

**GST**

**Annual Audit**

**2017-18**

K.Sriram  
K.V.R&Co.

## Agenda for Discussion

Provisions of Annual Audit

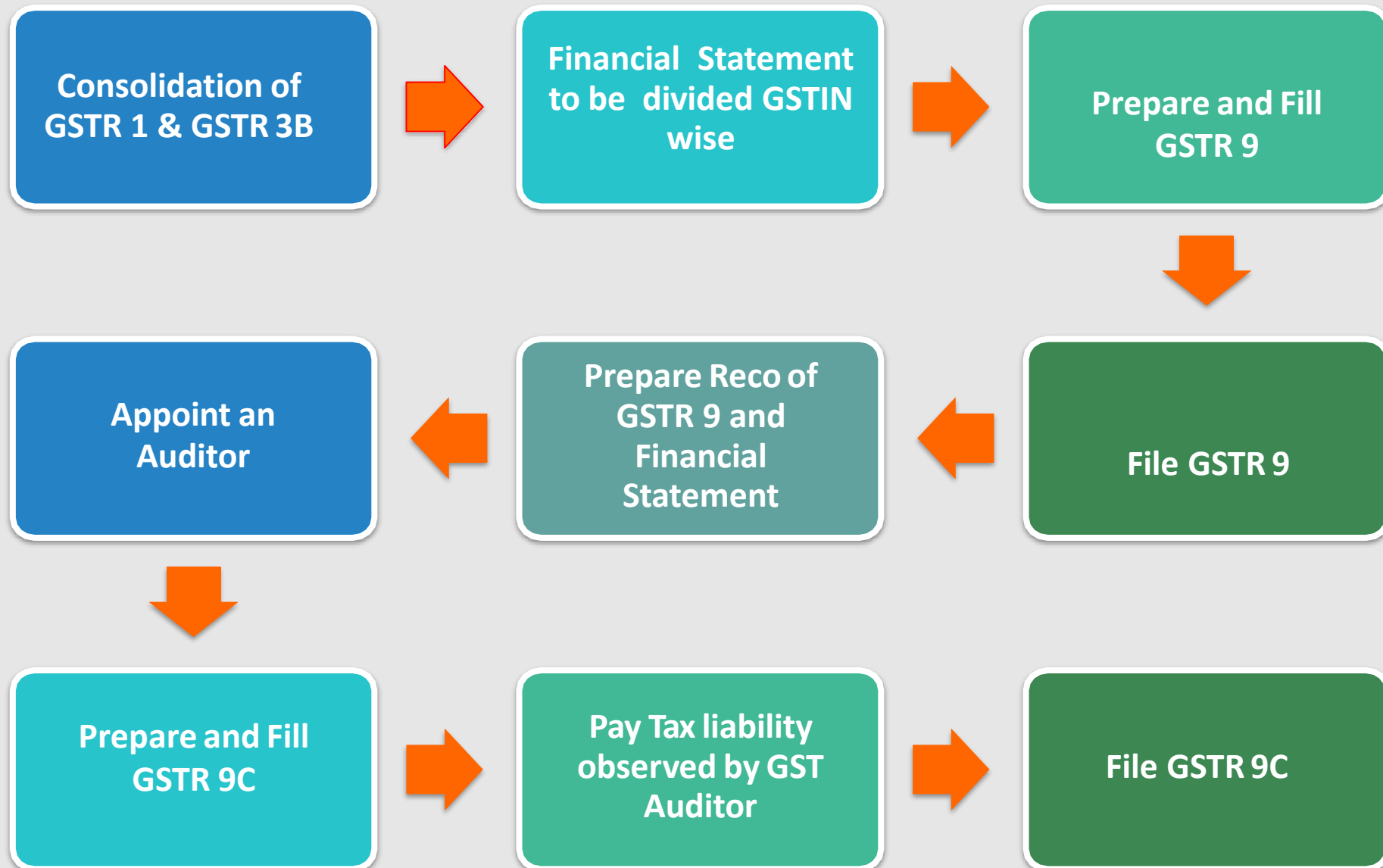
Understanding GSTR 9C

Misc

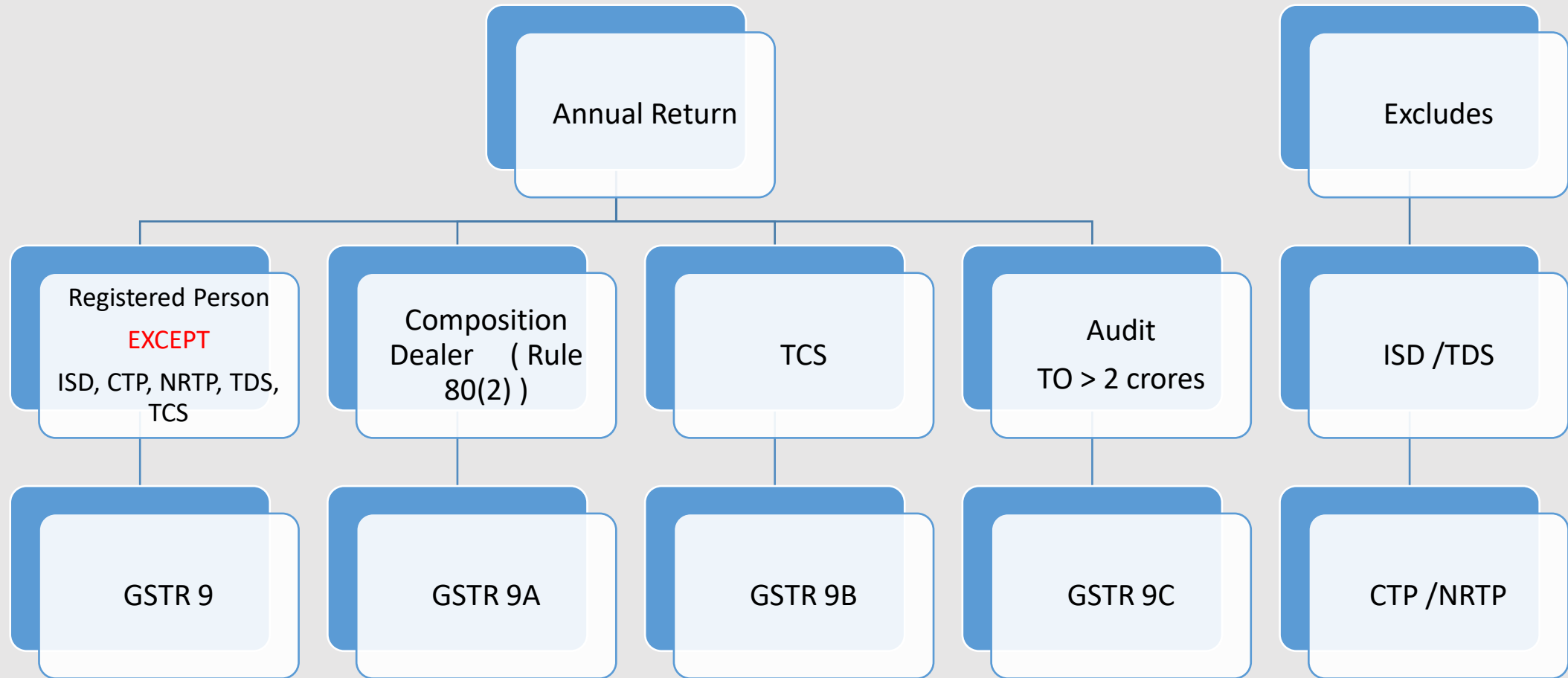
**Legal Provisions**

GST Audit

# Brief Process of Annual Return and Audit



# Annual Return – GSTR-9ABC



➤ Last date – 30 November 2019 for financial year 17-18

## Audit extension = Extension of time barring

73(10) The proper officer shall issue the order under sub-section (9) **within three years from the due date for furnishing of annual return** for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.

74 (10) The proper officer shall issue the order under sub-section (9) **within a period of five years from the due date for furnishing of annual return** for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.

# Annual Audit

- Section 35 (5) Every registered person whose **turnover** during a financial year exceeds the prescribed limit(2crores) shall get his accounts audited by a chartered accountant or a cost accountant and shall submit
  - a copy of the audited annual accounts,
  - the reconciliation statement under sub-section (2) of section 44 and
  - such other documents in such form and manner as may be prescribed
- Section 44(2) Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically,
  - the annual return under sub-section (1) along with
  - a copy of the audited annual accounts and
  - a reconciliation statement, reconciling the value of supplies declared in the return furnished
  - for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.

