



Western India Regional Council  
of The Institute of  
Chartered Accountants of India  
(Set up by an Act of Parliament)



# Reference to GST Audit & Annual Return For FY 2018-19.

**GST  
AUDIT**



Western India Regional Council of  
The Institute of Chartered Accountants of India

# Referencer to GST Audit and Annual Return For FY 18-19



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Price ₹ 200/-

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## Foreword

Launched with great fanfare on the midnight of July 1, 2017 in a special session of Parliament, the Goods and Services tax (GST) was hailed as the single-biggest tax reform in Indian history. The GST subsumed 17 existing indirect taxes, including the excise duty and sales tax and was announced as the 'One Nation One Tax' to create a single national sphere with uniform GST rates across all goods and services.

Understanding the size and scope of this reform, it is clear that even after three years, the GST is still behind its final shape, technical and other minor issues, we have seen collections under the GST showing a year-on-year gradual growth.

Over the last three years we have seen the GST grow and mature into a bigger body of decrees and amendments. The seriousness of the Government to ensure better implementation are visible in the 40+ meetings of the GST Council and the amendments made therein.

In the year 2017, 29 circulars and 11 Orders were issued. In the year 2018, 44 Circulars and 7 orders were issued. In 2019, 44 circulars, 2 Orders, and 11 corrigenda were issued. In 2020, 10 Circulars, 1 order, and 1 Instruction were issued. In total 127 circulars, 21 orders, 1 instruction, and 11 corrigenda were issued.

The rationalisation of GST rates has also been a big milestone. Number of entries in the 28% slab has been reduced from 228 to 37 over a period of 3 years.

The benefits of these inputs have been visible. From businesspeople having to juggle multiple compliances of various tax departments to the ease of doing business via GST today. This in turn, has seen the revenue base expand exponentially over the last three years, thus assisting the government implement other programs as well.

WIRC has been publishing the WIRC Reference Manual every year for the last seventeen years. Similar to our flagship publication, this GST Reference Manual encompasses a host of acts, regulations and amendments, acting as a ready reckoner for instant reference. The Manual looks to provide an all-round explanation as well as guide members regarding taxability under GST Law as well as help them understand how to comply with the requirements of GST law

Professionals and students of accountancy, finance, business professionals, entrepreneurs and tax practitioners will find this book a helpful guide in understanding and resolving issues relating to the GST.

I wish to express my thanks to CA. Vikram Mehta, CA. Kiran Garkar, CA. Ashit Shah, CA. Rajiv Luthia, CA. Rajat Talati and CA. Deepak Thakkar for their untiring efforts in making this Manual possible for the members and students at large during these times when interaction and discussion is only through the digital medium.

I express my gratitude to CA. Rajendra Kumar, Chairman, GST and Indirect Taxes Committee, ICAI, for guiding us and I congratulate CA Arun Giri, Chairman, Indirect Taxes Committee of WIRC for such a wonderful publication.

I acknowledge the assistance given by CA Somit Goyal and CA. Karan Lodaya for this publication. This publication has been made possible due to the efforts put in by my colleagues in the Council. Especially CA Umesh Sharma and CA Manish Gadia.

We are thankful to all members and students and look forward to your continued support and innovative ideas in times to come to enable WIRC to move ahead with our motto, "Create Competence with Ethics. Achieve Governance through Innovation".

**CA. Lalit Bajaj**  
*Chairman, WIRC*



## Foreword

The Unity of India is contained in its Diversity. Implementation of the biggest tax reform, the GST, post Independence on July 1, 2017 marked the successful show of Cooperative Federalism to the World economies. India joined the list of 150 plus World Nations which levy consumption tax on the same principles, destination based consumption tax, thus India adopting a International Principle of Taxation with adjustments made to suit its geography and economic needs.

The Western India Regional Council of Institute of Chartered Accountants of India, the largest Region in the Country, with a knowledge based unchallenged and unparalleled is contributing immensely for the welfare and growth of the Profession of Chartered Accountancy. The efforts of the Regional Council in terms of Intellectual Contribution is unquestionable and the result of their efforts in keeping the members and all stake holders informed about latest developments through valuable publications is commendable.

Referencer to GST Annual Return and Audit for the Financial year 2018-19 published by the WIRC is another useful manual aimed at supporting the members in ensuring that the responsibility cast by the statute is discharged in a manner which is fair to all concerned. This knowledge bank is written in a simple, lucid and easy to understand language. Chapters are structured keeping in mind the importance of the topic and its practical usage.

I am confident that this publication will be of immense help to the members while performing their duties as GST Auditor. I commend the efforts of all the contributors for sharing their knowledge and aiding the members in their work. CA. Lalitji the Honourable Chairman of the Regional deserves to be credited for his foresight and dedication.

I once again commend the efforts of the Region and place on record their immense contribution.

Jai Hind, Jai ICAI

Best Wishes,

**CA. Rajendra Kumar P**  
Chairman  
GST and Indirect Taxes Committee, ICAI



## Foreword

Three years ago, the Goods and Services Tax was introduced and India became a Common Economic Market with uniform tax rates. As a destination-based tax the GST eliminated the cascading effect of taxes and encouraged inter-state trading.

The Indian economy received a fillip as well with the tax base widening and the first two years under GST saw the number of taxpayers almost double from 65 lakhs to 1.20 crores and monthly revenues increased by 12% in 2017-18 and 2018-19.

The last three years have seen quite a lot of activities from balancing commodities between tax slabs, increasing and decreasing the number of tax return forms to introducing new measures like e-way bills and e-invoicing, the 40 GST Council meets have produced quite a few positive results.

While the GST has been greatly stabilized over the last three years, demands for increased streamlining, further simplification, rationalization of tax rates, reduced frequency in law changes, more updated IT systems, and smoothening of inherent structural issues seem to be the way forward to make GST compliance easier for all stakeholders.

The implementation of the GST is one of the reasons due to which India jumped to the 63rd position out of 190 countries in terms of ease of doing business. GST is still an ongoing process, as evident from the 40th GST Council meeting, which has made various amendments to the system.

The purpose of the GST Reference Manual is to enable finance professionals and others understand the applicability and impact of GST provisions and amendments. We have endeavoured to make this Reference Manual as lucid as possible and have discussed the provisions along with the relevant rules. This would not only enable the readers to understand the provisions but also to have understanding of the prescribed procedures under GST. I hope this book will certainly prove to be useful to all the readers.

I am thankful to WIRC and specifically WIRC Chairman CA. Lalit Bajaj, Regional Council Members and all my colleagues who have been instrumental in putting together this flagship GST Reference Manual.

I am also thankful to the dynamic team comprising CA. Vikram Mehta, CA. Kiran Garkar, CA. Ashit Shah, CA. Rajiv Luthia, CA. Rajat Talati and CA. Deepak Thakkar who have laboured to complete this book and make its publication possible in such a short span of time.

I am confident that members, students, professionals and businesspeople everywhere will find this GST Reference Manual to be a single point of information for all things related to the GST. We look forward to all professionals being able to take full advantage of the knowledge preserved in this Manual in the year ahead.

**CA. Arun Anandagiri**  
Chairman  
Indirect Tax, WIRC



## Foreword

The Goods and Service tax regime has successfully completed three years of its journey, playing a revolutionary part in the Indian Taxation system. Almost after a decade of co-operation and intense debates between the State & Central governments, we all have witnessed the vital transformation of the GST Act in these three years.

The Government has been maneuvering to make the GST Law simpler and easy to understand and perpetrate. Being a partner in Nation Building, ICAI has always endeavored in assisting the Government by providing necessary suggestions time to time in implementation of the "One Nation, One Tax" regime. Filing of Annual return and GST Audits is a compliance of utmost importance in GST. Considering the same, we at WIRC of ICAI have come up with updated publication of "**Guide to GST Annual Return and Audit for FY 2018-19**" for progressing and advancing ahead in this initiative. This guide has been drafted to assist the readers in understanding the basics, as well as surpass the advanced hurdles they would come across. All the efforts have been made to explain the procedural aspects and application of provisions for GST Annual return & GST Audit in the simplest language. The Indirect taxes committee of WIRC of ICAI, has kept an eye on all the challenges that came across, and that will be coming further.

I appreciate the remarkable efforts of contributors for accomplishing success in drafting and publishing this guide. They surely deserve a huge round of applauds.

I believe this guide will be of immense utility to all the members and readers, to transcend in their professional purpose.

