

GST Annual Return -9 & GSTR  
9C Documentation **WIRC** of ICAI  
on 04/05/2019

**Presented by**  
**CA Nitin Bhuta**

# Disclaimer

- **All views stated are my personal views they are not binding on WIRC/ICAI. My personal views may be correct/incorrect as they are expressed based on my understanding of the subject.**
- **All members/listeners are requested to go through tax law provisions on their own and advise their clients accordingly as each situations is peculiar in itself.**
- **All Illustrations provided are imaginary and any resemblance to any situations is purely co-incidental and without any intentions to disclose private and confidential information.**

A circular graphic with a colorful, abstract border. The border features a variety of colors including blue, yellow, orange, red, and purple, with a marbled or cellular texture. The center of the circle is white and contains the text "GST Annual Return" and "GSTR 9".

GST Annual  
Return

GSTR 9

# GST Annual Return Process

**Industry**

**Laws Applicable**

**Books of Accounts**

**Financial  
Statements**

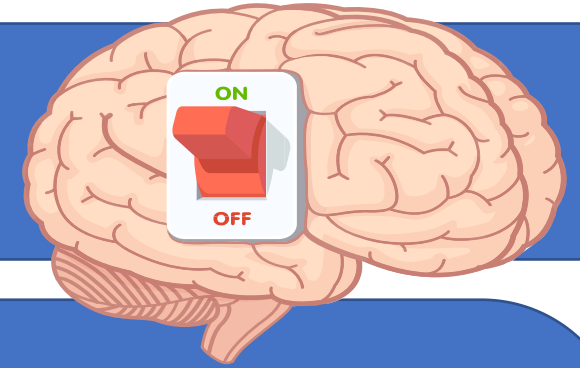
**Statutory  
Compliances**

**Scope**



GST Audit  
Form 9C

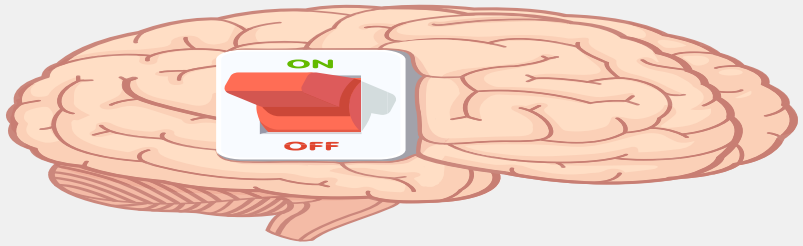
# Audit Situations



- Audit in Normal Relationships
- Wedding Examples – Ambani + Piramals , Priyanka & Nick , Ranveer and Deepika
- Sundry creditors written back on which ITC has been claimed
- Writing off Fixed Assets in the Financial Statements
- Industry – Real Estate, FMCG etc.
- Multi State GSTIN Audit Issues – Languages – determination of ITC reversals under Rule 42 & Rule 43.
- Audit opinion – Positive and Negative



# GST Audit



GST Law



Statutory Reports



Extended Business Laws



Nexus Theory



GST Audit Checklist Review



Circulars/Notification



AAR/ Old Regime precedents



Final Reporting's



# AUDIT OF BUSINESS UNITS

- **Audit Enforced by Law – Statutory Audit/Cost Audits/Tax Audit/VAT Audit/GST Audit/Society Law/Special Audits/Investigation Audits etc.**
- **Voluntary – Internal/Suo Motto/Due Diligence**
- **Banks – Stock Audit/Revenue Audits/Forensic Audit/Concurrent Audit**
- **Industry specific – Insurance , Aviation's, SEBI, Pharma-FDA etc.**
- **Any other Type of Audits**
- **GST audit is the audit driven by verification of the documentation and economic transaction values of business enterprise (including deemed supplies between Related parties and distinct persons)**

# AUDIT OF BUSINESS UNITS

- **GST audit is the audit driven by verification of the documentation and economic transaction values of business enterprise (including deemed supplies between Related parties and distinct persons)**
- **Audit report is always linked to Status of an entity**
- **Before commencing the audit one needs to understand the nature of business activities carried by the BU.**
- **PU needs to aware about the all kinds of tax compliances applicable to such BU.**
- **Audit Program needs to devised according to the sector in which such BU is operating**

# AUDIT OF BUSINESS UNITS

- **Audit Test checks ? 100% verification ? This being the first year one needs to be extra vigilant , careful in maintaining the documentation because there is convergence of Accounting, Direct Tax Law, Indirect Laws under old regime as well as new regime and all other ancillary and incidental laws applicable to BU.**
- **One needs to be clear who would be using such Reports and Financial Statements ( Stakeholders – Target audience )**
- **Considering size, volume and nature of economic activity audit needs to be conducted by using technology features as the volume of data assimilation is a Hercules task to complete the audit by 30.06.19. ( Extension ?)**

## Clause by clause analysis of form 9C (Rule 80(3)) gst audit report

- All kind of Audit report needs to be filed electronically by all RTP using EVC & DSC options on or before 30.06.19.
- It is always recommended to ask RTP to file annual return GSTR 9 first as lot of data picking will happen from GSTR 9 . Now without filing GSTR 9, 9C filing won't be initiated by the Portal.
- GSTR 9 needs to be filed by every RTP only as there is no exemption for the same.
- GSTR 9C need not be filed by most of Government authorities ( say CG, SG & Local authority)
- GSTR 9C need not be filed ISD , E Commerce operators, Composition Dealers and/or persons deducting TDS u/s 51 or 52 of the Act, CTP and NRCTP.

