

Walk through GST Audit and Reconciliation

Presentation by
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organised By WIRC of ICAI

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Agenda

- ▶ GST Audit - Provisions
- ▶ Scope of GST Audit
 - ▶ Certifications V. Opinion
- ▶ Preparation for GST Audit
- ▶ Challenges-Accounting & IT Systems
- ▶ Reporting
- ▶ Reconciliation Statements

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Sec 35(5)

- ▶ 35(5) : Every registered person whose turnover during a financial year exceeds the prescribed limit 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.

- ▶ Rule 80(3) Every registered person whose aggregate turnover during a financial year exceeds 2 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, duly certified, in FORM GSTR-9C, electronically through the common portal

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GST AUDIT

- ▶ Sec 35(5) read with Rule 80(3)
 - ▶ Every Registered Person whose
 - ▶ aggregate turnover > 2 crore
 - ▶ Furnish audited annual accounts and a reconciliation statement
 - ▶ Duly certified by CA/CMA
 - ▶ in FORM GSTR-9C - reco statement
 - ▶ To be filed along with Annual Return u/s 44(1)
- ▶ Annual Return - Mandatory irrespective of t/o

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Sec 44(2)

- ▶ 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.

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Scope of GST Audit - overview

- ▶ **Part A - Reconciliation Statements**
 - ▶ Scope of the audit is to verify the correctness of the "tax liability" in respect of the Annual Return filed in GSTR 9
 - ▶ The auditor is required to determine the tax liability from the books of account of the Registered person [RP]
- ▶ **Part B - Report of the Auditor**
 - ▶ Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by the person who had conducted the audit of accounts
 - ▶ Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by a person other than the person who had conducted the audit of the accounts

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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 fromto ending on, and

(c) the cash flow statement 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/UTGST Act, 2017 and the rules/notifications made/issued thereunder

*has not maintained the following accounts/records/documents as required by the IGST/CGST/UTGST 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 atand **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)
- (b)
- (c)

.....

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

Place:

Name of the signatory

Membership No..... 7

Date:

Full address

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Part B - Report

- ▶ Report on maintenance of
 - ▶ Books of Accounts, Records and Documents as required by
 - ▶ IGST/CGST/UTGST Act, 2017 and the Rules/Notifications made/issued thereunder
 - ▶ Such reporting irrespective of statutory auditor or other person than stat auditor signing GST Audit
- ▶ If statutory Auditor
 - ▶ Give opinion on proper books of account - from examination of books
- ▶ Report if any,
 - ▶ Observations
 - ▶ Comments
 - ▶ Discrepancies
 - ▶ In respect of what?
 - ▶ Maintenance of records, claims of ITC/ CN etc. Valuation?

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Certificate V/s Report

- ▶ A Certificate is a written confirmation of the accuracy of facts stated therein and does not involve any estimate or the opinion
- ▶ A Report, on the other hand, is a formal statement usually made after an enquiry, examination or review of specified matters under report and includes the reporting auditors opinion thereon
 - ▶ [Para 2.2 of Guidance Note on Audit Report and Certificates for Special Purpose issued by the ICAI]

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Certificates, observations and/or opinions

- ▶ Opinion & best of information & examination of books of accounts
 - ▶ Particulars given in Form-GSTR-9C are True & Correct.
 - ▶ Subject to observations / qualifications
- ▶ Subject to:
 - ▶ Non- maintenance of records, documents etc.
 - ▶ compliance, short-comings, deficiencies of it
- ▶ Certificates/ opinions are subject only to the above
- ▶ No need to observe/ opine on other issues/ data
 - ▶ Unless has bearing on opinion/conclusion
- ▶ Subject to signifies- qualificatory remarks which effects reporting
- ▶ Observations - general, drawing attention or disclaimers

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Remarks

- ▶ All qualifications to be reported at one place and quantified
 - ▶ Statement on Qualifications in auditors report issued by ICAI
- ▶ Para 5 of Part B
 - ▶ Some qualifications may be reported both at Paras 2 & 5
- ▶ Attention drawing observations may be given in Para 2
- ▶ Tax impact thereon should be reported along with the qualification.
 - ▶ Even though in the reconciliation statements it would get reported

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Know Your Client

- ▶ Business model
 - ▶ Typical inward & outward supplies
 - ▶ Past history regarding clarification / valuation disputes
- ▶ Difference income streams
 - ▶ Product sale
 - ▶ Service sale
 - ▶ Loose accounting heads on income side
 - ▶ AMC contracts
 - ▶ Job-work receipts
 - ▶ Consignment Agent - Commission receipt

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Know Your Client

contd...