Date: 22.07.2020  
Place : Aurangabad

**CA. Umesh Sharma**  
Vice Chairman  
Indirect Tax Committee of WIRC of ICAI





# Preface

It has been 3 years since the advent of GST regime in India, but the provisions of the Goods and Service Tax Law appear far from being settled. The Government and GST council may have made every effort to streamline the processes but the benefits are yet to be reaped by taxpayers as well as tax practitioners. Largely such difficulties are attributable to ever-changing provisions, instability in Forms and Formats, delayed implementation of decisions of GST council. For example, while for F.Y. 2017-18, every taxpayer having turnover above Rs. 2 crores in a Financial year was required to get their accounts and records audited by a Chartered Accountant or a Cost Accountant, the said limit was enhanced by GST council to Rs 5 crore in 39th GST council meeting on 14th March 2020. However, the legal implementation of the said decision is yet to see the light of the day even after passage of 4 months.

Taxpayers might have slightly got used to the concept of Annual return and audit under GST. However since GST was a new concept in 2017-18, the taxpayers may be inadvertently made some mistakes during 2017-18 which would have been corrected in 2018-19 while making regular compliances. Though such corrections would have been reported in Annual return and Audit for 2017-18, the corresponding effect of such corrections would also be reflected in 2018-19 as well. Such corrections and adjustments would also require comprehensive reporting in Annual return and Audit for 2018-19. Coupled with the above disclosure, taxpayers might have also erred during making compliances for 2018-19, which would have been corrected in 2019-20 or later. All such adjustments, corrections and disclosure would need to be comprehensively and adequately reported.

Keeping in mind the need of the hour, the WIRC of the ICAI has brought out the publication on the subject "Referencer to GST Annual Return and GST Audit for F.Y. 2018-19". This Referencer shall update the members about various clauses & address the practical issues & nuances of the compliance to be made in this regard.

I am sure that this publication will help the members in understanding the critical issues relating to GST Annual Return and GST Audit and members would benefit from this publication to a great extent.

Mumbai  
July 25th, 2020

**CA. Manish R. Gadia**  
Co-ordinator of book



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# 1 Annual Return

“Annual return”, is a single return which needs to be filed by all the registered tax payers annually i.e. once for a financial year. Basically, purpose of the annual return is to give consolidated final figures of supplies disclosed in periodic returns and also to rectify the errors or omissions relating to additional tax liability<sup>1</sup>, committed by the tax payers while filing periodical returns. It is expected that, taxpayer has to compile the details of all the outward supplies and inward supplies, tax credits taken and / or reversed and taxes paid under different statutes viz. Central GST, State GST, Union Territory GST and Integrated GST during the relevant financial year.

## Applicability

Section 44 of CGST Act provides that every registered person is required to file annual return for every financial year electronically. Accordingly, every person registered under the GST Act, for any part of the FY 2018-19, would be required to file the Annual return on or before the due date specified under Rule 80 of CGST Rules.

However, Section 44 specifically excludes certain specified class of tax payers from filing annual return and they are -

- i. Persons registered as Input Service Distributors [Section 2(61) of CGST Act];
- ii. Persons paying taxes (TDS/TCS) pursuant to Section 51 and 52 of CGST Act respectively;
- iii. Casual taxable persons [Section 2(20) of CGST Act];
- iv. Non-resident taxable person. [Section 2(77) of CGST Act]

The registered persons having aggregate turnover of upto ₹ 2 crore have the option to not file Annual Return for the FY 2018-19.

Vide Notification No. 30/2019 - CT dated 28.06.2019 exemption is granted from filing Annual Return to registered person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person.

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1. Instruction No. 4 of the Form GSTR-9, substituted vide N. No. 56/2019 – CT, dated 14-11-2019

## Circumstance under which tax payers can file NIL return

Annual return can be filed as a “Nil” return provided the taxpayer satisfies all the following conditions cumulatively:

- Not made any outward supply (commonly known as sale); AND
- Not received any inward supplies (commonly known as purchase) of goods/ services; AND
- No liability of any kind; AND
- Not claimed any Credit during the Financial Year; AND
- Not received any order creating demand; AND
- Not claimed any refund; AND
- Not paid any late fees in filing of returns.

## Relevant Forms

All registered persons have to submit annual return electronically through the common portal, in following forms prescribed under rule 80 of CGST Rules.

Sr. No.	Type of Return	Class of taxpayer
1	GSTR – 9	Regular Taxable persons filing return in GSTR-1, GSTR-2 and GSTR-3 (including GSTR-3B).
2	GSTR - 9A	Persons paying tax under Section 10 (Composition Taxable persons) filing return under GSTR-4.
3	GSTR - 9B	Electronic Commerce Operator (ECO) filing return under GSTR-8.
4	GSTR - 9C	Every registered person whose aggregate turnover during FY 2018-19 exceeds ₹ 5 Crores <sup>2</sup> shall get his accounts audited and he shall furnish copy of audited annual accounts and a reconciliation statement.  Persons who are foreign company which is an airlines company have been prescribed special procedure vide notification no. 09/2020-CT dt 16.03.2020 instead of filing GSTR-9C.

2. Inserted vide N. No. 16/2020-CT dt. 23.03.2020

## Due date of filing annual return

Section 44 (1) provides that annual return has to be submitted for every financial year on or before 31st December following the end of such financial year. Accordingly, due date for filing annual return for F.Y. 2018–19 was 31st December 2019. This deadline would be applied uniformly to all categories of taxpayers irrespective of their nature of business or the requisite return form, to file annual returns. The said due date has been extended from time to time as follows:

Financial Year	Due Date Extended	Reference
2018 – 2019	31-03-2020	ROD No. 08/2019 – CT, dated 14-11-2019
	30-06-2020	Notification No. 15/2020-CT dated 23-03-2020
	30-09-2020	Notification No. 41/2020-CT dated 05-05-2020

## Late filing Fees

Section 47(2) provides that where any registered person fails to furnish annual return by the due date, such person would be liable to pay late filing fees equivalent to ₹ 100 per day during which default continues subject to maximum of 0.25% of his turnover in the State or Union territory. Hence, total late fees would be ₹ 200 (₹ 100 under CGST Law + ₹ 100 under SGST Law) subject to maximum of 0.50% (0.25% under CGST Law + 0.25% under SGST Law) of his turnover in the State or Union territory.

## Penalty

Moreover, Section 125 of CGST Act provides that where any person who contravenes any of the provisions of this Act or rules made there under, for which no separate penalty is prescribed, he shall be liable for penalty which may extend to ₹ 25,000. Hence, total penalty would be ₹ 50,000 (₹ 25,000 under CGST Law + ₹ 25,000 under SGST Law).

## Matters to be reported in Annual Return

Board had introduced the format of Annual Returns i.e. GSTR–9, GSTR-9A and GSTR-9C on 4th September 2018 vide N. No. 39/2018 – Central Tax by CGST (Amendment) Rules, 2018 and further amended vide N. No. 74/2018 – Central Tax, dated 31st December, 2018. Objective of the department was to obtain the consolidated details from tax payers of transactions filed in the periodical returns viz. GSTR-1 and GSTR-3B during the financial year. Hence, it appears that this annual return was nothing but the summarization of all the periodical returns as no amendments were required to be reported in the annual return. This objective was causing difficulties for the tax payers as being a new law, there were all chances that tax payers may have

committed mistakes while filing periodical returns and such errors or mistakes need to be rectified within the time period i.e. on or before due date of furnishing return for the month / quarter September following the end of the financial year to which such details pertains or the actual date of filing of annual return, whichever is earlier, as provided under Section 37, 38 and 39 of CGST Act. Resultantly, if any transactions were not rectified or if any transaction left to be reported after the due date of filing return for the month of September or actual date of filing of annual return, whichever is earlier, tax payers had no choice to report or rectify such mistake or error. Instruction No. 4 of the Form GSTR-9 (Notification No. 56/2019-CT dt. 14.11.2019) now instructs to disclose final figures after rectification of errors or mistakes, if any.

Annual returns have to be filed on the basis of outward supplies, inward supplies on which tax is payable on reverse charge basis (RCM) and determine the tax liabilities as appearing in financial statement of the tax payers. However, taxpayers cannot claim input tax credit which has remained unclaimed through this return.

It is interesting to note here that in annual return filing, on selection of annual return filing tab, GSTIN portal provides you pre-filled figures in almost all the tables from the periodic returns i.e. GSTR-1 and GSTR-3B, filed by the tax payers. Some of the fields can be edited wherever tax payer desires to amend. If the variation is more/less than 20%, the system alerts tax payers about such variations.