## Clause by clause analysis of form 9C (Rule 80(3)) gst audit report

- **All RTP and auditors filing GSTR 9C need to compile data for each GSTN wise to be reconciled with audited Financial statements of enterprise on PAN India Basis.**
- **If possible and permissible it is recommended to have individual financial statements drawn up for each GSTN wise so that consolidation of data becomes little easier for the compilation of GSTR 9 as well as GSTR 9C.**
- **Annual Financial Statements consist of Notice, Directors Report, Auditors Report, Balance Sheet, Profit and Loss Account/Income & Expenditure account, Cash Flow Statements and Notes to accounts etc.**
- **Tax Audit Reports consisting of either Form 3CA/3CD for Corporate assessee or Form 3CB/3CD for non corporate assessee. Similarly transfer pricing reports**

# Clause by Clause analysis – GSTR 9C key take aways

- **Various AARs/Notifications – Circulars issued time to time etc.**
- **While reporting or compiling information under 9C all above documents needs to be considered so that all information reported everywhere is properly reconciled For E.g.**
  - **Exports reported in FS needs to be reported in GSTR 1 as well as GSTR 3B and vice a versa**
  - **Imports reported in FS needs to be reported in GSTR 3B for the claim of ITC and vice a versa**
  - **Withholding Taxes information u/s 195 reported in Tax Audit Report clause 34**
  - **Related Party Transaction u/s 40A (2)(b) or AS 15 or Transfer Pricing adjustment reported under clause 30A etc.**
  - **Details of Branches reported in Clause 2 of Form 3CA/3CB**

# Aggregate Turnover

- Section 2(6) defines ***“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;***

The phrase “aggregate turnover” is widely used under the GST laws. Aggregate Turnover is an all-encompassing term covering all the supplies effected by a person having the same PAN.

# Aggregate Turnover

- **It specifically excludes:**
  - **Inward supplies effected by a person which are liable to tax under reverse charge mechanism; and**
  - **Various taxes under the GST law, Compensation cess.**
- **The different kinds of supplies covered are:**
- **(a) Taxable supplies;**
- **(b) Exempt Supplies:**
  - **supplies that have a 'NIL' rate of tax;**
  - **supplies that are wholly exempted from SGST, UTGST, CGST, IGST or Cess;**  
**and**
  - **supplies that are not taxable under the Act (alcoholic liquor for human consumption and articles listed in section 9(2) and in schedule III);**
- **(c) Export of goods or services or both, including zero-rated supplies.**



# Aggregate Turnover

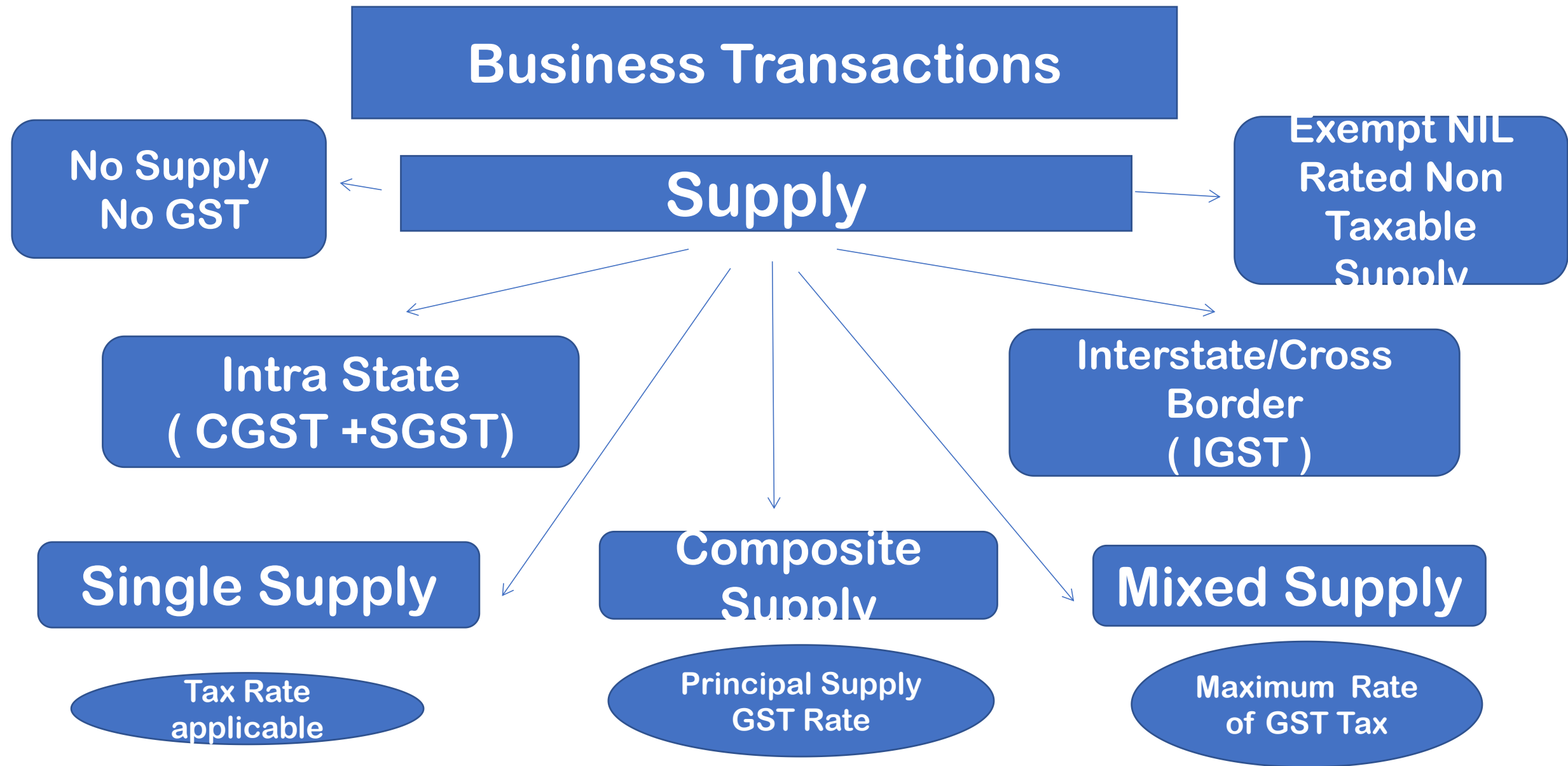
- **Points to remember:-**
- **Aggregate turnover is relevant to a person to determine:**
- **Threshold limit to opt for composition scheme: Rs. 1 Crore in other states/Rs.75 Lakhs in specified states in a financial year);**
- **Threshold limit to obtain registration under the Act: 20 Lakhs (or 10 Lakhs in case of supplies effected from Special Category States) in a financial year.**
- **GST Audit Limit of Rs.2 crores as specified u/s 35(5).**