- ▶ Travel Agent/ Forex Agent/ 2nd Hand car dealer
- ▶ Composite contract vs Mixed Supply

- ▶ Sales & Distribution model
- ▶ Inward/inputs
 - ▶ Basic RM, PM, Services consumed
 - ▶ Mfg/ Trading/3rd party Mfg/ out sourcing

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Reports/Data required for GST Audit

- ▶ Elaborate exercise required from RP's accounting team
- ▶ Mandatory for ALL returns and Annual Return to be filed before filing Audit report
- ▶ Auditor required to go through
 - ▶ All Returns filed by RP
 - ▶ Annual Return
- ▶ Need for Reconciling
 - ▶ GSTR1 V/s GSTR 3B
 - ▶ GSTR1 & 3B V/s Books of Accounts
 - ▶ Reasons for differences

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Accounts & Records

As per Sec 35

- ▶ Every RP - to maintain & keep
- ▶ At EACH POB - principal + Addl
- ▶ May maintain in electronic form
- ▶ 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:

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Rule 56-58

- ▶ Rules 56 to 58 provide for addl requirements such as
 - ▶ goods or services imported or exported or
 - ▶ of supplies attracting payment of tax on reverse charge
 - ▶ along with the relevant documents, including
 - ▶ invoices, bills of supply,
 - ▶ delivery challans, credit notes, debit notes,
 - ▶ receipt vouchers, payment vouchers and refund vouchers.
 - ▶ Stock records - RM, FG, generation of scrap/by-product
 - ▶ Goods lost, stolen/ free distribution
- ▶ Specific provisions and rules for

Owner or operator of warehouse or godown	Service Providers
Agent - Principal	Works Contractor
Manufacturer	Transporter

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Rule 56-58 (cont..)

- ▶ Specific provisions and rules for
 - ▶ Owner or operator of warehouse or godown
 - ▶ Service Providers – goods & input services received and used
 - ▶ Agent – Principal – goods received and dispatched/sold
 - ▶ Works Contractor
 - ▶ description, value and quantity (wherever applicable) of goods or services received & utilized for the execution of works contract;
 - ▶ the details of payment received in respect of each works contract;
 - ▶ the names and addresses of suppliers from whom he received goods or services.
 - ▶ Manufacturer
 - ▶ Transporter

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GST Audit -Getting started

- ▶ State-wise GSTN unit-wise reporting
- ▶ State-wise turnover
 - ▶ Challenges in determining it
 - ▶ Access to data/national accounts
- ▶ Accrual system of accounting
 - ▶ To check provision entries
 - ▶ Advances
 - ▶ Running bills - w/c
 - ▶ Leasing company
 - ▶ Revenue recognition
 - ▶ Accounting standards
 - ▶ Provision for expenses

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GST Audit -Getting started contd

- ▶ Valuation - challenges
- ▶ Place of supply
 - ▶ Intra-state vs inter-state
- ▶ Time of supply
- ▶ Classification of supplies
 - ▶ Goods
 - ▶ Services
 - ▶ Goods/services - Schedule II

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GST Audit -Getting started contd...

- ▶ Sampling for vouching
 - ▶ System/ERP support
 - ▶ Method / approach adopted for compiling of return
 - ▶ Sampling technique/size
 - ▶ Auditing in depth

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Accounting & Auditing Stds.