Transactions made by the tax payers during the FY 2018-19 and tax liability on such transactions have to be reported in Annual Return, as under –

Nature of Transactions	Reported/Disclosed while filing returns		To be Disclosed* while filing Annual Return
	During F.Y. 2018-19	During F.Y. 2019-20	*Unreported transactions
Outward Taxable Supplies	Table 4	Table 10 / 11	Table 4
Tax liability of above	Table 9	Table 14	Table 9
Amendment in Outward taxable Supplies	Table 4K / 4L	Table 10/11	Table 4K / 4L
Tax liability of above	Table 9	Table 14	Table 9
Outward non-taxable Supplies	Table 5	Table 10 / 11	Table 5

Nature of Transactions	Reported/Disclosed while filing returns		To be Disclosed* while filing Annual Return
	During F.Y. 2018-19	During F.Y. 2019-20	*Unreported transactions
Amendment in Outward non-taxable Supplies	Table 5J / 5K	Table 10 /11	Table 5J / 5K
Inward Supplies – RCM	Table 4G	*	*
Tax liability of above	Table 9	*	*
Inward Supplies – Other than RCM	Table 6	Table 8C	— There is no additional tax liability hence no reporting.

\* Annual Return of the FY 2019-20 or the year of disclosure, as applicable.

Tabulated information covering various scenarios and its reporting requirement have been discussed at the end of next chapter. Moreover, a separate chapter is inserted covering typical scenarios of the transactions pertaining to FY 2017-18 and its impact while filing GSTR-9 and GSTR-9C in respect of the FY 2018-19.

Section 37 and 38 contains proviso stating that no rectification of error or omission in respect of the details furnished under sub-section (1) and (2) respectively, shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier. Section 39(9) contains proviso stating “the end of the financial year” without reference to “following the end of the financial year to which such details pertain”. This anomaly is set right by amending section 39 vide CGST (Amendment) Act, 2018. The date of effect of said amendment is not yet notified. However, the object of the amendment has to be kept in mind so as to read provisions of section 37, 38 and 39 harmoniously. In view of the above, amendments for the FY 2018-19 can be carried out till the due date of filing of monthly / quarterly GST Return September 2019 or the actual date of filing of relevant annual return, whichever is earlier. However, instruction No. 4 of the Form GSTR-9 (Notification No. 56/2019-CT dt. 14.11.2019) now instructs to disclose final figures after rectification of errors or mistakes, if any.





## 2

# Form GSTR-9 (Annual Return)

### Part / Table wise Reporting in Annual Return

This form was divided in to 6 Parts and tax payers were expected to report the whole year activities into 19 tables.

Sr. No.	Details required to be filled
Part-I	Basic Details
Part-II	Details of Outward and Inward supplies (RCM) declared during the F.Y.
Part-III	Details of Input Tax Credits for the F.Y.
Part-IV	Details of Tax paid as declared in the returns filed for the F.Y.
Part-V	Details of previous F. Y. declared in returns of April to September of current F. Y. or up to due date of filing Annual Return.
Part-VI	Other Information

### Part – I

Pt. I	Basic Details
1	Financial Year
2	GSTIN
3A	Legal Name
3B	Trade Name (If any)

All the details in these fields i.e. Table 1 to 3B would be auto populated once the tax payers log in to his account on the GSTIN portal and selects button – Annual return. Hence, tax payers have to fill nothing manually in Part – I.

### Part – II

This part consists of 2 tables viz. Table 4 and Table 5. Part II consists of the details of all outward supplies, advances received and details of inward supplies liable to RCM during the financial year for which the annual return is filed. It is mandatory to file all **FORM GSTR-1** and **FORM GSTR-3B** for the financial year before filing this return. The details for the outward supplies (taxable and exempt / non-taxable) for the financial year for which return is filed is to be provided in Table 4 and 5. In these tables GSTN portal gives auto populated (which is editable) certain amounts directly from their

system based on the GSTR-1 filed by the tax payers, which may contain the amounts pertaining to FY 2017 – 2018. Accordingly, tax payers are advised to provide details of outward supplies only in relation to transactions pertaining to FY 2018 – 2019.

#### **Table 4A – Supplies made to un-registered persons (B2C)**

Aggregate value of outward supplies (sales / services) made to consumers and unregistered persons on which tax is payable shall be reported under this table. This table should also include supplies that have been made through E-Commerce operators. Moreover, the supplies shall be reported after adjusting Debit and Credit notes issued for such transactions. In other words, net supplies have to be reported.

Taxpayers can use following tables of Form GSTR-1 for compiling details for reporting under this table.

<b>Table</b>	<b>Particulars</b>
5	Taxable outward inter-State supplies to un-registered persons where the invoice value is more than Rs 2.5 lakh.
7	Taxable supplies (Net of debit notes and credit notes) to unregistered persons other than the supplies covered in Table 5
9	Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4, 5 and 6 [including debit notes, credit notes, refund vouchers issued during current period and amendments thereof]
10	Amendments to taxable outward supplies to unregistered persons furnished in returns for earlier tax periods in Table 7

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

#### **Table 4B – Supplies made to registered persons (B2B)**

Aggregate value of outward supplies (sales / services) made to registered persons including Composition dealer, on which tax is payable shall be reported in this table. This table should also include supplies that have been made through E-Commerce operators as well as supplies made to Unique Identity Holders (UIN). UIN holders include specialized agencies of United Nations Organization or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign. The aggregate value here shall be before any adjustment on account of Debit/Credit notes issued to registered dealers. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 4I and 4J of the return.

Taxpayers can use following tables of Form GSTR-1 for compiling details for reporting under this table.

<b>Table</b>	<b>Particulars</b>
4A	Supplies other than those (i) attracting reverse charge and (ii) supplies made through e-commerce operator.
4C	Supplies made through e-commerce operator attracting TCS (operator wise, rate wise)

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

#### **Table 4C – Zero rated supply (Export) on payment of tax (except supplies to SEZs)**

Exports of goods or services outside India are considered to be Zero rated supply pursuant to Section 16 of IGST Act, 2017. Aggregate value of exports (except supplies to SEZs) on which tax (IGST) has been paid shall be reported under this table. Tax payers can refer Table 6A of **FORM GSTR-1** and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 4I and 4J of the return.

When goods or services are exported out of India, value of supplies has to be determined on the basis of rate of exchange of currency. Rule 34 of CGST Rules, 2017 provides that the rate of exchange for determination of value of taxable goods shall be the applicable rate of exchange as notified by the Board under section 14 of the Customs Act, 1962 for the date of time of supply of such goods in terms of section 12 of the Act. [N. No. 17/2017 – Central Tax, dated 27-07-2017]. In other words, value of supply in respect of export of goods in Form GSTR – 1, would be the 'Free on Board' (FOB) Value reflected in Shipping Bill while exporting goods. The rate of exchange for determination of value of taxable services shall be the applicable rate of exchange determined as per the generally accepted accounting principles for the date of time of supply of such services in terms of section 13 of the Act. It may so happen that value shown in financial statements and GSTR – 1 may not be matching due to difference in exchange rate valuation. Under such circumstances, tax payers have to show the transaction value as per GST Law and difference in turnover between financial statement and GST turnover have to reported in Table 6 – Reasons for Un-reconciled difference in Annual Gross Turnover in Form GSTR – 9C.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing

return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

#### **Table 4D – Supply to SEZ on payment of tax.**

Supplies of goods or services to a unit located in SEZ or to developer of Special Economic Zone are considered as zero-rated supply pursuant to Section 16 of IGST Act, 2017. Aggregate value of supplies to SEZ's on which tax has been paid shall be reported under this table. Tax payers can refer Table 6B of GSTR-1 and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 4I and 4J of the return.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

#### **Table 4E – Deemed Exports**

Deemed exports have been defined under section 147 of CGST Act as those supplies of goods, being notified in that behalf, where the following criteria needs to be satisfied:

- i. Goods do not leave India
- ii. Payment for such supplies is received in Indian rupees or in convertible foreign exchange
- iii. Goods are manufactured in India
- iv. Central Govt. has notified the following supplies as deemed exports vide N. no. 48/2017-Central Tax, dated 18-10-2017

Central Government has notified following supplies as deemed exports vide N. no. 48/2017-Central Tax, dated 18-10-2017

Supply of Goods by registered persons;

- i. Against advance authorization issued by Director General of Foreign Trade for imports or domestic procurement of inputs on pre-import basis for physical exports;
- ii. Against Export Promotion capital goods authorization issued by Director General of Foreign Trade for import of capital goods for physical exports;

- iii. Supplies to Export Oriented Units including supplies to Electronic Technology Park Unit or Software Technology Park Unit or Bio Technology Park Unit approved in accordance with the provisions of Chapter 6 of Foreign Trade Policy 2015-20; and
- iv. Supplies of Gold by Bank or Public Sector Undertaking specified in the N. No. 50/2017 – Customs, dated 30/06/2017 against Advance Authorization.

