

“WORKSHOP ON GST ANNUAL RETURN & GST AUDIT REPORT”

ORGANISED BY
THE CHAMBER OF TAX CONSULTANTS
JOINTLY WITH
THE KALYAN TAX PRACTITIONER

CA RAJIV LUTHIA

“GST AUDIT REPORT”



PRESENTED BY

 **RAJIV LUTHIA**

AN INVESTMENT IN KNOWLEDGE PAYS THE BEST RETURN

1st December, 2018

Provisions

➤ **Section 35(5) of CGST Act, 2017: (Audit)**

Every registered person whose **turnover** during a financial year exceeds the prescribed limit shall get his accounts audited by a CA or a CWA and shall submit

- A copy of audited accounts,
- The reconciliation statement u/s. 44(2) and
- such other documents in such form and manner as may be prescribed

➤ **Ingredients of GST Audit**

- Audit By CA/CWA
- File copy of Audited Accounts
- Certify & File Reconciliation Statement in Form GSTR 9C

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Forms

Form Number	Particular
Form GSTR 9	Annual Return for Normal Tax payer
Form GSTR 9A	Annual Return for composite dealer
Form GSTR 9C	
Part A	Reconciliation
Part B	Certification

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CGST Rule

➤ **Rule 80(3) of CGST Rule, 2017**

Every registered person whose **aggregate turnover** during a financial year **exceeds Rs. 2 crore** shall get his accounts audited as specified under section 35(5) and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C**, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

➤ **Section 2(13) of CGST Act**

Audit means the **examination of records, returns and other documents** maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force **to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed**, and **to assess his compliance with the provisions** of this Act or the rules made thereunder

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Provisions

➤ **Turnover (Section 35(5)) V/s Aggregate Turnover (Rule 80(3)) ??????**

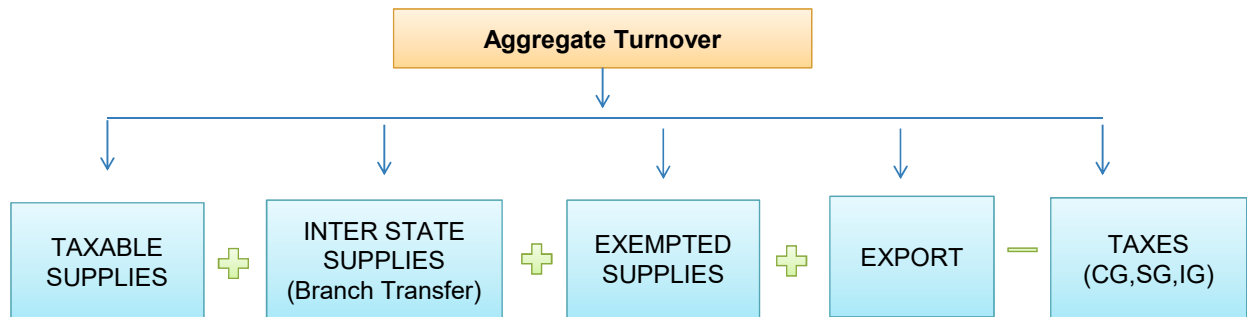
➤ **Turnover-** Not defined in the Act

➤ **Aggregate Turnover-** Section 2(6)

“**Aggregate Turnover**” means the aggregate value of all **taxable supplies** (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), **exempt supplies**, **exports** of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis **but excludes** central tax, State tax, Union territory tax, Integrated tax and cess