- ▶ AS - Are these relevant for GST Audit?
- ▶ GST Audit
 - ▶ No certification of financials -where it is already audited under other statutes
 - ▶ Particulars curled out from audited accounts
- ▶ Statutory auditor to comment on true and fair view of accounts and follow of AS
- ▶ Level I, II, III enterprises - applicability
- ▶ Some AS has impact on conduct /determination of particulars in GST Audit

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AS - Some Examples

- ▶ AS -10 accounting of fixed assets
 - ▶ Treatment of ITC on purchase
- ▶ As - 5 prior period items
 - ▶ goods return/ CN & DN
- ▶ As- 9 Revenue recognition
 - ▶ Completed sale transactions
- ▶ AS -19 Lease transactions
 - ▶ Financial lease /operating lease
- ▶ AS-7 Construction contracts
 - ▶ % of Completion method v/s Raising of invoices
 - ▶ Certified invoices v. provisioning
- ▶ AS-14 Amalgamation - Transactions bet. Amalgamating Cos.

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Form 9-C Part A - Reconciliation

Table 5

Reco of turnover declared in audited Financial Accounts with turnover in Annual Return [AR]

- ▶ To reconcile audited accounts to what is reported in Annual Return
- ▶ Determination of turnover - Reco of books of accounts to what is declared in Annual Return
- ▶ As per books - as per GST Auditor
- ▶ Automatically the final turnover & its difference with Annual Return with reasons to be worked out.

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FORM GSTR-9C ²⁰¹⁷ 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?	<<Please specify>>
(Amount in ₹ in all tables)		
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)	
B	Unbilled revenue at the beginning of Financial Year	(+)
C	Unadjusted advances at the end of the Financial Year	(+)
D	Deemed Supply under Schedule I	(+)
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	(+)
G	Turnover from April 2017 to June 2017	(-)
H	Unbilled revenue at the end of Financial Year	(-)
I	Unadjusted Advances at the beginning of the Financial Year	(-)
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)
Table No.	Instructions	
5A	The turnover as per the audited Annual Financial Statement shall be declared here. There may be cases where multiple GSTINs (State-wise) registrations exist on the same PAN. This is common for persons / entities with presence over multiple States. Such persons / entities, will have to internally derive their GSTIN wise turnover and declare the same here. This shall include export turnover (if any). It may be noted that reference to audited Annual Financial Statement includes reference to books of accounts in case of persons / entities having presence over multiple States.	
5B	Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting in the last financial year and was carried forward to the current financial year shall be declared here. In other words, when GST is payable during the financial year on such revenue (which was recognized earlier), the value of such revenue shall be declared here. (For example, if rupees Ten Crores of unbilled revenue existed for the financial year 2016-17, and during the current financial year, GST was paid on rupees Four Crores of such revenue, then value of rupees Four Crores rupees shall be declared here)	
5C	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.	
5D	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.	
5E	Aggregate value of credit notes which were issued after 31 st of March for any supply accounted in the current financial year but such credit notes were reflected in the annual return (GSTR-9) shall be declared here.	
5F	Trade discounts which are accounted for in the audited Annual Financial Statement but on which GST was leviable (being not permissible) shall be declared here.	
5G	Turnover included in the audited Annual Financial Statement for April 2017 to June 2017 shall be declared here.	
5H	Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting during the current financial year but GST was not payable on such revenue in the same financial year shall be declared here.	
5I	Value of all advances for which GST has not been paid but the same has been recognized as revenue in the audited Annual Financial Statement shall be declared here.	
5J	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.	
5K	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.	

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State-wise T.O & Other issues

- ▶ State-wise GST Turnover - to be arrived / computed from Audited Accounts
- ▶ Turnover - Q1- 2016-17
 - ▶ What should be reduced? Turnover as per VAT and/or as per service tax returns filed?
 - ▶ What about adjustments made in VAT Annual Return - post filling of monthly / Quarterly return.
 - ▶ Due care to be taken
- ▶ Unbilled Revenue - in the beginning of the year & at the end of the year. For 2016-17 to consider advances as on 1.7.2017 & closing advances as on 31.3.2018
- ▶ Advances - similarly to be considered as on 1.7.2017 & as on 31.3.2018

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Tables 5 & 6

cont...

▶ Important items

- ▶ Turnover of Q1 of 2017-18
 - ▶ T.O. offered under earlier laws
 - ▶ Several adjustments thereto
- ▶ Unbilled Revenue
- ▶ Unadjusted Advance
- ▶ Deemed supply - Sch-I
- ▶ Credit note - adjusted in books after FY but claimed in Annual Return & vice versa
- ▶ Trade discounts
- ▶ Adjustment in turnover - valuation foreign exchange fluctuations.

