINT – III – GSTR9C

ADDITIONAL AMOUNT PAYABLE

ADDITIONAL AMOUNT PAYABLE

11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
			To be paid through Cash			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated tax	Cess, if applicable
	1	2	3	4	5	6
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					
	Others					
	(please specify)					

Rate wise incremental Tax liability will be determined in this table based on the above reconciliations.

GSTR 9C – Additional Liability

II Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)						
			To be paid through Cash			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated tax	Cess, if applicable
	1	2	3	4	5	6
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					
	Others (please specify)					



POINT – IV – GSTR9C

Reconciliation of Net Input Tax Credit

RECONCILIATION OF NET INPUT TAX CREDIT

12	Reconciliation of Net Input Tax Credit (ITC)			Remarks
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)			ITC receivable in each state wise financial statements to be mentioned in this table. TRAN-1 Credit to be reported Credit availed in subsequent years GST returns or books of accounts This will be auto populated based on 12A, 12B & 12C above.
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		<Auto>	
E	ITC claimed in Annual Return (GSTR9)			
F	Un-reconciled ITC		ITC 1	



POINT – IV – GSTR9C

Reconciliation of Input Tax Credit with
Annual Return

RECONCILIATION OF INPUT TAX CREDIT WITH ANNUAL RETURN

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			
I	(Salaries, wages, Bonus etc.)			
J	Conveyance charges			
K	Bank Charges			

RECONCILIATION OF INPUT TAX CREDIT WITH ANNUAL RETURN

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
L	Entertainment charges			
M	Stationery Expenses			
	(including postage etc.)			
	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

RECONCILIATION OF INPUT TAX CREDIT WITH ANNUAL RETURN

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



POINT – IV – GSTR9C

Auditors Recommendation on
additional liability

AUDITORS RECOMMENDATION ON ADDITIONAL LIABILITY

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%					
	Input Tax Credit					
	Interest					
	Late Fee					
	Penalty					

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 applicabl e
	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)					



POINT – V – GSTR9C

Certification Format

AUDITOR'S CERTIFICATE

- Two different format
 - GSTR-9C certified by the Statutory auditors
 - GSTR-9C certified by the professional other than statutory audit
- The difference in the wording w.r.t. examination of books of accounts.
- The audit certificate requires professional to comment on maintenance of books of accounts.
- The audit reports ends with auditors qualification or any specific comments.

Thank You..



Contact :

Manoj.malpani@bizsolindia.com

Mobile No: 99700 61039