# Aggregate Turnover

- **Inter-State supplies between units of a person with the same PAN will also form part of aggregate turnover.**
- **For an agent, the supplies made by him on behalf of all his principals would have to be considered while analysing the threshold limits.**
- **For a job-worker, the following supplies effected on completion of job work would not be included in his 'aggregate turnover':**
  - **Goods returned to the principal**
  - **Goods sent to another job worker on the instruction of the principal**
  - **Goods directly supplied from the job worker's premises (by the principal): It would be included in the 'aggregate turnover' of the principal.**

# Aggregate Turnover

SR No	Particulars	Value ( Rs. )
1	Taxable Turnover as per Financial Statements ( excluding Taxes ) B2B, B2C, Exports, SEZ , Net effect of CN/DN etc.	xxxxxx.xx
2	Value of Exempt Supply , NIL Rated Supply , Non Taxable Supplies & No Supply too	xxxxxx.xx
3	Branch Transfers ( excluding Taxes ) – such transaction would be nullified in the annual Financial statements	xxxxxx.xx
4	Transactions between Related Parties ( excluding Taxes ) – Employer and Employee where value exceeds Rs.50000	xxxxxx.xx
5	Transactions between Principal and Agent ( excluding Taxes )	xxxxxx.xx
6	Value of Cross Charges between HO & Branch and so on -such transaction would be nullified in the annual Financial statements	xxxxxx.xx
7	Total Value of Aggregate Turnover ( Sum of 1 to 6 )	xxxxxx.xx



# Composite Supply

*Section 2(30) defines “Composite supply” means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or both or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;*

*“Principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary and does not constitute, for the recipient an aim in itself, but a means for better enjoyment of the principal supply;*

Where goods are packed and transported with insurance , the supply of goods , packing materials , transport and insurance is a composite supply and supply of goods is a principle supply.

# Mixed Supply

*Section 2(74) “Mixed supply” means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply – Will attract the Highest Rate of Tax*

**Examples:** Supply of soap bars where soap boxes are given free of cost; supply of wheat for which a bottle of honey is given free of cost.

In the above example of honey being supplied with wheat, both wheat and honey will be taxed at the rate of tax applicable for honey (being commodity taxed at higher rate).

# Annual Returns –Audit Points to be considered

## Outward Supply

- Classification Issues –HSN & SAC
- POB Issues
- Incorrect Reporting
- Non Reporting
- Exempt, NIL Rated & Non Taxable Supplies
- Documents information in GSTR 1

## ITC

- Wrong claim of ITC
- Tax Invoices not auto populated in GSTR 2A
- Reversals under Rule 37,39 ,42 & 43 etc.
- Unclaimed ITC in GSTR 3B
- LUT Issues
- Nexus Theory – Table 17/18

## Tax Paid

- Wrong deposit of Tax u/s Section 77
- Wrong Deposit of Interest payable
- Non Deposit of GST , Interest, Late Fees etc.
- Payment of tax due to ITC issues