# Relevant Provisions

- **Rule 80 (3)** Every registered person whose **aggregate turnover** during a financial year exceeds two crore rupees shall get his **accounts audited** as specified under sub-section (5) of section 35 and he shall furnish

- a copy of audited annual accounts and
- a reconciliation statement,
- in FORM GSTR-9C, duly certified,

electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner



# What is Audit

- Section 2(13): “Audit” means :
  - examination of
    - records,
    - returns and
    - other documents maintained or
    - furnished by the taxable person
  - under this Act or rules made there under or under any other law for the time being in force
  - to verify, inter alia, 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 rules made there under

# Is the definition of Audit applicable to CA only?

The above definition is applicable for:

- Audit by a CA or CMA under section 35(5),
- Audit by the Commissioner under section 65,
- Special Audit during investigation etc under section 66.

Press Release:

Oxford Dictionary – *“a written statement about a matter of public interest which is given to the press by an organization concerned with the matter”*

# Role of an Auditor

CBIC Press Release dated 03.07.2019:

Role of chartered accountant or a cost accountant in certifying reconciliation statement *There are apprehensions that the chartered accountant or cost accountant may go beyond the books of account in their recommendations under FORM GSTR 9C* The GST Act is clear in this regard With respect to the reconciliation statement, their role is limited to reconciling the values declared in annual return FORM GSTR 9 with the audited annual accounts of the taxpayer.

The press release may not have any statutory enforcement However it may depict the intention of the government

# Is Auditors Responsibility fixed in Law/rules/form?

The instruction 7 (for Part V, auditor's recommendation) in GSTR 9C

- specify that the auditor shall;
  - a. Recommend the additional liability payable due to non-reconciliation of turnover or non-reconciliation of ITC.
  - b. Any amount payable for supplies not included in GSTR 9.
  - c. Any refund wrongly availed and to be paid back to Govt.
  - d. Other outstanding demands to be settled.
- In case of a and b above, where there is a difference in the books and annual return and the liability there on is to be recommended. With regard to c and d where there is an order to that effect and no appeal is being filed within the time limit, then the auditor may recommend for payment.

# GSTR 9C

Reconciliation Statement + Audit Report

# Form 9C

## Parts

### Part A : Reconciliation Statement

Reconciliation  
with Returns

Recommendation  
on Additional  
Liability

### Part B : Certification

B1 : Financial  
Auditor and GST  
Auditor is Same

B2 : Financial  
Auditor and GST  
Auditor are  
Different

Contents		Certification -I	Certification - II
a	Stating that I/we have examined the BS, P&L, CFS	✓	X
b	Reporting weather Books of accounts, record and documents as required under GST law are maintained or not? If not specify what is not maintained.	✓	✓
c	Reporting the observation/comments/ discrepancies / inconsistency – Refer Type 1 Certificate 3(a)	✓	X
d	Reporting whether all the relevant information and explanation are obtained? – Refer Type 1 Certificate 3(b)(A)	✓	X

Contents		Certification -I	Certification - II
e	<b>Reporting</b> whether <u>proper</u> books of accounts are maintained or not?	✓	X
f	<b>Certifying</b> that BS, P&L and CFS are in agreement with the books of account.	✓	X
g	Documents specified u/s 35(5) and Reconciliation Statement u/s 44(2) are enclosed herewith.	✓	✓
h	Expressing the <b>opinion</b> that Particulars mentioned in 9C are true and correct subject to the observation and qualifications, if any.	✓	✓



**Certification I** – The auditor shall verify whether proper books of accounts are maintained or not, state whether relevant information are obtained or not, report whether books of accounts, records and documents as required under GST law are maintained or not, certify whether BS, P&L, CFS are in agreement with the books of accounts and express opinion whether particulars mentioned in GSTR 9C are true and correct and specify the observation and qualifications, if any.

**Certification II** – The auditor shall ~~verify whether proper books of accounts are maintained or not, state whether relevant information are obtained or not,~~ report whether books of accounts, records and documents as required under GST law are maintained or not, ~~certify whether BS, P&L, CFS are in agreement with the books of accounts and~~ express opinion whether particulars mentioned in GSTR 9C are true and correct and specify the observation and qualifications, if any.