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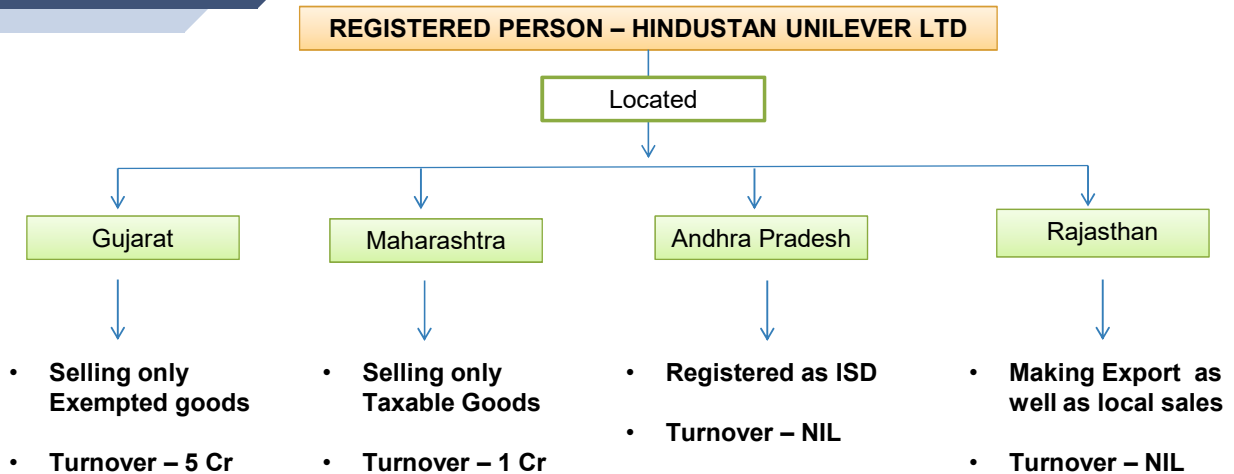
Turnover



Aggregate Turnover does not include value of inward supplies on which tax is payable under RCM

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Criteria For Audit



- In which all state will HUL require to get their records audited under GST?
- Audit of ISD??

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Example



Mr. A Sells a piece of Land for Rs. 10 crore during F.Y 2017-18



Mr. A (Registered Person) has received Rent of Rs. 80 Lakh during F.Y 2017-18 for shop. Therefore His P&L account shows receipt of Rs. 10.80 crore.

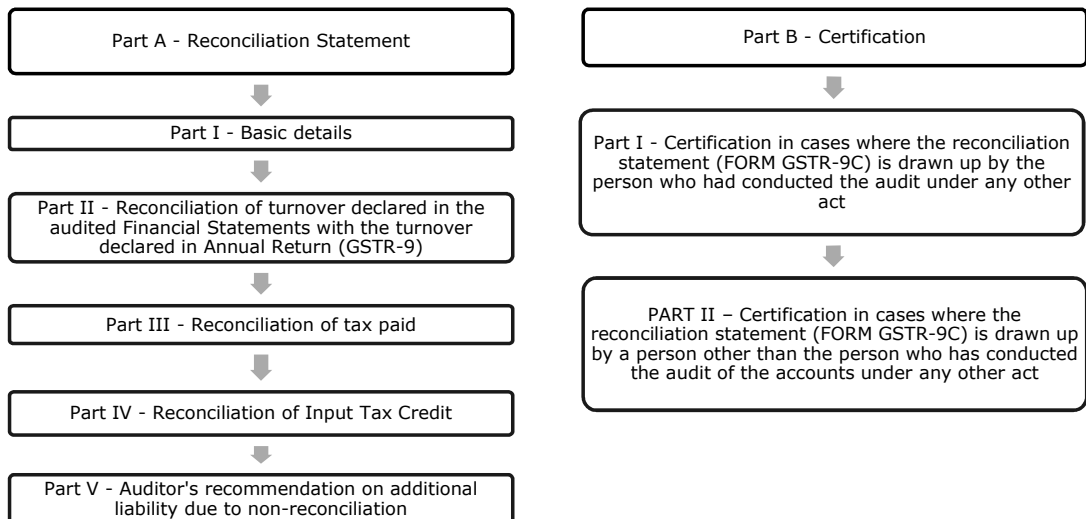
Whether Mr. A would require to get his accounts Audited under GST?

Mr. A would not require to get is Accounts audited under GST since Sale of Land is covered under Schedule III – Items which are neither supply of goods nor supply of service.