Illustrative Only

# Pillars of Annual Returns/Audit Reports

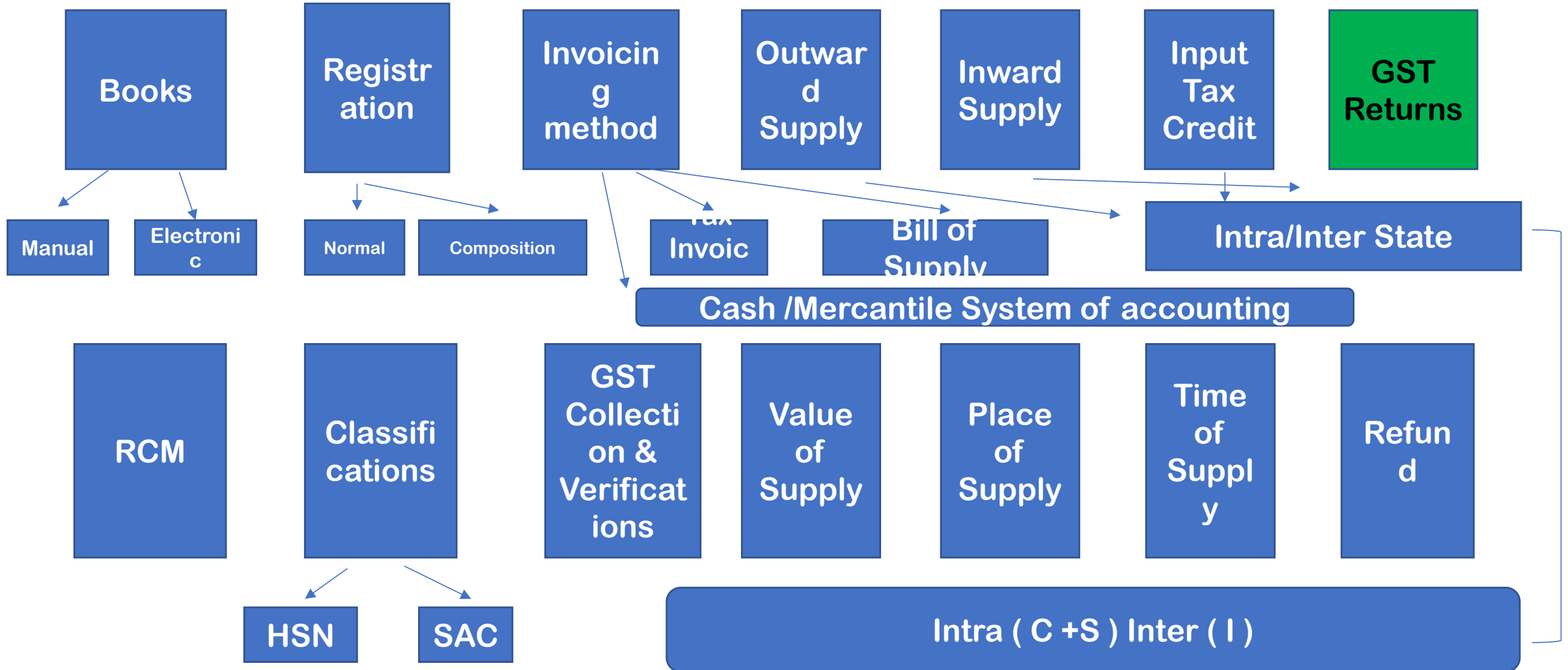
Supply  
= Taxable +  
Zero rated +  
NIL Rated +  
Exempt  
Supplies +  
Non Taxable +

Supplies =  
B2B + Imports  
of goods  
and/or  
services +  
RCM u/s  
5(3)/5(4) or

Tax Payouts =  
Gross levy  
( IGST or  
CGST+SGST or  
CGST+UTGST )  
minus ITC  
credits

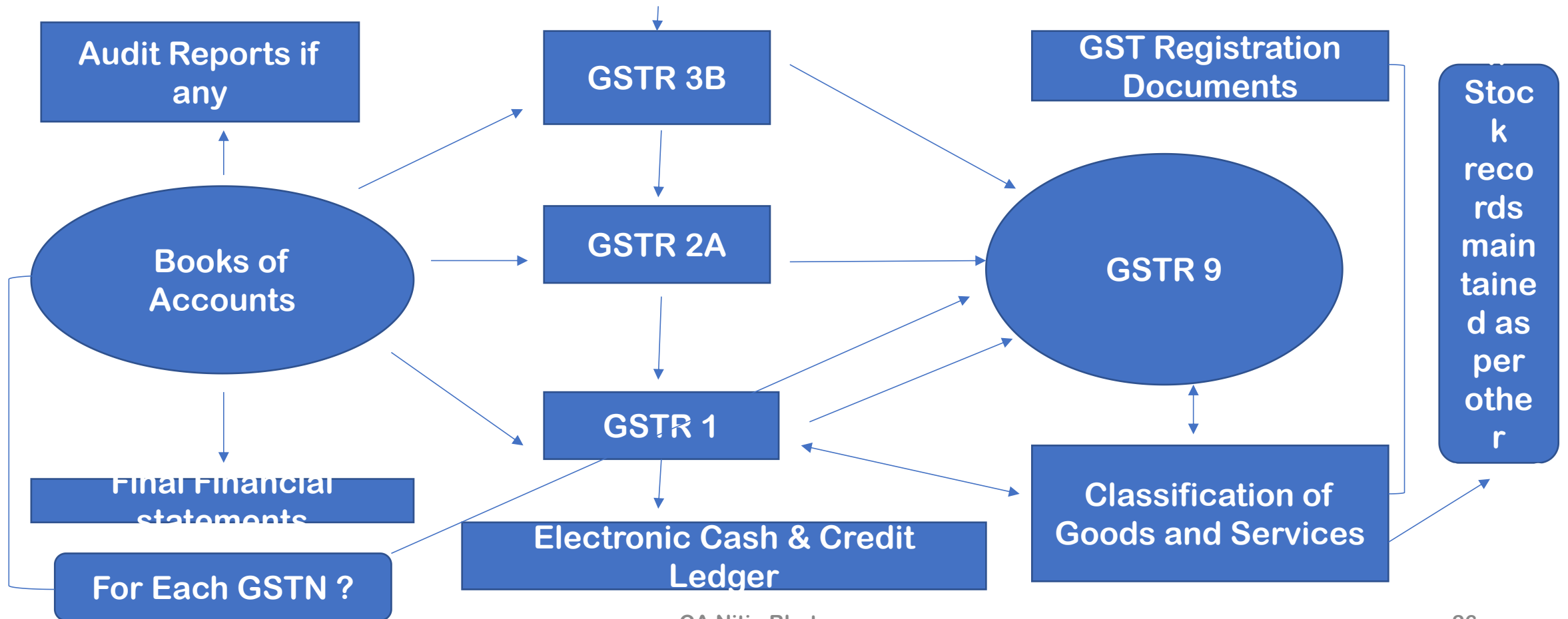


# Basic Fundamentals – GSTR 9 & GSTR 9C



# Documents to be kept ready for the filing of GSTR 9

## Output and Inward Reconciliations



# Changes introduced in Annual Returns

## Outward Supplies ( Sales )

Before

As declared in the  
Returns  
filed during FY  
to be disclosed

After

Supplies made  
during FY  
to be disclosed

# Changes introduced in Annual Returns

## Non GST Outward Supplies

Before

It does not include such transactions specifically viz. No Supply transactions

After

Such transactions now needs to be considered and reported.