- PART – B- CERTIFICATION

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

\* I/we have examined the-

(a) balance sheet as on .....

(b) the \*profit and loss account/income and expenditure account for the period beginning from .....to ending on ....., and

(c) the cash flow statement for the period beginning from .....to ending on ....., - attached herewith, of M/s ..... (Name), ..... (Address), .....(GSTIN).

2. Based on our audit I/we report that the said registered person-

\*has maintained the books of accounts, records and documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder

\*has not maintained the following accounts/records/documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder:

1.

2.

3.

3. (a) \*I/we report the following observations/ comments / discrepancies / inconsistencies; if any:

.....

.....

3. (b) \*I/we further report that, -

(A) \*I/we have obtained all the information and explanations which, to the best of \*my/our knowledge and belief, were necessary for the purpose of the audit/ information and explanations which, to the best of \*my/our knowledge and belief, were necessary for the purpose of the audit were not provided/partially provided to us.

(B) In \*my/our opinion, proper books of account \*have/have not been kept by the registered person so far as appears from\*my/ our examination of the books.

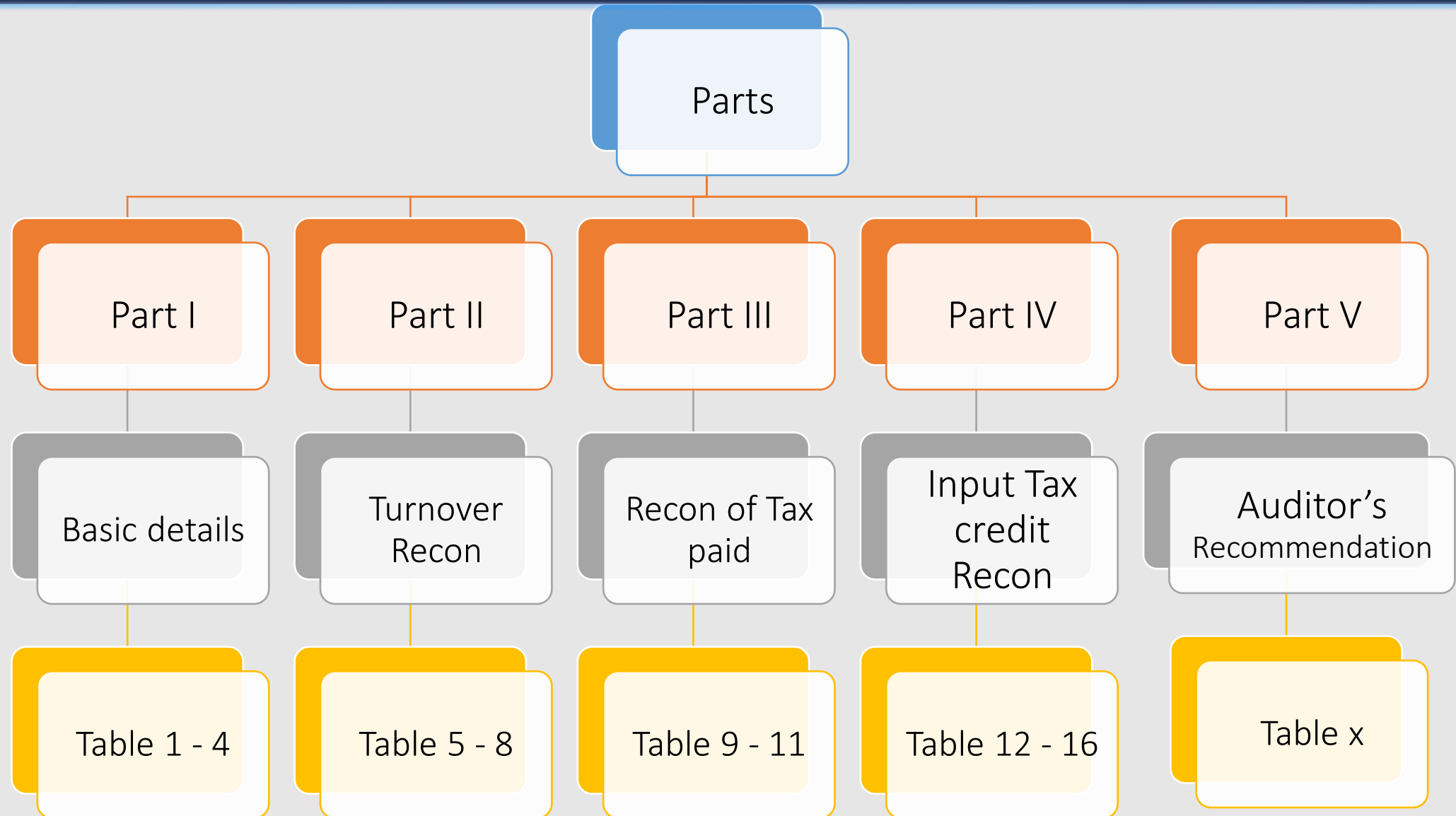
(C) I/we certify that the balance sheet, the \*profit and loss/income and expenditure account and the cash flow Statement are \*in agreement/not in agreement with the books of account maintained at the Principal place of business at .....and \*\* .....additional place of business within the State.