Aggregate value of supplies in the nature of deemed exports on which tax has been paid shall be reported under this table. Tax payers can refer Table 6C of GSTR-1 and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 4I and 4J of the return.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

**Table 4F – Advances on which tax has been paid but no invoice has been raised (not covered under (A) to (E) above):**

Pursuant to Section 12 and 13 of CGST Act, 2017, time of supply of goods or services would be earliest of date of issuance of invoice or receipt of payment. Accordingly, whenever taxable persons receive any advance towards supply of goods or services or both, liability of GST arises at that point of time. However, exemption from payment of tax had been granted to those categories of persons whose turnover is less than ₹ 1.50 Crores (other than Composition taxable person) when they receive advances towards supply of goods vide N. No. 40/2017 – Central Tax, dated 13-10-2017. Again, exemption from payment of tax had been extended to all the class of persons (other than Composition taxable person) when they receive advances towards supply of goods vide N. No. 66/2017 – Central Tax, dated 15-11-2017. It must be noted that no exemption has been granted in respect of advance received towards supply of services. In other words, service providers have to discharge GST liability on receipt of advances towards supply of services.

Tax payers are required to provide details of all unadjusted advances i.e. advance has been received and tax has been paid but invoices have not been issued in the FY 2018-19, shall be reported under this table. Tax payers can refer to Table 11A of FORM GSTR-1 and it may be used for filling up these details. It may be noted that refund of advances may not to be reported under this table.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing

return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

### **Table 4G – Inward supplies on which tax is to be paid on reverse charge basis**

Under GST Law, tax needs to be discharged by recipient of supplies when specified categories of goods or services or both are procured from any person – Section 9(3) of CGST Act, 2017;

Section 9(4) of the CGST Act, 2017 provides for payment of GST under reverse charge by notified recipient of supply for procurement of goods or services from unregistered supplier, however no notification is issued pursuant to section 9(4) for the FY 2018-19.

### **Applicability of Reverse Charge Mechanism on supply of certain specified goods**

<b>Description of goods</b>	<b>Supplier of goods</b>	<b>Recipient of goods</b>	<b>Date of applicability</b>
Cashew Nuts, not shelled or peeled	Agriculturist	Any registered person	01-07-2017 <sup>3</sup>
Bidi wrapper leaves (Tendu)	Agriculturist	Any registered person	01-07-2017
Tobacco Leaves	Agriculturist	Any registered person	01-07-2017
Silk Yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn.	Any registered person	01-07-2017
Used vehicles, seized & confiscated goods, old and used goods, scrap & waste	Central Government, State Government, Union Territory or Local Authority	Any registered person	13-10-2017 <sup>4</sup>
Raw Cotton	Agriculturist	Any registered person	15-11-2017 <sup>5</sup>

3. N. No. 4/2017 – CT (Rate) & N. No. 4/2017 - Integrated Tax (Rate) – Dated 28-06-2017

4. N. No. 36/2017 – CT (Rate) & N. No. 37/2017 – Integrated Tax (Rate) – Dated 13-10-2017

5. N. No. 43/2017 – CT (Rate) & N. No. 45/2017 – Integrated Tax (Rate) – Dated 14-11-2017

**Applicability of Reverse Charge Mechanism on supply of certain specified services:**

Nature of Services	Supplier of Services	Recipient of Services	Date of applicability
<p>Supply of Services by a goods transport agency (GTA) <sup>6</sup>[who has not paid central tax @ 6%] in respect of transportation of goods by road.</p> <p><sup>7</sup>Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to,—</p> <p>(a) a Department or Establishment of the Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.]</p>	<p>Goods Transport Agency</p>	<p>(a) Any factory registered under or governed by the Factories Act, 1948; or</p> <p>(b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or</p> <p>(c) any co-operative society established by or under any law; or</p> <p>(d) any person registered under the GST Act, 2017; or</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person;</p> <p>located in the taxable territory.</p>	<p>01-07-2017<sup>8</sup></p>

6. N. No. 22/2017 – CT (Rate) – Dated 22-08-2017

7. N. No. 29/2018 – CT (Rate) – Dated 31-12-2018

8. N. No. 13/2017 – CT (Rate) – Dated 28-06-2017

Nature of Services	Supplier of Services	Recipient of Services	Date of applicability
<p>Legal Services</p> <p>“Legal service” means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.</p>	<p>Individual Advocate including Senior Advocate or a firm of advocate</p>	<p>Business Entity.</p> <p><b>Business entity</b> located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services.</p>	<p>01-07-2017</p>
<p>Services supplied by Arbitral Tribunal</p>	<p>Arbitral Tribunal</p>	<p>Any business entity located in the taxable territory.</p>	<p>01-07-2017</p>
<p>Sponsorship Services</p>	<p>Any person</p>	<p>Any body corporate or partnership firm located in the taxable territory.</p>	<p>01-07-2017</p>
<p>Services <b>other than</b> –</p> <p>(i) Renting of immovable property services;</p> <p>(ii) Services provided by Department of Posts;</p> <p>(iii) Services in relation to aircraft or a vessel, inside or outside precincts of a port or an airport;</p> <p>(iv) Transport of goods or passengers</p>	<p>Central Government, State Government, Union Territory or Local Authority.</p>	<p>Any business entity located in the taxable territory.</p>	<p>01-07-2017</p>
<p>Renting of immovable property services</p>	<p>Central Government, State Government, Union Territory or Local Authority</p>	<p>Any person registered under the Central Goods and Services Tax Act, 2017.</p>	<p>25-01-2018</p>



<b>Nature of Services</b>	<b>Supplier of Services</b>	<b>Recipient of Services</b>	<b>Date of applicability</b>
Director Services	A director of a company or a body corporate	The company or body corporate located in the taxable territory.	01-07-2017
Insurance Agency Services	Insurance Agent	Any person carrying on insurance business, located in taxable territory.	01-07-2017
Recovery Agency	Recovery Agent	Banking Company or a financial institution, or a NBFC, located in taxable territory.	01-07-2017
Transfer or Permitting use or enjoyment of a copy right relating to original literary, dramatic, musical or artistic work to a publisher, music company, producer or the like.	Author or Music Composer, photographer, artist or the like.	Publisher, music company, producer or the like, located in taxable territory.	01-07-2017
Supply of services by member of overseeing committee	Members of Overseeing Committee constituted by the RBI	Reserve Bank of India	13-10-2017 <sup>9</sup>
Import of Services	Any person located in non-taxable territory.	Any person located in taxable territory other than non-taxable online recipient.	28-06-2017 <sup>10</sup>
Transportation of goods by vessel. Where the value of freight is not available it is deemed to be 10% of CIF.	Any person located in non-taxable territory.	Importer as defined under 2(26) of Customs Act, located in taxable territory	28-06-2017 and Corrigendum.

9. N. No. 33/2017 – CT (Rate) – Dated 13-10-2017

10. N. No. 10/2017 - Integrated Tax (Rate) – Dated 28-06-2017

Nature of Services	Supplier of Services	Recipient of Services	Date of applicability
Services supplied by the Central Government, State Government, Union territory or local authority <b>by way of renting of immovable property</b> to a person registered under the CGST Act.	Central Government, State Government, Union territory or Local authority	Any person registered under the CGST Act, 2017	25-01-2018 <sup>11</sup>
Services provided by individual direct selling agents (DSA)	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm.	A banking company or a non-banking financial company, located in the taxable territory.	27-07-2018 <sup>12</sup>
Services provided by Business Facilitator (BF) to a banking company.	Business Facilitator (BF)	A banking company, located in taxable territory.	01-01-2019 <sup>13</sup>
Services provided by an agent of Business Correspondent (BC) to Business Correspondent (BC).	An Agent of Business Correspondent (BC).	A business correspondent, located in taxable territory.	01-01-2019 <sup>14</sup>

11. N. No. 3/2018 – CT (Rate) – Dated 25-01-2018

12. N. No. 15/2018 – CT (Rate), Dated 26-7-2018

13. N. No. 29/2018 – CT (Rate) – Dated 31-12-2018

14. N. No. 29/2018 – CT (Rate) - Dated 31-12-2018

Nature of Services	Supplier of Services	Recipient of Services	Date of applicability
<p>Security services (services provided by way of supply of security personnel) provided to a registered person.</p> <p>Provided that RCM will not be applicable -</p> <p>(i) Department or Establishments of Central or State Government or UT; or</p> <p>(ii) Local Authority; or</p> <p>(iii) Governmental agencies</p> <p>Which has taken registration only for the purpose of deduction of tax. [S. 51]</p> <p>(iv) Registered person discharging tax liability under Composition Scheme (S. 10)</p>	<p>Any person other than a body corporate.</p>	<p>A registered person located in taxable territory.</p>	<p>01-01-2019</p>

Aggregate values of all inward supplies, whether from registered or un-registered persons (including advances and net of credit and debit notes) on which tax is to be paid by the recipient (i.e. by the person filing the annual return) on reverse charge basis have to be reported in this table. In other words, this shall also include aggregate value of all import of services. Tax payers can refer to Table 3.1(d) of **FORM GSTR-3B** and it may be used for filling up these details.