# Changes introduced in Annual Returns

## Inward Supply ( Purchase )

Before

As declared in the  
Returns  
filed during FY  
to be disclosed

After

No change at all.

# Changes introduced in Annual Returns

## Option for additional liabilities

Before

No such option other than reporting

After

Now can be paid through DRC 03 using Annual Returns payouts option in cash

# Advances towards supply of goods and services

Goods

Initially GST payable on all advances

Then changes made for the RTP having a turnover of less than Rs.1.5 crores for not paying GST.

Exempted from the payment of GST for all from Nov 2017.

Services

GST Payable on all advances received towards services

# Auditing, Review and Other Standards (formerly known as AAS)

## Standards on Quality Control (SQC)

- SQC 1, “Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements”
- Announcement on Amendment to SQC 1 - Retention Period for Engagement Documentation (Working Papers)

## 200-299 General Principles and Responsibilities

- SA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
- SA 210, Agreeing the Terms of Audit Engagements
- SA 220, Quality Control for an Audit of Financial Statements
- SA 230, Audit Documentation
- SA 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements
- SA 250, Consideration of Laws and Regulations in an Audit of Financial Statements
- Revised SA 260, Communication with Those Charged with Governance
- SA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
- Revised SA 299, Joint Audit of Financial Statements



# Auditing, Review and Other Standards (formerly known as AAS)

## 300-499 Risk Assessment and Response to Assessed Risks

- SA 300, Planning an Audit of Financial Statements
- SA 315, Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment
- SA 320, Materiality in Planning and Performing an Audit
- SA 330, The Auditor's Responses to Assessed Risks
- SA 402, Audit Considerations Relating to an Entity Using a Service Organisation
- SA 450, Evaluation of Misstatements Identified During the Audit

# Auditing, Review and Other Standards (formerly known as AAS)

## 500-599 Audit Evidence

- [SA 500, Audit Evidence](#)
- [SA 501, Audit Evidence-Specific Considerations for Selected Items](#)
- [SA 505, External Confirmations](#)
- [SA 510, Initial Audit Engagements – Opening Balances](#)
- [SA 520, Analytical Procedures](#)
- [SA 530, Audit Sampling](#)
- [SA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures](#)
- [SA 550, Related Parties](#)
- [SA 560, Subsequent Events](#)
- [Revised SA 570, Going Concern](#)
- [SA 580, Written Representations](#)

# Auditing, Review and Other Standards (formerly known as AAS)

## 600-699 Using Work of Others

- [SA 600, Using the Work of Another Auditor](#)
- [Revised SA 610, Using the Work of Internal Auditors](#)
- [SA 620, Using the Work of an Auditor's Expert](#)

## 700-799 Audit Conclusions and Reporting

- [Revised SA 700, Forming an Opinion and Reporting on Financial Statements](#)
- [SA 701, Communicating Key Audit Matters in the Independent Auditor's Report](#)
- [Revised SA 705, Modifications to the Opinion in the Independent Auditor's Report](#)
- [Revised SA 706, Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report](#)
- [SA 710, Comparative Information—Corresponding Figures and Comparative Financial Statements](#)
- [Revised SA 720, The Auditor's Responsibilities Relating to Other Information](#)

# Auditing, Review and Other Standards (formerly known as AAS)

## 800-899 Specialized Areas

- SA 800, Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- SA 805, Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- SA 810, Engagements to Report on Summary Financial Statements

## 2000-2699 Standards on Review Engagements (SREs)

- SRE 2400 (Revised), Engagements to Review Historical Financial Statements
- SRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”

## Checklist of Documents to be verified ( Illustrative)

- Registration documentation
- Nature of Business activities – Goods or Services or Both
- Outward Supplies – Normal (B2B & B2C ), Export, SEZ , DN CN etc
- Inward Supplies – Regular – RCM
- Electronic Cash Ledger & Electronic Credit Ledger
- Verification of DN/CN

## Checklist of Documents to be verified ( Illustrative)

- Agreements / Purchase order / Sales Orders/Estimates/Quotation etc
- Books of accounts for each GSTN
- HSN and SAC classification
- Tax levies to be verified ( C or S or I or UTGST etc.)
- GST Returns filed & verification of summaries– GSTR 1/ GSTR 3B/GSTR 2 only for July 2017.
- GST challans with Cash Ledger
- Financial Statements, TAR, ITR and any other audit reports.