▶ Table 6 - Reasons for differences

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L	Turnover for the period under composition scheme	(-)	
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
O	Adjustments in turnover due to reasons not listed above	(+/-)	
P	Annual turnover after adjustments as above		<Auto>
Q	Turnover as declared in Annual Return (GSTR9)		
R	Un-Reconciled turnover (Q - P)		AT1
6	Reasons for Un - Reconciled difference in Annual Gross Turnover		
A	Reason 1		<<Text>>
B	Reason 2		<<Text>>
C	Reason 3		<<Text>>
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>>

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Table 7 : Reco of taxable turnover

- ▶ Based on findings in Table (5P) turnover auto picked
- ▶ Deduct
 - ▶ Exempted, nil rated , non-GST, no-supply turnover
 - ▶ Zero rated
 - ▶ Turnover - recipient paying tax on RCM (i.e. customer of auditee)
- ▶ Table 8 : Reasons for un-reconciled taxable turnover

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Table 9 : Reco of taxes paid

- ▶ Taxes payable - rate wise as per GST Auditor is to be reported
- ▶ Even RCM liability to be reported
- ▶ Add - interest u/s 50
 - ▶ Late fee
 - ▶ Penalty - only if order is passed & not where SCN is issued
- ▶ Others
- ▶ Tax paid/including paid after AR but before uploading of GST Audit Report
- ▶ Find un-reconciled amount of tax paid
 - ▶ This is the difference between liability worked out by GST Auditor & taxes paid
- ▶ Table 10 : Reasons for such differences

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PL 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 applicable
	1	2	3	4	5	6
A	5%					
			176			
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					

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Table 11 : Additional amount payable but not paid

- ▶ As per reasons reported
 - ▶ Rate-wise breakup
 - ▶ Interest/ penalty/ others

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Table 12 : Reco of net ITC

- ▶ ITC availed as per books to ITC claimed in AR
- ▶ ITC booked in earlier FY but claimed in Current FY
- ▶ ITC booked in current FY but to be claimed in subsequent FY
- ▶ This will include Transitional Credit
 - ▶ In books these would have been claimed in earlier year/pre-GST period

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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)			
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
13	Reasons for un-reconciled difference in ITC			
A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		
14	Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account			

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	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			

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A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		
16	Tax payable on un-reconciled difference in ITC (due to reasons specified in 13 and 15 above)			

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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			
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)			
15	Reasons for un - reconciled difference in ITC			

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A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		
16	Tax payable on un-reconciled difference in ITC (due to reasons specified in 13 and 15 above)			

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Table 13 : Reasons for un-reconciled difference

- ▶ Some examples:
- ▶ Disallowance / blocked credits - Sec 17
- ▶ On account of credit note - issued - scheme discount etc
- ▶ Capitalization & claim of depreciation on tax element as well

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Table 14 : Reco of ITC declared in AR with ITC availed on expenses as per books

- ▶ P&L (Dr) head-wise information called for
 - ▶ Ledger head-wise data to be collated
- ▶ The account heads like purchases, freights, rent & insurance etc are indicative
- ▶ Can add/delete items
- ▶ All heads of expenses on which GST paid/ payable are to be declared here

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	Return (GSTR9) shall be specified here.
14	This table is for reconciliation of ITC declared in the Annual Return (GSTR9) against the expenses booked in the audited Annual Financial Statement or books of account. The various sub-heads specified under this table are general expenses in the audited Annual Financial Statement or books of account on which ITC may or may not be available. Further, this is only an indicative list of heads under which expenses are generally booked. Taxpayers may add or delete any of these heads but all heads of expenses on which GST has been paid / was payable are to be declared here.
14R	Total ITC declared in Table 14A to 14Q above shall be auto populated here.
14S	Net ITC availed as declared in the Annual Return (GSTR9) shall be declared here.

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	Table 7J of the Annual Return (GSTR9) may be used for filing this Table.
15	Reasons for non-reconciliation between ITC availed on the various expenses declared in Table 14R and ITC declared in Table 14S shall be specified here.
16	Any amount which is payable due to reasons specified in Table 13 and 15 above shall be declared here.