Attention of the readers is drawn to the following para of Press Release dt. 03rd July 2019:

- g) *Reverse charge in respect of Financial Year 2017-18 paid during Financial Year 2018-19: Many taxpayers have requested for clarification on the appropriate column or table in which tax which was to be paid on reverse charge basis for***

*the FY 2017-18 but was paid during FY 2018-19. It may be noted that since the payment was made during FY 2018-19, the input tax credit on such payment of tax would have been availed in FY 2018-19 only. Therefore, such details will not be declared in the annual return for the FY 2017-18 and will be declared in the annual return for FY 2018-19. If there are any variations in the calculation of turnover on account of this adjustment, the same may be reported with reasons in the reconciliation statement (FORM GSTR-9C).*

#### **Table 4H – Sub-total of (A to G)**

This table would be sum total of all the taxable outward supplies effected by the tax payers during the financial year.

#### **Table 4I and 4J – Credit / Debit Note issued in respect of transactions specified in (B) to (E)**

Section 34 of CGST Act, 2017 provides situations under which credit notes can be issued by the tax payers and they are –

- (i) In the invoice, taxable value or tax charged is found to exceed the taxable value or tax payable in respect of such supply; or
- (ii) Where the goods supplied are return by the recipient; or
- (iii) Where goods or services or both supplied are found to be deficient.

Under above circumstances, supplier of goods or services or both may issue credit note to the recipient of supply. Details of such credit notes have to be reported in the return for the month during which such credit note has been issued. However, credit note issued beyond the month of September following the end of the financial year shall not be eligible for claim of reduction of tax liability.

Section 34 of CGST Act, 2017 further provides situations under which debit notes can be issued by the tax payers and they are –

- (i) In the invoice, taxable value or tax charged is found to less than the taxable value or tax payable in respect of such supply.

Under such circumstances, supplier of goods or services or both may issue debit note to the recipient of supply. Details of such debit notes have to be reported in the return for the month during which such debit note has been issued.

Aggregate value of Debit / Credit notes issued in respect of B2B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E) shall be reported in this table. Debit / Credit notes in respect of B2C supplies (4A) need not to be reported under

this table. Tax payers can refer to Table 9B of **FORM GSTR-1** and it may be used for compiling details for this table.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

If tax payers issues Debit / Credit note in respect of any transactions which are not covered under Section 34, such Debit / Credit note effect is not required to be provided in the period returns as well as annual return. Such Debit / Credit notes are known as "financial Debit / credit notes and no effect need to be provided in periodic as well as annual return.

It has been clarified in Instruction No. 4 that for FY 2017 – 18 & FY 2018 – 19, the registered person shall have an option to fill Table 4B to Table 4E net of credit notes in case there is any difficulty in reporting such details separately in this table.

#### **Table 4K and 4L – Supplies / Tax declared through amendments (+) and (-)**

Taxpayers have a facility of amending the invoices / supplies which have been reported in the periodic return of preceding months. If any taxable value or tax amount got under / over reported by any omission or error, tax payer can amend such omission or error in subsequent month periodic return in Table 9A and Table 9C of GSTR-1. Accordingly, only amendment made to B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), credit notes (4I), debit notes (4J) and refund vouchers shall be reported under this table. Tax payers can refer to Table 9A and 9C of **FORM GSTR-1** and it may be used for compiling details for this table.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table for the transactions which results in additional tax liability.

It has been clarified in Instruction No. 4 that for FY 2017-18 and 2018-19, the registered person shall have an option to fill Table 4B to Table 4E net of amendments in case there is any difficulty in reporting such details separately in this table.<sup>15</sup>

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15. Inserted vide N. No. 56/2019 – CT dt. 14.11.2019

**Table 5A – Zero rated supply (Export) without payment of tax**

Exports of goods or services outside India are considered to be Zero rated supply pursuant to Section 16 of IGST Act, 2017. Aggregate value of exports (except supplies to SEZs) on which no tax (IGST) has been paid shall be reported under this table. In other words, exports made under Letter of Undertaking (LUT) are to be reported under this table. Tax payers can refer Table 6A of **FORM GSTR-1** and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 5H and 5I of the return.

The discussion about valuation of Exports [Table 4(C)] is similarly applicable and may be referred here as well.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

**Table 5B – Supply to SEZs without payment tax**

Supplies of goods or services to a unit located in SEZ or to developer of Special Economic Zone are considered as zero rated supply pursuant to Section 16 of IGST Act, 2017. Aggregate value of supplies to SEZ's on which no tax has been paid shall be reported under this table. In other words, exports made under Letter of Undertaking (LUT) are to be reported under this table. Tax payers can refer Table 6B of GSTR-1 and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 5H and 5I of the return.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

**Table 5C – Supplies on which tax is to be paid by the recipient on reverse charge basis.**

Details are required to be compiled in respect of those tax payers whose supplies are taxed in the hands of recipient of supplies under reverse charge mechanism. Readers are advised to refer at ensuing paras mentioned at Table 4G in respect of supplies where in recipient are liable to pay tax under reverse charge mechanism.

Aggregate value of supplies made to registered persons on which tax is payable by the recipient on reverse charge basis have to be reported in this table. Tax payers can

refer to Table 4B of **FORM GSTR-1** and it may be used for filling up these details. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 5H and 5I of the return.

As mentioned earlier, any transactions which were not reported while filing Form GSTR-1 and not amended in next financial i.e. on or before due date of furnishing return for the month / quarter September 2019 then effect of such omissions has to be provided under this table.

### **Table 5D, 5E and 5F – Exempted, NIL rated and Non-GST supplies (including “no supplies”)**

Aggregate value of exempted, Nil Rated and Non-GST supplies shall be reported under this table. Tax payers may refer to Table 8 of **FORM GSTR-1** and it may be used for filling up these details. Instruction sheet further provides that value of “no supply” also needs to be reported under table 5F. Any Debit / Credit note issued in relation of supplies covered under this clause have to be reported under separate table i.e. Table 5H and 5I of the return.

It is important to note that many tax payers have not submitted these details of exempted supply, NIL rated supply and non-GST supplies while filing periodic returns i.e. GSTR-1 and GSTR-3B. Such tax payers can now, at the time of filing annual return can furnish details in this Table at appropriate place. The value of “no supply” shall be declared under Non-GST supply (5F). [Instruction Sheet of Annual Return GSTR-9]

It has been clarified in Instruction No. 4 that For FY 2017-18 and 2018-19, the registered person shall have an option to either separately report his supplies as exempted, nil rated and Non-GST supply or report consolidated information for all these three heads in the “exempted” row only.

### **Table 5H and 5I – Credit / Debit Notes issued in respect of transactions specified in A to F**

Aggregate value of debit / credit notes issued in respect of supplies declared in 5A, 5B, 5C, 5D, 5E and 5F shall be reported under this table. Tax payers can refer to Table 9B of **FORM GSTR-1** and it may be used for filling up these details.

It has been clarified in Instruction No. 4 that for FY 2017-18 and 2018-19, the registered person shall have an option to fill Table 5A to 5F net of credit notes in case there is any difficulty in reporting such details separately in this table.

**Table 5J and 5K – Supplies declared through Amendments (+) / (-)**

Tax payers have facility of amendments to rectify error or omission made while reporting supplies - exports (without payment of tax) and supplies to SEZs on which tax has not been paid shall be reported under this table. Tax payer can refer to Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.

It has been clarified in Instruction No. 4 that for reporting at Table 5H to Table 5K, for FY 2017-18 and 2018-19, the registered person shall have an option to fill Table 5A to Table 5F net of amendments in case there is any difficulty in reporting such details separately in this table.