## ***Master File - One time documentation***

- Statutory Registrations records - Self-certified True copies of Certificate of Incorporation, PAN & TAN Number, GST Registration certificate, IEC Code, PT Registrations, Shops & Establishment registration, PF & ESIC Registration certificates, SEZ registrations & any other registration not listed as above.
- Copy of MOA and AOA of the Company/Partnership Deed;
- List of all authorized signatories for FY 1718;
- List of all bank accounts maintained for FY 1718 with the copy of the canceled cheque for each of the accounts.
- Name and addresses of Registered office as well as additional Place of Business/Branches etc.;
- Details of All GST Registrations

# *Master File - One time documentation*

**Supply Chain Flows**

**Business Processes**

**Agreements/IPR**

**Tax Implications**

**Nexus Theory**

**HSN and SAC  
classifications**



# *GST Compliances documentation*

**GST sections & Rules**

**Circulars/Notifications**

**Returns Compliances**

**Related Party Lists**

**Advance Ruling Copies**

**Interplay with other  
laws**

## ***Working Papers -Regular documentation for each of the Financial year***

- Information pertaining to all related parties transactions for FY 1718 ( associate companies, parent companies, directors, vendors where any of the shareholders or directors are interested, etc. Refer to AS 15 & Section 40A(2)(b) of the Income Tax Act 1961.
- Downloaded copies of GSTR 1 for FY 1718;
- Downloaded copies of GSTR 3B for FY 1718;
- Copy of LUT filed for FY 1718 along with the copy of condonation application filed manually;
- Details of month wise billings along with the details of FIRC details against each invoice;
- Details of GST paid challans along with copies of GST challans;

## ***Working Papers -Regular documentation for each of the Financial year***

- Copy of Electronic Cash Ledger for FY 1718 to be downloaded for FY 1718;
- Copy of Electronic Credit Ledger for FY 1718 to be downloaded for FY 1718;
- Copies of all Fixed Assets bills for FY 1718;
- Copies of all Foreign outward remittance certificates in Form No 15CA/15CB etc.
- Copy of Tax audit report for FY 1718 as well as Transfer pricing audit report as you have already shared audited financial statements for FY 1718 under companies act.
- Copies of ROC Returns filed for FY 1718;
- Any other details

# GST Audit Amendments

# Form GSTR 9C – changes

Before

Table 5J - CN accounted for in Annual Financial statements but are not permissible under GST.

Table 5E - CN issued after the end of the FY but reflected in the Annual Returns

Mandatory filing of R1, R3B & R 9 was not necessary.

No option to pay additional liability

After

Earlier it was to be deducted but after amendment it has been corrected now it is to be added – Conceptual error rectified

Earlier it was to be added but after amendment it has been corrected now and provided to be deducted – Conceptual error rectified

Now Mandatory filing of R1, R3B & R 9 without the same filing 9C can not be filed by any RTP.

Now additional liabilities can be paid through DRC 03 only in cash

# Form GSTR 9C – changes

Before

Taxable Turnover as per liability declared in Annual Return ( GSTR 9- Table 7F)

Source data 4N of GSTR 9 = Total Supplies + Advances made on which tax is payable as per returns filed + RCM supplies (Table 4G) but *didn't include supplies/taxes declared through amendments.*



After

Conceptual error rectified now Table 4N-4G+ ( Table 10- Table 11)

**Table 10- Supplies /Tax declared through Amendments ( net of debit notes )**

**Table 11 – Supplies/tax reduced through amendments ( net of credit notes )**

## Pausers – GSTR 9C?

- Difference of Opinion with Audit Team Members as well as with clients
- Difference of opinion due to notifications/circulars/AARs etc
- Drafting should be done meticulously to avoid any kind of litigation
- Can we reply on Management representation letters ?
- Can we say that it is not possible to verify some aspects of business transactions?

## Pausers – GSTR 9C?

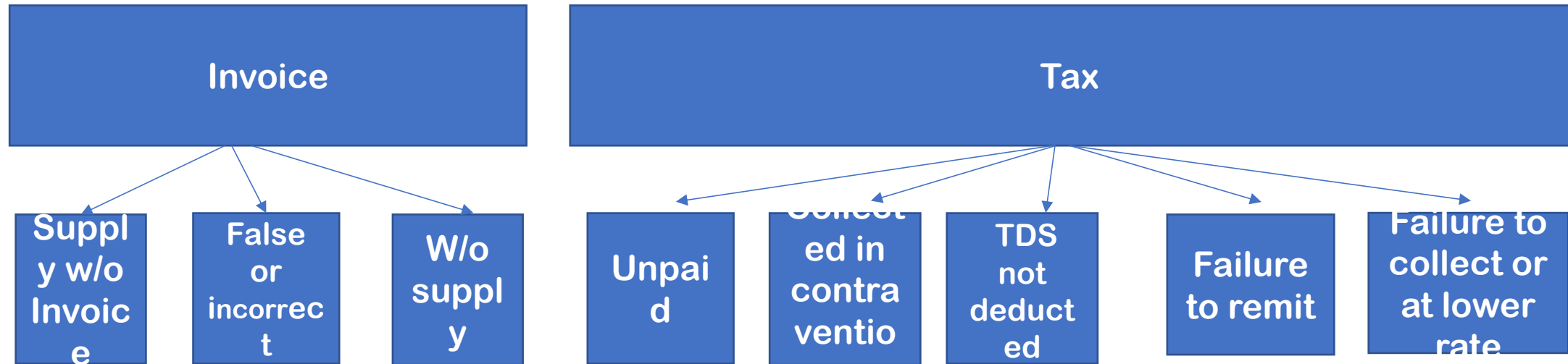
- Can we say that in some business practices are followed but they are not aligned to GST law ? So whether business practice would prevail or GST law would prevail?
- Can we say that due to shortage of staff or last minute approach by the client, there is a mistake in the audit report? Will such stand would accepted as defence?
- Can we say certain books of accounts not maintained ?
- Can we ignore the verification of RC
- Can we apply the principles of Materiality while doing attestation function?



