



**THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA
SOUTHERN INDIA REGIONAL COUNCIL**
(Set up by an Act of Parliament)
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GST Annual Return and Audit

Practical Issues

Metro Conference, Chennai

January 21 2020

GSTR 9/ 9C?

- Is it necessary for 31.03.2018?
- Data. Information.

GSTR 9

- Source of data?
- Status of 3B as a return
- DRC- 03 challan

Issues in GSTR 9/9C

- Both the forms serve different purposes.
- Input Tax Credit (ITC) pre-loaded in table 8A of Form GSTR - 9 mismatch with the figures visible in their form GSTR 2A.
 - 2A is like a current account
 - Delay in filing GSTR-1
 - Tax invoices of expenses in other States

Proceed to file

- Compute liability has to be used first
- Draft GSTR 9 to be previewed
- Proceed to file

November 14th changes. GSTR 9

- The registered person shall have an option to fill exempted, nil rated and Non-GST supply on consolidated basis under serial no. 5D 'exempted' row only.
- ITC bifurcation into inputs, capital goods and inputs services is optional and the entire ITC can be reported in 'inputs' row only.
- Details of ITC pertaining to reverse charge received from registered and unregistered persons can be merged and reported only in 'Table 6D-Inward supplies received from registered persons liable to reverse charge on which tax is paid and ITC availed'.
- Entire amount of reversal of ITC as per Rule 37, 39, 42, 43 and Section 17(5) can now be reported under 'Table 7H - Other Reversals'.
- However, reversals on account of Tran-1 Credit (Table 7F) and Tran-2 (Table 7G) are to be mandatorily reported in respective tables and shall not be consolidated.

November 14th changes. GSTR 9

- The registered person shall have an option to not fill Table 12-Reversal of ITC availed for F.Y. 2017-18 and F.Y. 2018-19 and Table 13-ITC availed for the F.Y. 2017-18 and F.Y. 2018-19.
- It is not mandatory for the registered persons to fill in the particulars of demands and refunds in Table 15.
- Requirement to furnish information on supplies received from composition taxpayers, deemed supply under Section 143 and goods sent on approval basis in Table 16 has been made optional.
- It is not mandatory to furnish HSN wise summary of outward and supplies under Table 17 and Table 18 respectively.
- The registered person shall have an option to upload the details for other ITC related information in Table 8A to Table 8D duly signed, in PDF format in *Form* GSTR-9C (without the CA certification).

Issues GSTR 9

- Multiple GSTIN's. Consolidated TB.
- Data will have to be extracted.

9C

- Is it an audit or a reco?
- Reco
- Use Excel version 2007 and above
- Membership number not to be prefixed with 0

ITC

Table 12: Reconciliation of Input Tax Credit (ITC)

PART IV

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)		After Reversal etc. Net Figure
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	TRAN-1 Credit
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	ITC of 1718 claimed in 1819
D	ITC availed as per audited financial statements or books of account		<Auto>
E	ITC claimed in Annual Return (GSTR9)		7J of GSTR-9
F	Un-reconciled ITC	12D-12E	ITC 1

ITC

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	
A	Purchases	AS per Books		As determined by Auditor
B	Freight / Carriage			
C	Power and Fuel			
D	Imported goods (Including received from SEZs)		AS per Books	
E	Rent and Insurance			Source ITC Register
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
G	Royalties	Qua GSTIN		Excluding Block Credit
H	Employees' Cost (Salaries, wages, Bonus etc.)			
I	Conveyance charges			What about ITC Reversal?
J	Bank Charges			
K	Entertainment charges			
L	Stationery Expenses (including postage etc.)			
M	Repair and Maintenance	No bifurcation of CGST / SGST / IGST ?? How to recommend tax payment ??		

ITC

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		

November 14 changes..9C

- Cash Flow Optional
- True and fair vs true and correct
- ITC Reco in Table 14 optional
- Net ITC Reco in Table 12 optional
- While preparing Reconciliation of Gross Turnover in Table 5, it would be optional to not fill unbilled revenue, unadjusted advances and other few entries. If there are any adjustments required to be reported then the same may be reported in 'Table 5O - Adjustments in turnover due to reasons not listed above'.

Most used line item in 9C

Residuary Head

50	Adjustments in turnover due to reasons not listed above (Residuary but not balancing figure)	(+/-)	XXXX
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Few examples for 50:

- Canteen Recovery / Notice Pay recovery from employee.
- Sale of Capital Goods.
- Goods sent to job worker not received back within period of 1/3 years and such lapses were identified by Auditor.
- Builder 1/3 Land deduction
- Method of Accounting V/s TOS
- Sch III Supplies e.g. Land and Building after OC
- Non GST item like Petroleum Products
- Barter
- Goods Sent on Approval > 6 months. Deemed Sale
- Neither Goods / Nor Services : e.g Dividend

9C Questions

- What is turnover?
 - All income including exempt and zero-rated but not RCM payments
- Multi GSTIN entity, many state level GST Auditors, how to ensure Turnover as declared in Table 5 matches with Audited financial statement ?
- MRL from Management “Sum total of Turnover as per 5A of all GSTIN = Annual Turnover as per audited financials”

9C Questions

- Client is covered only by GST Audit. Not under audit under any other statute.
- GST auditor to report based on financial statement provided by entity. This fact will have to be disclosed.

Questions

- After some struggle, 9/9C filed. Now what?
- Wait. Watch. Be prepared.

Certification

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

Verification of registered person:

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

Certification

* I/we have examined the—

(a) balance sheet as on

(b) the *profit and loss account/income and expenditure account for the period beginning fromto ending on, and

(c) the cash flow statement (if available) for the period beginning fromto 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.

Certification

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 (if available) are *in agreement/not in agreement with the books of account maintained at the Principal place of business atand **
.....additional place of business within the State.

Certification

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 fair subject to following observations/qualifications, if any:

(a)

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(b)

(c)

Thank You!

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