**Table 5N – Total Turnover (including advances) – (Total of Table 4N + 5M – 4G)**

Total Turnover including the sum of all the supplies (with additional supplies and amendments) on which tax is payable and tax is not payable shall be reported under this table. This shall also include amount of advances on which tax is paid but invoices have not been issued in the current year. However, this shall not include the aggregate value of inward supplies on which tax is paid by the recipient (i.e. by the person filing the annual return) on reverse charge basis.

This total Turnover appearing at 5N will be considered along with turnover reported at Table 10 and 11 of Annual Return, while reporting turnover at Table 5Q in GSTR-9 – Reconciliation Statement.

**Part – III**

**Part – III consist of three tables viz. Table 6, 7 and 8 of annual return.**

Table	Particulars
6	Detail of ITC availed during the financial year
7	Details of ITC reversed and ineligible ITC for financial year
8	Other ITC related information

**Table 6A – Details of ITC availed during the financial year**

Total input tax credit availed in Table 6A of FORM GSTR-3B by the taxpayer would be auto-populated here. Hence, tax payer need not have to compile and submit any information in this table. This auto populated amount may contain the credits (ITC) for FY 2017 – 2018 if it would have been taken while filing returns (GSTR-3B) for the FY 2018 – 2019.

The tax payer should keep ready the information about the bifurcation of total input tax credits claimed in Form GSTR-3B during the financial year pertaining to FY 2017-



18 and FY 2018-19 as appearing (auto populated) in Table 6A of the annual return. It is clarified in the Instruction No. 4, that tax payers cannot claim input tax credits through this return.

**Table 6B – Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)**

Aggregate value of input tax credit availed on all inward supplies except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs shall be compiled and reported under this table. Further, details also need to be compiled in respect of total Input tax credit availed and bifurcated in to ITC availed on Inputs, Capital Goods and Input Services.

Tax payers have to compile the details from Table 4(A)(5) of Form GSTR-3B and it may be used for filling up these details. This shall not include ITC which was availed, reversed and then reclaimed in the ITC ledger. This is to be declared separately under 6(H) below.

It has been clarified in the Instruction No. 5, that For FY 2017-18 and 2018-19, the registered person shall have an option to either report the breakup of input tax credit as inputs, capital goods and input services or report the entire input tax credit under the “inputs” row only.

**Table 6C – Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed**

Aggregate value of input tax credit availed on all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be compiled and reported under this table. Moreover, inward supplies – import of services have to be reported at Table 6F separately. Further, details also need to be compiled in respect of total Input tax credit availed from un-registered persons and bifurcated in to ITC availed on Inputs, Capital Goods and Input Services. Readers can refer to ensuing para of Table 4G for list of applicability of reverse charge mechanism in respect of certain goods or services or both.

Tax payers can refer to Table 4(A)(3) of **FORM GSTR-3B** and it may be used for filling up these details.

It has been clarified in the Instruction No. 5 that for FY 2017-18 and 2018-19, the registered person shall have an option to either report the breakup of input tax credit as inputs, capital goods and input services or report the entire input tax credit under the “inputs” row only and further option to either report Table 6C and 6D separately or report the consolidated details of Table 6C and 6D in Table 6D only.

**Table 6D – Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed**

Aggregate value of input tax credit availed on all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be compiled and reported under this table. Further, details also need to be compiled in respect of total Input tax credit availed from registered persons and bifurcated in to ITC availed on Inputs, Capital Goods and Input Services. Readers can refer to ensuing para of Table 4G for list of applicability of reverse charge mechanism in respect of certain goods or services or both.

Tax payers can refer to Table 4(A)(3) of **FORM GSTR-3B** and it may be used for filling up these details.

It has been clarified in the Instruction No. 5 that for FY 2017-18 and 2018-19, the registered person shall have an option to either report the breakup of input tax credit as inputs, capital goods and input services or report the entire input tax credit under the "inputs" row only and further option to either report Table 6C and 6D separately or report the consolidated details of Table 6C and 6D in Table 6D only.

**Table 6E – Import of goods (including supplies from SEZ)**

Details of input tax credit availed on import of goods including supply of goods received from SEZs shall be compiled and reported under this table. Further, details also need to be compiled and bifurcated into ITC availed on Inputs and Capital Goods.

Taxable person may refer to Table 4(A)(1) of FORM GSTR-3B and it may be used for filling up these details. If any tax paid on import of goods during the financial year is not taken in to consideration while filing returns (GSTR-3B) but recorded in the returns (GSTR-3B) in the subsequent year, tax payers may show such credits which were pertaining to financial year but recorded subsequently, in this Table. [Para g of the Press Release dated 4th June, 2019]

It has been clarified in the Instruction No. 5 that for FY 2017-18 and 2018-19, the registered person shall have an option to either report the breakup of input tax credit as inputs, capital goods or report the entire input tax credit under the "inputs" row only.

**Table 6F – Import of Services (excluding inward supplies from SEZs)**

Details of input tax credit availed on import of services (excluding inward supplies from SEZs) shall be compiled and reported under this table. It may be noted that inward supplies from SEZs have to be reported under Table 6B of GSTR-9.

Taxable person can refer to Table 4(A)(2) of FORM GSTR-3B and it may be used for filling up these details.

### **Table 6G – Input Tax Credit received from Input Service Distributor**

Aggregate value of input tax credit received from input service distributor shall be compiled and reported under this table.

Tax payers can refer to Table 4(A)(4) of FORM GSTR-3B and it may be used for filling up these details.

### **Table 6H – Amount of ITC re-claimed (other than B above) under the provisions of this Act.**

Second proviso to Section 16 (2) of CGST Act, 2017 read with Rule 37 of CGST Rules, 2017 provides that registered person who had availed the input tax credit on inward supply of goods or service or both and fails to pay to the supplier (Value of supply + Tax payable thereon) within 180 days from the date of issuance of invoice, an amount equal to Input tax credit availed have to be reversed by adding such amount to his output tax liability. Proviso further states that such tax payers would be eligible to avail the input tax credit on payment made by him to such supplier towards supply of goods or services or both.

Aggregate value of all such input tax credit reclaimed (availed and reversed earlier) under the provisions of the Act shall be compiled and reported under this table.

Tax payers can refer to Table 4(A) and 4(B) of FORM GSTR-3B and it may be used for filling up these details. It may be noted that the label in Table 6H clearly states that information declared in Table 6H is exclusive of Table 6B. Therefore, information of such input tax credit is to be declared in one of the rows only. [Para k of Press Release dated 3rd July 2019].

### **Table 6J – Difference (I – A)**

The difference between the total amount of input tax credit availed through FORM GSTR-3B (auto populated) and input tax credit declared in row B to H, will be auto calculated. It may be noted that ideally, this differential amount should be zero, as tax payers is expected to only provide bifurcation of total input tax credit availed in FORM GSTR-3B at the time of uploading of his periodic return.

**Table 6K and 6L – Transition Credit through TRAN-1 (including revision) and TRAN-2**

Section 140 of CGST Act, 2017 read with Rule 117 of CGST Rules, 2017 provides that every registered person is entitle to take credit of Input tax Credit in his Electronic Credit Ledger –

- (i) Credit carried forward under the erstwhile law viz. Central Excise, Local VAT and Service Tax relating to the period ending on 30-06-2017;
- (ii) Credit on capital goods which is not carried forward in returns filed under erstwhile laws;
- (iii) Credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to conditions.

It may be noted that registered tax payers who are eligible to claim TRAN-1 credit in the year 2017-18 but due to technical glitches faced at the GSTN Portal could not avail the same and were allowed by the GSTN to claim later on. If such claim is made in the year 2018-19, the TRAN-1 credit so claimed need to be reported here.

In case of traders who have claimed deemed credit by filing TRAN-2 in the year 2018-19, the TRAN-2 credit so claimed need to be reported here.

Tax payers have to verify his Electronic Credit Ledger (ECL) and report such credit transfer to his ECL on submission or TRAN-1 and TRAN-2.

**Table 6M – Any other ITC availed but not specified above**

Details of ITC availed but not covered in any of heads specified under Table 6B to 6L above shall be reported under this table. Tax payers will have to provide details of ITC availed through **FORM ITC-01** and **FORM ITC-02** in the financial year in this table.

Section 18 read with Rule 40 provides that tax payers are eligible to avail the input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock under following situations –

- (i) Person who has applied for registration within 30 days from the date he becomes liable for registration;
- (ii) Person who has obtained voluntary registration pursuant to Section 25(3);
- (iii) Person ceases to discharge tax liability under section 10 (Composition Tax person);

(iv) Where an exempt supply of goods or services or both become taxable supply. Such tax payers can transfer the above input tax credit in to his ECL by filing Form GST ITC-01 within a period of 30 days.