7. Part V consists of the auditor's recommendation on the additional liability to be discharged by the taxpayer due to non-reconciliation of turnover or non-reconciliation of input tax credit. The auditor shall also recommend if there is any other amount to be paid for supplies not included in the Annual Return. Any refund which has been erroneously taken and shall be paid back to the Government shall also be declared in this table. Lastly, any other outstanding demands which is recommended to be settled by the auditor shall be declared in this Table.

8. Towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in this form, through **FORM DRC-03**. Taxpayers shall select "Reconciliation Statement" in the drop down provided in **FORM DRC-03**. It may be noted that such liability shall be paid through electronic cash ledger only.

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Table 14 : some peculiar account heads

- ▶ Freight - even RCM paid on GTA will get reported
- ▶ Employee's cost - besides salaries & wages, staff welfare expenses, uniform etc get included
- ▶ Goods lost, disposed off as gift etc - Check
 - ▶ Sales promotion expenses
 - ▶ Incentive scheme /product discount a/c etc & needs to be scrutinized to report correct amount
- ▶ Capital goods
 - ▶ Ledger head-wise scrutiny would be required to ascertain allowance /availment of ITC

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Table 15 : Reasons for un-reconciled difference in ITC

- ▶ A/C head-wise may be required
- ▶ Cross check reasons reported in table 13 in respect of ITC

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Table 16 : Tax -payable because of un-reconciled difference in ITC

- ▶ Tax payable because of erroneous / wrong claim of ITC in AR
- ▶ Break - up to CGST, SGST, IGST, Cess
- ▶ Interest & penalty

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Instructions Para 7. - Recommendation of the Auditor - Additional liability

- ▶ **additional liability to be discharged by the taxpayer due to non-reconciliation of turnover or non-reconciliation of input tax credit**

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Part V - Auditor's recommendation on additional liability due to non-reconciliation

- ▶ Summary of Auditor's findings
- ▶ Rate-wise - value & tax payable
- ▶ ITC - excess claimed / short claimed (?)
- ▶ Interest
- ▶ Late fee
- ▶ Penalty
- ▶ Any other supplies (not declared in AR) on which tax is payable
- ▶ Erroneous refund claimed - to be paid back
- ▶ o/s demand to be settled
- ▶ others

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Return (GSTR 9)						
Erroneous refund to be paid back						
Outstanding demands to be settled						
Other (Pl. specify)						

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.

Signature

CA Rajat Talati, Mumbai

Place:

Date:

Name of Authorized Signatory
Designation/status

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IT Challenges WRT Record keeping for Audit

- ▶ IT Challenges
 - ▶ State-wise TB
 - ▶ Linkages of debit note/ credit note with original invoices.
 - ▶ Adjustment of advance received against a supply and tracking of receipt voucher and payment voucher
 - ▶ HSN of top 10% of purchases made during the FY

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Account Masters & program logic

- ▶ Rate of Tax
 - ▶ Updated during rate change
 - ▶ How are CN/DN accounted for - at revised rate or earlier rate - accounting of same
- ▶ Place of supply
- ▶ HSN
- ▶ Amendments made in GSTR1 pertaining to Current FY made in next FY
- ▶ ISD Invoicing and trf of input services amongst GSTINS
- ▶ Cross charge for certain services
- ▶ Mixed Supply vs Composite Supply

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Maintenance of audit file

- ▶ Permanent Audit file
 - ▶ Copies of Constitution, GSTN RC
 - ▶ Notes of business model, tax position taken on typical issues
 - ▶ Transition credits - GST implementation issues
 - ▶ Agreement with Job-worker, CFA, out-sourced service providers
 - ▶ Cross charge / ISD

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Maintenance of audit file

- ▶ Year-wise audit file
 - ▶ To facilitate peer review
 - ▶ To facilitate attendance before GST authorities
 - ▶ All final summaries [soft + hard copies]
 - ▶ Statement of reconciliations as per Form 9C -with back up files and data dumps
 - ▶ Statements of reco of electronic ledgers with books
 - ▶ Sample inward and outward supply invoices
 - ▶ Copies of typical transaction
 - ▶ Statement of goods returns, DN & CNs

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Thank You!

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