4. The documents required to be furnished under section 35 (5) of the CGST Act/SGST Act and Reconciliation Statement required to be furnished under section 44(2) of the CGST Act/SGST Act is annexed herewith in Form No. GSTR-9C.

5. In \*my/our opinion and to the best of \*my/our information and according to explanations given to \*me/us, the particulars given in the said Form No.GSTR-9C are true and correct subject to following observations/qualifications, if any:

(a) .....

# Reconciliation Statement – GSTR 9C Broad View 5 Parts 16 Tables



# Annual Reconciliation Format : Table 1, 2, 3 and 4

	FORM GSTR-9C 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?	

Entity can be subject to Audit under Income Tax Act 1961, Statutory Audit under Companies Act, If registered under Societies Registration Act – audit under that act

# Table 5

Reconciliation of Gross Turnover

# Annual Reconciliation Format : Table 5

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 <b>derived</b> from the audited Annual Financial Statement)	

Points to be noted:-

- 1) Sl. No. 5A is intended to report the turnover as per the audited Annual Financial Statement for a GSTIN.
- 2) Where Multiple GSTINs (State-wise) registrations exist for the same PAN. Entities would have to internally derive their GSTIN wise turnover and provide to the Auditor.
- 3) Indirect income in the form of dividend, interest, forex fluctuation, profit on sale of assets, etc. should form part of Sl.no 5A
- 4) RCM turnover not to be considered as turnover.

# Annual Reconciliation Format : Table 5

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	(+)	

Points to be noted:-

- 1) Unbilled revenue is the revenue recognized in the books of accounts before the issue of an invoice at the end of a particular period.
- 2) Accounting Standard 9 / IND AS 115 provides for recognition of revenue on full completion / partial completion of the service though the due date for issuing invoice as per contract would be on a later date.
- 3) Timing difference in recognition of revenue in books of accounts and the GST provisions.

Particulars	Amount(Rs.)
1) OP Balance of Unbilled Revenue as on 31 <sup>st</sup> March 17	XXXX
2) Less: Invoice Raised during the period April 17 to June 17	(XXXX)
3) Less: Invoice Raised during the period July 17 to March 18	(XXXX)
4) Add: Unbilled revenue recognized as on 31 <sup>st</sup> March 2018	XXXX
5) Closing Balance of unbilled revenue as on 31 <sup>st</sup> March 2018	XXXX

*Info to be obtained from Notes to accounts, Significant Accounting policies, Declaration made under 142(11)*



# Annual Reconciliation Format : Table 5

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	(+)	

Points to be noted:

- 1) When an advance is received, it is recorded as a liability in the balance sheet and would have been offered to tax under GST. Adv for goods exempt for turnover less than 1.5 cr from 13 Oct 17, Extended to all tax payers from 15 Nov 17
- 2) The scope of Part II Sl No. 5C and 5I is to make adjustment of Unadjusted Advances to Audited Financials for arriving towards the GSTR 9 turnover.