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Audit Report

GSTR 9C - Overview



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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

Pt. I	Basic Details	
1	Financial Year	July, 2017 to March, 2018
2	GSTIN	AAAPL1267C1ZD
3A	Legal Name	< Auto>
3B	Trade Name (if any)	<Auto>
4	Are you liable to audit under any Act?	<<Please specify>>

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

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)	<ul style="list-style-type: none"> • Turnover for April, 2017 to March, 2018 to be mentioned • Mention Turnover of the State as per Audited accounts • Do no include supply transaction or any other transaction except turnover in state E.g. Sale of Fixed Asset, Donation of Asset on which ITC was claimed • Do not included income from other source Such as dividend income, Recovery of bad Debts, Interest on FD etc. • <u>How to arrive at Turnover for following</u> Construction Industry, Commission Agent/Profession following Cash system of accounting ?

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

5B	Unbilled revenue at the beginning of Financial Year	(+)	<p>Example</p> <ul style="list-style-type: none"> Rental of Commercial Premises for 16th March, 2017 to 15th April, 2017 – Rs. 1 Lac In the books of F.Y 2016-17, rent income is disclosed Rs. 50,000/- based on periodicity On 16th April, 2017, Invoice raised for 1 lac Here, Rs. 50,000/- is unbilled revenue
5C	Unadjusted advances at the end of the Financial Year	(+)	<ul style="list-style-type: none"> Declare here advance received on which GST is paid but not recognised as revenue in Financial Statement

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

5D	Deemed Supply under Schedule I	(+)	<ul style="list-style-type: none"> As per Instruction annexed to audit report.....Any “Deemed supply” which is already part of “Audited Financial Statement” is not to be included here. <i>“Deemed supply” means supply without consideration which will never appear in audited financial statement</i> Stock transfer (without consideration) between 2 branches having separate GSTN Cross charge Gift to employee E.g. Sony Ltd selling TV at Rs. 40,000/- to employee whose selling price to Distributor is Rs. 1,00,000/-. Here Rs. 60,000/- is gift which will not appear in Financial Statement.
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“FORM GSTR-9C”
PART – A – Reconciliation Statement

5E	Credit Notes issued after the end of the financial year but reflected in the annual return	(+) (-)	<ul style="list-style-type: none"> Amount is to be “Reduced” as against “Added” as mention in Form Reduce the amount of credit note issued after end of year corresponding to sales made during the year & not accounted in Financial Statement
5F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	<ul style="list-style-type: none"> Trade discount accounted in books but not eligible under section 15(3) of CGST for deduction to be added here
5G	Turnover from April 2017 to June 2017	(-)	<ul style="list-style-type: none"> Reduced the turnover of April to June, 2017

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

5H	Unbilled revenue at the end of Financial Year	(-)	<ul style="list-style-type: none"> Reduce the Unbilled revenue at end of Financial year
5I	Unadjusted Advances at the beginning of the Financial Year	(-)	<ul style="list-style-type: none"> Unadjusted advances at the beginning of the year to be reduced E.g. Rs. 5 lac received as fees on March, 2017 on which ST was paid for which invoice raised on 1st August, 2017
5J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-) (+)	<ul style="list-style-type: none"> Amount is to be “ADD” as against “REDUCED” as mention in Form

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

5K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	<ul style="list-style-type: none"> This clause will be applicable only when reconciliation of SEZ is being made Aggregate value of all goods supplied by SEZ to DTA units for which the DTA units have filed bill of entry shall be declared here. DTA units places order for purchase of Goods to unit of SEZ with instruction to deliver the goods out of India. In this scenario Bill of entry in not require to be filed.
5L	Turnover for the period under composition scheme	(-)	<ul style="list-style-type: none"> Turnover for period under composition scheme to be mentioned here.

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

5M	Adjustments in turnover under section 15 and rules thereunder	(+ /-)	<p><u>Example</u></p> <ul style="list-style-type: none"> Goods sold to related party (B2C) at price lower than Market price.
5N	Adjustments in turnover due to foreign exchange fluctuations	(+ /-)	<ul style="list-style-type: none"> Adjustment of Foreign exchange fluctuations to be made here only when you have included the foreign exchange fluctuation in computing Turnover over as per Clause 5A
5O	Adjustments in turnover due to reasons not listed above	(+ /-)	

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

5P	Annual turnover after adjustments as above		<AUTO>
5Q	Turnover as declared in Annual Return (GSTR 9)		<ul style="list-style-type: none"> As mentioned in FORM GSTR 9
5R	Un-Reconciled turnover (Q – P)		