## Pausers – GSTR 9C?

- Can we ignore the classification of goods and services of the supplies?
- Can we apply the principles of Materiality while doing attestation function?
- Do we reconcile the transactions with subsidiaries /branches or not?
- Can we say stock records not maintained under Income Tax Law and thus quantitative details not reported under GST law?
- If Client has applied against Advance Ruling so how do we report such aspect in GST Returns ?

# Some illustrative situations under section 122(1) rws 73/74



## Penalty

1. minimum Rs.10000/- 2. Tax evaded 3. Tax not deducted 4. Tax which is short deducted /collected 5. Tax collected but not paid to the Govt 6. ITC wrongly availed 7. ITC wrongly distributed by ISD 8. Fardulenet claim of refunds

Any person who aids or abets any such offence shall be liable to a penalty which may extend to Rs.25000/-

## Some illustrative situations under section 122(1) rws section 73/74

### Other Offences

```
graph TD; A[Other Offences] --> B[Tampers/destroys any material evidence or documents]; A --> C[Disposing/tampering with goods detained seized or attached];
```

Tampers/destroys any material evidence or documents

Disposing/tampering with goods detained seized or attached

### Penalty

1. minimum Rs.10000/- 2. Tax evaded 3. Tax not deducted 4. Tax which is short deducted /collected 5. Tax collected but not paid to the Govt 6. ITC wrongly availed 7. ITC wrongly distributed by ISD 8. Fardulenet claim of refunds

Any person who aids or abets any such offence shall be liable to a penalty which may extend to Rs.25000/-

# Reconciliation OF TURNOVER DECLARED IN AUDITED FINANCIAL STATEMENTS WITH TURNOVER DECLARED IN ANNUAL RETURN (GST R -9) – HOW TO CHECK AND ARRIVE?

## What do we check ?

- **GSTR 1 V. Books**
- **GSTR 3B V. GSTR 1**
- **GSTR 3B V. GSTR 2A**
- **GSTR 2A V. Books**
- **Re-cast, Reclassify and reverify the data and re-reconcile again**

## Why do we check?

- **Shortlist the errors or deviations**
- **Prepare the reconciliations**
- **If exercise is done early then economic outflow on account of Interest can be mitigated**

## How do we interpret such checks?

- **Comparison of all Tables**
- **Conclude which figures/data are accurate**
- **Draw up the reconciliations.**

Reconciliation OF TURNOVER DECLARED IN AUDITED FINANCIAL STATEMENTS  
WITH TURNOVER DECLARED IN ANNUAL RETURN (GSTR -9) – ILLUSTRATIVE  
Mismatch REASONS / DEVIATIONS

### **Outward Supplies**

- **Outward Invoices not recorded – OTL will go up**
- **Non recording of CN/DN**
- **Duplication of Invoices , DN & CN**
- **Non Reporting of Exempt, Nil Rated & Non GST Supplies**
- **Taxable supply considered as exempt supply and vice versa**
- **Export Turnover being Zero Rated having no impact on OTL not reported in the returns.**

### **Inward Supplies**

- **Inward Invoices not recorded – OTL will go down**
- **Non recording of CN/DN**
- **Duplication of Invoices , DN & CN**
- **Non Reporting of Exempt, Nil Rated & Non GST Supplies**
- **Taxable supply considered as exempt supply and vice versa**
- **Incorrect upload of Invoices by the Vendors ( including Non GST Invoices )**

# Reconciliation OF TURNOVER DECLARED IN AUDITED FINANCIAL STATEMENTS WITH TURNOVER DECLARED IN ANNUAL RETURN (GSTR -9) – ILLUSTRATIVE Mismatch REASONS / DEVIATIONS

## **Outward Supplies**

- **Incorrect reporting of Exempt supplies under Zero Rated supplies**
- **Non compliance – 5(3) 5(4) 9(3) & 9(4)**
- **Non Reporting of Non GST Outward Supplies**
- **Incorrect /wrong Reporting of Non GST Outward Supplies**
- **RCM accounting entries /closing entries not passed.**
- **Typo Errors while filing GSTR 3B**
- **Incorrect Discount treatments**

## **Inward Supplies**

- **Incorrect reporting of Exempt supplies under Zero Rated supplies**
- **Non compliance – 5(3) 5(4) 9(3) & 9(4)**
- **Non Reporting of Non GST Outward Supplies**
- **Incorrect /wrong Reporting of Non GST Outward Supplies**
- **RCM accounting entries /closing entries not passed.**
- **Typo Errors while filing GSTR 3B**
- **Incorrect Discount treatments**
- **Reversals under Rule 37 -16(2) Rule 42 & Rule 43 not done.**
- **Re availment of ITC under 16(2)**

Reconciliation OF TURNOVER DECLARED IN AUDITED FINANCIAL STATEMENTS  
WITH TURNOVER DECLARED IN ANNUAL RETURN (GSTR -9) – ILLUSTRATIVE  
Mismatch REASONS / DEVIATIONS

### **Outward Supplies**

- **Typical errors in invoices**
  - **GSTIN Number**
  - **Invoice No**
  - **Invoice Date**
  - **Invoice value – Gross/Net**
  - **Rate**
  - **Taxable Value**
  - **IGST/CGST/SGST/UTGST/Cess**
  - **Place of Supply**

### **Inward Supplies**

- **Typical errors in invoices**
  - **GSTIN Number**
  - **Invoice No**
  - **Invoice Date**
  - **Invoice value – Gross/Net**
  - **Rate**
  - **Taxable Value**
  - **IGST/CGST/SGST/UTGST/Ce  
ss**
  - **Place of Supply**