Sl.no	Particulars	Reason
1	Advances recd for services as on 31 Mar 18	Include in 5C as revenue not recog in books, GST paid
2	Advances recd for goods before 15 nov, but supply not done before Mar 18	Include in 5C as revenue not recog in books, GST paid
3	Advance received for exempted services on 31 Mar 18	Not to include in 5C as GST is not paid
4	Advance received for goods after 15 Nov 17	Not to include in 5C as GST is not paid
5	Deposits /Financial Advances	Not to be included as GST is not applicable

# Annual Reconciliation Format : Table 5

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	(+)	

## Points to be noted:

- 1) Seeks to cover aggregate value of four classes of deemed supplies transactions specified under Schedule 1
- 2) Any deemed supply already part of audited financial statements should not be reported again in 5D
- 3) No particular reporting of deemed supply in returns – info to be obtained from Eway bills, Delivery Challans, Fixed asset schedule, stock records etc

# Annual Reconciliation Format : Table 5

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

## Extract of Sec 15(3) of the Act

“(3) The value of the supply shall not include any discount which is given—

(a) before or at the time of the supply if such discount has been **duly recorded in the invoice** issued in respect of such supply;

and

(b) after the supply has been effected, if—

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

# Annual Reconciliation Format : Table 5

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	(-)	

## Points to be noted:

- 1) The returns filed under the Excise Laws, State Level VAT Laws, and the Finance Act, 1994 (service tax returns) examined with invoices, gate passes, lorry receipts and entries made in the books of accounts to be verified.
- 2) **For goods** - Cut off procedures in the form of physical verification of Goods in Stock on 30.6.2017 with corresponding invoices / delivery challans / e-way bills (under the erstwhile laws)
- 3) **For Services** – Adv recd in A 17 to J17 Services are provided on or after Jul 17 – Forms part of A17 to J 17 since the said consideration is liable to service tax as advances on receipt basis and not liable to the GST as per S.142(11)(b) though services are provided on or after Jul 17.

Services completed in A17 to J17, for which invoices have been issued after 30.7.2017, are to be included in turnover for the period April 2017 to June 2017 as per Rule 3 of the Clause of taxation Rules, 2011 of the Service tax Regulations. The aforesaid services would be liable to service tax and not GST as per Section 142(11)(b) of the CGST/ SGST Act.

# Annual Reconciliation Format : Table 5

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
<b>5</b>	Reconciliation of Gross Turnover		
<b>H</b>	Unbilled revenue at the end of Financial Year	(-)	
<b>I</b>	Unadjusted Advances at the beginning of the Financial Year	(-)	
<b>J</b>	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)	

## GST credit note vs Financial credit note

- (a) M/s ABC and Co. supplies goods on credit to the customer Mr. A for Rs.100,000 [applicable GST 18%]. Mr. A pays the supply value much before the credit period and in turn requests the supplier to extend a cash discount of 2%. Cash discount extended at 2% shall be a Non-GST Credit note
- (b) Turnover discount of Rs.50, 000/ issued by way of Credit Notes issued by the supplier during August 2017 wherein the supplier has not reduced the tax rates.
- (c) Quantity discounts of Rs. 10000/- issued by way of Credit Notes without tax impact.

# Annual Reconciliation Format : Table 5

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

Points to be noted:

- 1) Aggregate value of all the goods supplied by SEZs to DTA units for which the DTA units have filed the bill of entry shall be declared here.
- 2) Such outward supplies are not required to be reported by SEZ units in their GST Returns and hence the data cannot be retrieved from the returns filed by such SEZ units.
- 3) There may be cases where Registered Persons might have opted out of the composition scheme during the 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 under this Sl. No. 5L.

# Annual Reconciliation Format : Table 5

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
<b>5</b>	Reconciliation of Gross Turnover		
<b>M</b>	Adjustments in turnover under section 15 and rules thereunder	(+) /(-)	
<b>N</b>	Adjustments in turnover due to foreign exchange fluctuations	(+) /(-)	
<b>O</b>	Adjustments in turnover due to reasons not listed above	(+) /(-)	
<b>P</b>	Annual turnover after adjustments as above		<Auto>
<b>Q</b>	Turnover as declared in Annual Return (GSTR9) (5N)		
<b>R</b>	Un-Reconciled turnover (Q - P)		<b>AT1</b>



Value of Exported Goods – 1000\$

- CBEC Notified rate – Rs. 65
- RBI Reference rate –Rs. 68
- At the time of receiving money, the bank exchanged the foreign currency at Rs. 70
- Difference in revenue-  $1000 \times 3(68-65) = 3000$
- Difference in settlement –  $1000 \times 2(70-68) = 2000$