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

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

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

7	Reconciliation of Taxable Turnover	
7A	Annual turnover after adjustments (from 5P above)	<<AUTO>>
7B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	<p>Example</p> <ul style="list-style-type: none"> • <i>Petrol/Diesel</i> • Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than ` 1000/- per day”.
7C	Zero rated supplies without payment of tax	<p>Example</p> <ul style="list-style-type: none"> • <i>Supply to SEZ</i> • <i>Export of Goods /Service</i>

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

7D	Supplies on which tax is to be paid by the recipient on reverse charge basis	E.g. GST on Sponsorship service received by corporate.
7E	Taxable turnover as per adjustments above (A-B-C-D)	<<Auto>>
7F	Taxable turnover as per liability declared in Annual Return (GSTR9)	
G	Unreconciled taxable turnover (F-E)	AT2

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

PT III	Reconciliation of tax paid				
9	Reconciliation of rate wise liability and amount payable thereon				
Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
5%					
5% (RC)					

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
12%					
12% (RC)					
18%					
18% (RC)					
28%					
28% (RC)					
3%					
0.25%					
0.1%					

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
Interest					
Late Fees					
Penalty					
Others ???					
Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Total amount paid as declared in Annual Return (GSTR 9)					

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

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

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and10 above)				
Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
5%					
12%					
18%					
28%					
3%					
0.25%					
0.10%					

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
Interest					
Late Fees					
Penalty					
Others					

No column for arrears for Tax payable under RCM

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

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

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

13	Reasons for un-reconciled payment of amount	
A	Reason 1	<<TEXT>>
B	Reason 2	<<TEXT>>
C	Reason 3	<<TEXT>>

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

14	Reconciliation of ITC declared in Annual Return (GSTR 9) 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
A	Purchases			
B	Freight/Carriage			
C	Power/Fuel.... Coal			
D	Imported Goods (incl. received from SEZs)			
E	Rent & Insurance			
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples???			

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“FORM GSTR-9C”
PART – A – Reconciliation Statement

	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.)			
M	Repair and Maintenance			
N	Other Miscellaneous expenses			

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
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			
15	Reasons for un – reconciled difference in ITC			
A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

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

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

PT V	Auditor’s recommendation on additional Liability due to non-reconciliation					
	Description	Value	CGST	SGST/UGST	IGST	CESS
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.1%					
	Input Tax credit					
	Interest					
	Late fees					

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**“FORM GSTR-9C”
PART – A – Reconciliation Statement**

Description	Value	CGST	SGST/UGST	IGST	CESS
Penalty					
Any other amount paid for supplies not included in Annual Return					
Erroneous refund to be paid back					
Outstanding demands to be settled					
Other (Pl. specify)					

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VERIFICATION

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

**(Signature and stamp/Seal of the Auditor)

Place:

Name of the signatory

Membership No.....

Date:

Full address

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PART B – CERTIFICATION - I

- Balance sheet , Profit and Loss account & **Cash flow** to be examined by GST Auditor.
- Examination ????
- Cash Flow statement if not required under any law, does GST auditor is required to prepare the cash flow statement ???
- Auditor to report whether books of accounts , records & documents required under law is maintained
- Auditor has to report his observation/comments/discrepancy & inconsistency if any
- Every where in report there is **Asteric (*)** in certification ,however there are no corresponding note in the report

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List of Records to be maintained – Rule 56

- List of records to be maintained
 - Accounts of goods & service imported & exported with documentary evidence
 - Invoices/Bill of Supply
 - Delivery Challan
 - Credit note/debit note
 - **Receipt / Payment & Refund voucher**
 - Stock Register/record
 - Advance received & adjustment
 - ITC register
 - Manufacturer to keep monthly production record showing quantity of raw material, FG Etc.
- Auditor need to mention list of accounts/documents/records not maintained by assessee otherwise required by assessee

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WITH KNOWLEDGE..... WE KNOW THE WORDS,
BUT WITH EXPERIENCE..... WE KNOW THE MEANING

Thank You!

CA. RAJIV LUTHIA

R. J. LUTHIA & ASSOCIATES
CHARTERED ACCOUNTANTS

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1st December, 2018