Section 18(3) of CGST Act, 2017 read with Rule 41 of CGST Rules, 2017 provides that where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business and transferor of business have to file Form GST ITC – 02 and transferee have to accept such transfer.

### **Table 6O – Total ITC availed**

It is expected that total ITC availed in Electronic Credit Ledger during the FY 2018-19 should be tallied with total of this table.

### **Table 7 – Details of Reversed and Ineligible ITC for the financial year**

In this table Input Tax Credit reversed at the time of filing of periodic return viz. GSTR-3B due to ineligibility pursuant to Rule 37, 39, 42, 43 and Section 17 (5), is required to be reported under each of the sub clauses viz. 7A to 7H of Table 7. Moreover, details of ineligible transition credit claimed under FORM GST TRAN-1 or FORM GST TRAN-2 and then subsequently reversed is also required to be reported. In Table 7H, tax payer is required to provide details of ITC reversed pursuant to Section 18(4) read with Rule 44(4) is to be reported under this table.

Tax payers can refer to Table 4(B) of FORM GSTR-3B and it may be used for filing up these details. It is important to note that if the amount stated in Table 4D of FORM GSTR-3B was not included in Table 4A of FORM GSTR-3B, then no entry should be made in table 7E of FORM GSTR-9. However, if amount mentioned in Table 4D of FORM GSTR-3B was included in Table 4A and also included in Table 4B of FORM GSTR-3B, then entry will come in Table 7E of FORM GSTR-9.

If any input tax credits, which were not reversed while filing returns (GSTR-3B) for the financial under consideration, shall not be disclosed in Table 7.

It has been clarified in Instruction No. 5 that for FY 2017-18 and 2018-19, the registered person shall have an option to either fill his information on reversals separately in Table 7A to 7E or report the entire amount of reversal under Table 7H only. However, reversals on account of TRAN-1 credit (Table 7F) and TRAN-2 (Table 7G) are to be mandatorily reported.

Section 18(4) read with Rule 44(4) provides that any registered person who has availed of input tax credit and opts to pay tax under section 10 (Composition Scheme) or, where the goods or services or both supplied by him become wholly exempt, such tax payer shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption. The amount so determined shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in FORM GST ITC-03.

### **Table 7J – Net ITC available for utilization (Table 6O – 7I)**

In this table amount would be auto calculated based on the amounts provided under Table 6O and 7I. This is the net amount available for utilization against tax liability and such an amount then would be reflected at Table 12E of GSTR – 9C.

### **Table 8 – Other ITC related information**

As the name suggests, in this Table is only for information purpose and majority of the details are auto calculated or populated and some of the information have to be provided by the tax payers on the bases of details of ITC as declared in returns filed during the financial year.

### **Table 8A – ITC as per GSTR-2A (Table 3 and 5 thereof)**

The total credit available for inwards supplies (other than imports and inwards supplies liable to reverse charge but includes services received from SEZs) pertaining to the FY 2018-19 and reflected in FORM GSTR-2A (table 3 and 5 only) shall be auto-populated in this table. This would be the aggregate of all the input tax credit that has been declared by the corresponding suppliers in their FORM GSTR-1. It has been clarified in Instruction No. 5 that the FORM GSTR-2A generated as on the 1st November, 2019 shall be auto-populated in this table. Further, the registered person shall have an option to upload the details for the entries in Table 8A to 8D duly signed, in PDF format in FORM GSTR-9C (without the CA certification).

### **Table 8B – ITC as per total of Table 6B and 6H**

The input tax credit as declared in Table 6B (Input Tax Credit on Inward supplies other than imports and tax payable under RCM) and 6H (Amount of ITC re-claimed) shall be auto-populated here.

**Table 8C – ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2018 – 19, but availed during the period April 19 to September, 2019**

Aggregate value of input tax credit availed on all inward supplies (except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs) received during the financial year 2018-19 shall be reported under this table. Moreover, ITC on inward supplies viz. imports of goods and services or both and tax to be discharged pursuant to Section 9(3) and 9(4) of CGST Act as also Section 5(3) and 5(4) of IGST Act is not required to be reported under this table.

Tax payer can refer to Table 4(A)(5) of FORM GSTR-3B and it may be used for filling up these details. However, one important thing to be kept in mind is that if any inward supplies which were still not declared in periodical returns and tax payers realise the same at the time of filing of the annual return, tax payers shall not be able to avail such input tax credit on such inward supplies. Instruction No. 4 of the annual return very categorically provides that only additional liability for the FY 2017-18 and FY 2018 – 19, not declared in FORM GSTR-1 and FORM GSTR-3B may be declared in this return. Further, taxpayers cannot claim input tax credit unclaimed through this return.

**Table 8D – Difference – (A-B + C)**

Aggregate value of the input tax credit which was available in FORM GSTR-2A (table 3 and 5 only) but not availed in FORM GSTR-3B returns shall be computed based on values of 8A, 8B and 8C of this Table. However, there may be circumstances where the credit availed in FORM GSTR-3B was greater than the credit available in FORM GSTR-2A. In such cases, the value in row 8D shall be negative. It appears that annual return will accept negative amount.

It has been clarified in Instruction 5 that for FY 2017-18 and 2018-19, the registered person shall have an option to upload the details for the entries in Table 8A to Table 8D duly signed, in PDF format in FORM GSTR-9C (without the CA certification).

**Table 8E and F – ITC available but not availed and ITC available but not eligible.**

The credit which was available and not availed in FORM GSTR-3B and ineligible credit not availed in FORM GSTR-3B shall be reported in respective tables. One very important change that has taken place when one compares earlier format of annual return with revised format of annual return which was introduced on 31-12-2018, was that in Table 8E and 8F, earlier ITC amount was to be compiled only from Table 8D. However, in new format of Annual return, such condition is removed. Accordingly, it appears that tax payers are required to compile details of ITC available but not availed and in-eligible from the financial statement.

**Table 8G – IGST paid on import (including supplies from SEZ)**

Aggregate value of IGST paid at the time of imports (including imports from SEZs) during the financial year shall be compiled and reported under this table. It means this data have to be compiled from financial statement for the FY 2018-19.

**Table 8H – IGST credit availed on import of goods (as per Table 6E)**

The input tax credit (IGST) availed on the import of goods and declared at the time of filing periodical return in Form GSTR-3B and filled in Table 6E shall be auto-populated in this Table.

**Table 8I – Difference (Table 8G – Table 8H)**

Total IGST paid on import of goods during the financial year FY 2018-19 as per Financial Statement and Total IGST credit claimed in FY 2018-19 through GSTR-3B, will be reported in this Table. Difference between these two amounts will be auto calculated in this Table.

**Table 8J – ITC available but not availed on import of goods (Equal to I)**

Tax payers are expected to report IGST paid on import of goods which are available or eligible ITC but do not like to avail the same. Ideally such amount should be equal to the amount appearing in Table 8I, but it may so happen that in a situation where tax payer have paid IGST but not availed in periodical returns Form GSTR-3B during the FY 2018-19 but availed such IGST paid in the periodic return of April to September 2019. In such a situation, ITC available but not availed may not be equal to Table 8I.

It has been clarified at para (d) of the Press Release dated 3rd July 2019 that taxpayers need not be concerned about the values reflected in this table. This is information that the Government needs for settlement purposes between the Central and the State Governments.

**Table 8K – Total ITC to be lapsed during current financial year**

Total input tax credit computed from Table 8E + 8F + 8J would be auto calculated.

As mentioned herein above as per Press Release dt. 03rd July 2019<sup>1</sup> para d, it is clarified that *“there is no question of lapsing of any such credit, since this credit never entered the electronic credit ledger of any taxpayer. Therefore, taxpayers need not be concerned about the values reflected in this table. This is information that the Government needs for settlement purposes”*.



## Part – IV

In this part only one table i.e. Table 9 needs to be compiled and most of the details in this table will be auto populated. GST portal will extract the details of taxes paid through cash and by utilizing Input Tax Credit from the periodical returns i.e. Form GSTR-3B (Table 6.1 of GSTR – 3B) uploaded by tax payers. It is important to note that all the columns in this Table would auto-populated and not editable except column 2 (Tax payable). It appears that column 2 had been kept editable so that additional liability can be added in column 2 and can be paid off by filling DRC-03 challan. In other words, tax payable column have to be compiled on the basis of tax liability computed on the basis of financial statement without taking effect of any ITC.