# Table 6

Reasons for Un-Reconciled difference in Annual Gross Turnover

# Annual Reconciliation Format : Table 6

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	Revaluation of investments- An amount of Rs.1.5 cores has been recorded in the books on account of revaluation of Investments as per AS, mere revaluation of investments does not amount to supply under Sec 7 and would not be liable to tax under GST	<Text>
B	Reason 2	<Text>
C	Reason 3	<Text>

# Table 7

Reconciliation of Taxable Turnover

# Annual Reconciliation Format : Table 7

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	
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)	

# Annual Reconciliation Format : Table 8

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	Reasons mentioned in table 6 would have to be repeated in table 8	<Text>
B	Reason 2	<Text>
C	Reason 3	<Text>

# Table 9

Reconciliation of rate wise liability and amount payable thereon

# Annual Reconciliation Format : Table 9

Pt. III	Reconciliation of tax paid					
			(Amount in ₹ in all tables)			
	Description	Taxable Value	Central Tax	SGST/UTGST	Integrated Tax	Cess
	1	2	3	4	5	6
9	Reconciliation of rate wise liability and amount payable thereon					
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%					



# Annual Reconciliation Format : Table 9

Pt. III	Reconciliation of tax paid					
			(Amount in ₹ in all tables)			
	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
<b>9</b>	Reconciliation of rate wise liability and amount payable thereon					
<b>L</b>	Interest					
<b>M</b>	Late Fees					
<b>N</b>	Penalty					
<b>O</b>	Others					
<b>P</b>	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
<b>Q</b>	Total amount paid as declared in Annual Return (GSTR 9)					
<b>R</b>	Un-reconciled payment of amount			<b>PT 1</b>		

# Annual Reconciliation Format : Table 10

Pt. III	Reconciliation of tax paid	
10	Reasons for un-reconciled payment of amount	
A	Reason 1	<Text>
B	Reason 2	<Text>
C	Reason 3	<Text>

# Annual Reconciliation Format : Table 11

Pt. III	Reconciliation of tax paid					
			(Amount in ₹ in all tables)			
	Description	Taxable Value	Central Tax	Stat T/U T	IGST	Cess
	1	2	3	4	5	6
11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
	5%		Any amount which is payable due to reasons specified under <b>Table 6, 8 and 10</b> above shall be declared here.			
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					

# Table 12

Reconciliation of Net Input Tax Credit (ITC)

# Annual Reconciliation Format : Table 12

Pt. IV	Reconciliation of Input Tax Credit (ITC)		
<b>12</b>	Reconciliation of Net Input Tax Credit (ITC)		
<b>A</b>	ITC availed as per audited Annual Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from books of accounts) (-)		
<b>B</b>	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	It is important to be noted that Tran Credit should be a reported in 12B
<b>C</b>	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	The figure mentioned here, should match with table 8 and 12 of GSTR9
<b>D</b>	ITC availed as per audited financial statements or books of account		<Auto>
<b>E</b>	ITC claimed in Annual Return (GSTR9)		
<b>F</b>	Un-reconciled ITC		<b>ITC 1</b>

## Annual Reconciliation Format : Table 13

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
13	Reasons for un-reconciled difference in ITC	
A	Reason 1	<Text>
B	Reason 2	<Text>
C	Reason 3	<Text>







# Annual Reconciliation Format : Table 14

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

# Annual Reconciliation Format : Table 14

Pt. IV	Reconciliation of Input Tax Credit (ITC)			
			(Amount in ₹ in all tables)	
	Description	Value	Amount of Total ITC	Amount of Eligible ITC
	1	2	3	4
<b>14</b>	Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account			
<b>J</b>	Bank Charges			
<b>K</b>	Entertainment charges			
<b>L</b>	Stationery Expenses (including postage etc.)			
<b>M</b>	Repair and Maintenance			
<b>N</b>	Other Miscellaneous expenses			
<b>O</b>	<b>Capital goods</b>			
<b>P</b>	Any other expense 1			
<b>Q</b>	Any other expense 2			
<b>R</b>	Total amount of eligible ITC availed			<Auto>
<b>S</b>	ITC claimed in Annual Return (GSTR9)			
<b>T</b>	Un-reconciled ITC			<b>ITC 2</b>