# Reasons for un-reconciled payment of amount

## GSTR 3B deviations (+/-)

- GSTR 1 matches with AFS w.r. to tax payable ( value )
  - GSTR 3B shows differently from the books of accounts
- Reported in Part V – A u d i t o r s recommendation of additional tax liabilities

## GSTR 1=GSTR 3B but mismatch with AFS

- 3B=R1
- But mismatches with AFS
- Captured in Table 10- reasons for unreconciled payment

## GSTR 1=AFS & GSTR 3B but tax levy don't match

- Taxable value of 3B = Value of GSTR 1
- Tax payable as self assessed in GSTR 3B is different from reported in GSTR 1
- Captured in Table 10- reasons for unreconciled payment



## Comparison between GSTR 9 & GSTR 9C

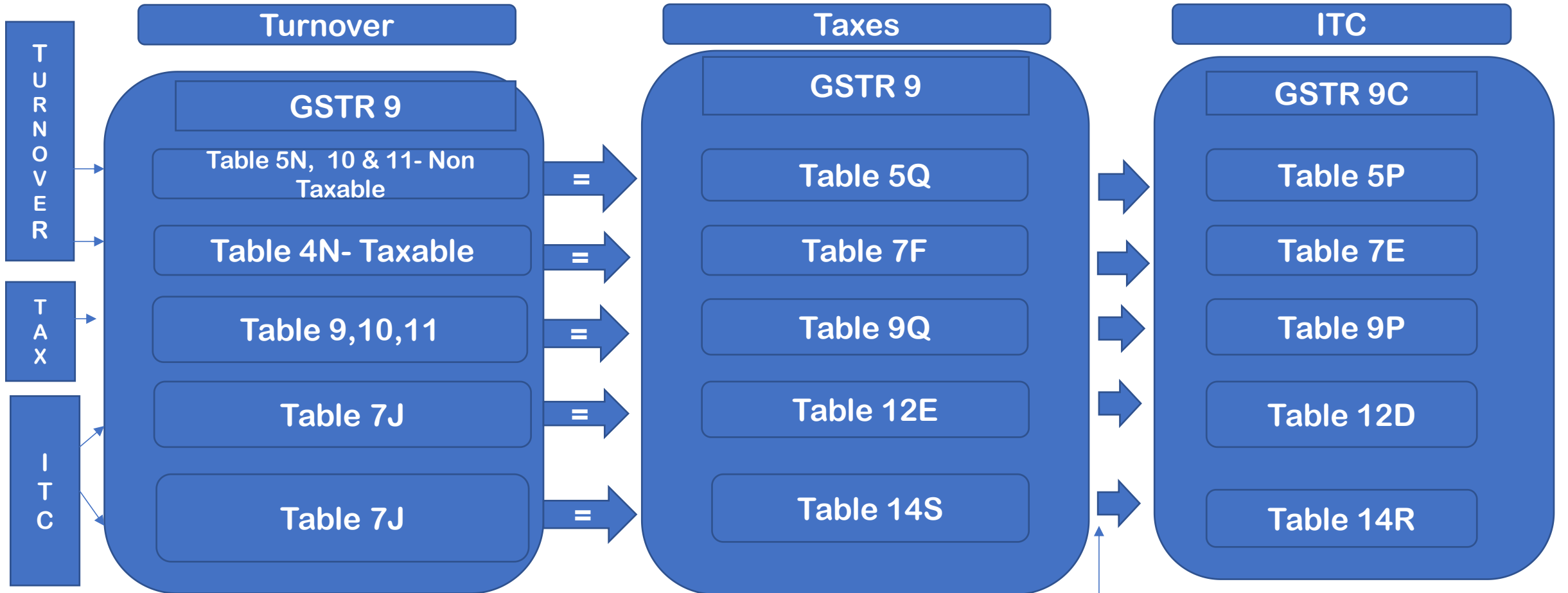
### GSTR 9

- 6 Tables – Turnover , Taxes & ITC
- Option to pay tax, interest , penalties etc through DRC 03 in cash only
- Reporting of actual information for FY 1718 + Circular 26 effects reported in Apr – Mar 19
- To be filed by RTP only
- To be filed on or before 30.06.2019

### GSTR 9C

- 5 Tables – Turnover , Taxes , ITC & recommendations
- Recommendation to pay tax, interest , penalties etc & Pay through DRC 03 in cash only
- Reporting of reconciliations & Comparisons and Reasons for deviations
- To be filed by CA and RTP only
- To be filed on or before 30.06.2019

# Convergence between GSTR 9 & GSTR 9C



Comparisons if Equal no problem and if not equal reasons to be given for such variations in three rows only in text

# Conclusion

- This being the first year, please ensure that all workings papers in the form of documentation are kept on record so that in future they are available to substantiate your basis authenticating the audit reports.
- Please understand that Sovereign has all data available at their disposal using the techniques of data mining, Artificial Intelligence, Virtual and Mixed Technological data base to verify and match the data.
- All PU would be requested to explain substantiate and share their internal documents in future. So make sure you have everything maintained in physical as well as digital form to avoid any kind of probable litigation issues.
- Withdrawals and amendment of Audit Report filed won't be allowed or permitted due to block chain methodology followed by the GSTN Platform.
- If PU is unable to explain with the documentation , chances are that looking at the trend followed, such discrepancies might be reported to Disciplinary Committee of ICAI.

**SURROUND YOURSELF WITH PEOPLE WHO TALK ABOUT VISION AND IDEAS NOT PEOPLE**

Thank You for the Patient Hearing

**CA Nitin BHUTA**