## Annual Reconciliation Format : Table 15

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
15	Reasons for un-reconciled difference in ITC	
A	If tran Credit is availed the same would be a reconciliation item in T15	<Text>
B	Reason 2	<Text>
C	Reason 3	<Text>

# Annual Reconciliation Format : Table 16

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
<b>16</b>	Reasons for un-reconciled difference in ITC	
	Description	Amount Payable
	Central Tax	Any amount which is payable due to reasons specified in <b>Table 13 and 15</b> above shall be declared here.
	State/UT Tax	
	Integrated Tax	
	Cess	
	Interest	
	Penalty	

# Annual Reconciliation Format : Auditor's Recommendation

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			(Amount in ₹ in all tables)			
	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					

# Annual Reconciliation Format : Auditor's Recommendation

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			(Amount in ₹ in all tables)			
	Description	Value	Central tax	State tax / UT tax	Integrated tax	Cess, if applicable
	1	2	3	4	5	6
	Penalty					
	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)					

## Annual Reconciliation Format : Verification

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 .....

- **35. (1)** Every registered person shall keep and maintain, at his principal place of business,
- as mentioned in the certificate of registration, a true and correct account of—
- (a) production or manufacture of goods;
- (b) inward and outward supply of goods or services or both;
- (c) stock of goods;
- (d) input tax credit availed;
- (e) output tax payable and paid; and
- (f) such other particulars as may be prescribed:
- Provided that where more than one place of business is specified in the certificate of
- registration, the accounts relating to each place of business shall be kept at such places of business:
- Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.



- Account of goods / services imported or exported
- Supplies liable for RCM with relevant documents
- Invoices / BOS / DC / CN / DN / Self invoices
- Receipt vouchers / payment vouchers / refund vouchers
- Stock details of inward, issue, outward, lost, stolen, destroyed, written off or disposed as gift, free sample, scrap / wastage to be kept
- Name, complete address of suppliers and customers
- Complete details of places including documents where goods are stored. If not maintained, goods in such places are deemed to be supplied
- Entry in registers / accounts / documents - Not to be erased, effaced or overwritten
- Incorrect entries - Score out under attestation

- Manufacturer to maintain monthly production accounts with quantitative details of production, waste etc.
- Service providers to maintain details of **goods used in services**
- Any manual book to be serially numbered

- **Electronic record requirements**

- If electronic, maintain log of every entry edited / deleted
- If records are electronic, then authentication by digital signature
- Proper back up needed
- On demand, password of files, files, explanation for codes to be provided
- Detailed record of stock to be maintained at godowns / warehouse as well

## Issues for discussion

- How to disclose dividend?
- How to disclose Interest ? Is Rule 42 applicable for int?
- Certain incomes are Set off against Expenditure, example - transportation etc, how the same should be disclosed in Gstr9C?
- Treatment for Sale of assets?
- Proprietor only maintaining books of accounts for business receives Rent, not recorded in business financials, how to disclose the same in 9c?
- Purchase return shown as sale, Sales return shown as purchases? If sales returns are more than sales, how to adjust in monthly returns?
- GST credit notes received by ITC not reversed? how to disclose in GSTR9c?
- How to disclose Excess availment of credit?
- How to disclose short availment of credit?

- If supplies are made under CTP? How to disclose the same ?
- ITC on input was wrongly expensed out in the books but correctly taken in GSTR 3B. How to report in GSTR 9C? What if the goods are capital goods
- Stock is written off in the books of accounts, no reversal is made in the GSTR 3B. Any reporting requirement in GSTR 9C?
- The dealer has issued credit note pertaining to 17-18 in March 18 but left out to be reported in March 18 and has reported in January 19. Removal of Difficulty Order 2 does not refer to section 34 pertaining to Credit notes. What treatment should the auditor give to such transaction? Following the Press Release of 3rd July specifying the role of auditor as mere reconciliator, whether auditor can allow the adjustment, same being as per books and reported in Annual Return Part V-Table 11.

RCM liability not discharged and not reported under GSTR – 3B for the year 2017-18. How should the disclosure for RCM liability be made in following scenarios:

RCM paid in the year 2018-19 and ITC claimed in 2018-19

RCM paid in the year 2019-20 and ITC not claimed

RCM paid in the year 2019-20 and ITC claimed



Thank You

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