Further, it is to be kept in mind that Total Tax payable (IGST + CGST + SGST / UTGST + Cess) would be reflected in Table 9 Q of GSTR – 9C.

It has been clarified at para (h) of the Press Release dated 4th June, 2019 that when payment is made through Form DRC-03, such payments would not be accounted in Form GSTR – 9 but shall be reported during reconciliation in Form GSTR – 9C.

## Part – V

Part – V consists of 5 tables viz. Table No. 10 to 14. In this, particulars of transactions for the FY 2018 – 19 declared in the returns (GSTR – 1 and / or GSTR – 3B) for the periods April 2019 to September 2019 shall be reported here.

### **Table No. 10 and 11 - Supplies / tax declared through Amendments (+) and (-) (net of debit notes)**

Details of additions or amendments to any of the supplies (whether taxable or non-taxable) already declared in the returns i.e. Form GSTR – 1, of the previous financial year but such amendments were furnished in Table 9A, Table 9B and Table 9C of FORM GSTR-1 of April 2019 to September 2019 shall be reported here. Moreover, such transactions have to be reported net of Debit / Credit Note.

If any Credit Note (CN) for any supply was issued and reported in returns for FY 19 – 20 i.e. April 2019 to September 2019 and the provision has been made in books of account for FY 18-19, it shall be reported in Table 11. Hence, if any CN issued after September 2019 for transactions pertaining to FY 2018 – 2019 will not be reported in Table 11. [Para J of Press Release dated 03-07-19].

### **Table No. 12 – Reversal of ITC availed during previous financial year**

Aggregate value of reversal of ITC, which was availed in the previous financial year 2018 - 2019 but reversed in returns filed (Form GSTR-3B) for the months of April 2019 to September 2019 shall be reported in this Table.

Tax payers can refer to Table 4(B) of FORM GSTR-3B for the period April 2019 to September 2019 for filling up these details.

### **Table 13 – ITC availed for the previous financial year**

Details of ITC for goods or services received in the financial year 2018 – 2019 but ITC for the same was availed in returns i.e. Form GSTR – 3B filed for the months of April 2019 to September 2019 shall be reported under this Table. However, any ITC which was reversed in the FY 2018 - 19 as per second proviso to sub-section (2) of section 16 but was reclaimed in FY 2019 - 20, the details of such ITC reclaimed shall be furnished in the annual return for FY 2019 - 20.

Accordingly, all ITC for goods or services received for the FY 2018 – 2019 i.e. Inwards supplies from registered persons, import of goods and services which were availed in returns for the month April 2019 to September 2019 have to be reported under this Table.

Tax payers can refer to Table 4(A) of FORM GSTR-3B for the period April 2019 to September 2019 and it may be used for filling up these details.

It has been clarified in instruction no. 7 that for FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table.

### **Table 14 – Differential tax paid on account of declaration in Table 10 and Table 11**

Tax payers are required to report transactions on which taxes paid on invoices / transactions pertaining to FY 2018 – 2019 and tax liability on such transaction have been shown while filing periodic returns (GSTR-1 and GSTR-3B) of April 2019 to September 2019. Such liability may have been discharged either through Cash or ITC while filing returns for the periods April 2019 to September 2019. This tax liability has to be reported for transactions mentioned in Table 10 and 11 of GSTR-9.

### **Part – VI**

Part VI consists of 5 tables viz. Table 15 to 19 wherein other information viz. details of demand and refund, information of supplies and HSN wise summary of outward and inward supplies have to be provided by tax payer.

### **Table 15 A to D – Particulars of Refund claim**

Particulars of refund claims filed, refund sanctioned, refund rejected and refund pending, during the FY 2018 – 2019 have to be provided in this table. Based on instruction no. 8\* in respect of Table 15, Tax payer can compile the information from the following documents, as under –

Particulars	Documents to be verified
Total Refund Claimed	GSTIN Portal provides facility to track the refund status under Refund module, hence one can verify the number of refund application filed by the tax payer in Form RFD-01. Moreover, can verify RFD-02 for acknowledgment of refund application.
Total Refund Sanctioned	To verify RFD-04 for Provisional refund order, RFD-05 for payment advice and RFD-06 for Order sanctioning refund.
Total Refund Rejected	To verify RFD-06 Order rejecting refund.

\*Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. Details about non GST refund claims need not be provided viz. Service Tax, Excise or State VAT etc.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

### Table 15 E to G – Particulars of demand of taxes

Tax payers are expected to compile details in respect of demand raised in FY 2018 – 2019 and tax remained unpaid till 31-03-19 is to be reported under this Table. Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority shall be reported under this Table 15E. Tax payer can view the details of total demand from GSTIN portal “view notices / orders” or view additional notices / orders”. Aggregate value of taxes paid out of the total value of confirmed demand as declared in 15E above shall be reported in Table 15F. Such payments can be tracked from “Other than return related liabilities” under electronic liability ledger because such payments (irrespective it being made from Cash ledger/credit ledger) it gets recorded in liability ledger. It is to be noted that payments made from 01-04-2018 to 31-03-2019 only to be reported here.

Aggregate value of demands pending recovery out of 15E above shall be reported in Table 15G.

Demands against recovery is pending i.e. payment on the part of the taxpayer will have to be disclosed here. This amount can be obtained from closing balance standing to the credit of Electronic liability ledger. In order to cross verify the same, taxpayer can also view the outstanding demand from “Payment towards demand” under the option tab of Electronic liability ledger.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

### **Table 16A – Supplies received from Composition Tax payers**

Tax payers are required to report aggregate details of supplies – inward supplies received from Composition Tax payers, Tax payers can refer to Table 5 of Form GSTR-3B and it may be used for filling up these details.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

### **Table 16B – Deemed supply under Section 143**

Section 143(3) and (4) of CGST Act, 2017 provides that where any inputs are sent for job work and are not received back by the principal after completion of job work within a period of 1 year of their being sent out, it shall be deemed to be supply by the principal to the job worker.

Moreover, where the capital goods other than moulds and dies, jigs and fixtures, or tools, sent for job work are not received back by the principal within a period of 3 years of their being sent out, it shall be deemed to be supply by the principal to the job worker. Even though period of 3 years is not over in FY 2018-19, technically if the possibility of return of capital goods is wiped out (due to fire/loss etc) then this data needs to be keyed in.

Tax payers are expected to report aggregate value of all deemed supplies from the principal to the job-worker in terms of sub-section (3) and sub-section (4) of Section 143 of the CGST Act shall be compiled and reported under this table.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

### **Table 16C – Goods sent on approval basis**

Tax payers are expected to compile details in respect of aggregate value of all deemed supplies for goods which were sent on approval basis but were not returned to the principal supplier within period of 6 months (180 days) of such supply have to be reported under this table.

Details have to be compiled and provided under Table 16A to 16C though it may or may not be reported while uploading periodic returns during FY 2018 – 2019.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

**Table 17 and 18 – HSN wise summary of outward / inward supplies.**

Tax payers are expected to compile the summary of supplies effected and received against a particular HSN Code and to be reported in Table 17 and 18. Tax payers can refer to Table 12 of Form GSTR-1 and it may be used for reporting HSN wise summary at Table 17. Moreover, UQC details to be furnished only for supply of goods and quantity is to be reported net of returns.

It will be optional for taxpayers having annual turnover upto ₹ 1.50 Cr to report HSN Code. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above ₹ 1.50 Cr but upto ₹ 5.00 Cr and at four digit's level for taxpayers having annual turnover above ₹ 5.00 Cr.

It may be noted that this summary details are required to be declared only for those inward supplies which in value independently account for 10% or more of the total value of inward supplies.

As per instruction no. 8 for the FY 2017-18 and 2018-19 registered person shall have an option to not fill this table.

**Table 19 – Late fees payable and paid**

As mentioned at the beginning itself, if annual return is filed beyond the due date, taxpayer would be liable to pay late fees for such default. GSTIN portal would calculate the late fees on click of "**Compute liabilities**" button and display the same in the column "Payable". Payment of such late fee has to be made through debit in cash ledger. However, if any assessee has excess balance remaining unutilized under the head of fees, he can use that to discharge the late fees.

**Final Step**

Finally, if there arises any additional liability as per the reporting done in Annual return Form GSTR-9, taxpayer would be provided with an option of paying the same in Form DRC-03. In form DRC-03, taxpayer has to mention the cause of payment, provision under which voluntary payment is made. However, payment of late fees will not be made in this form. It has to be through the normal procedure only.

While filling up the annual return, taxpayers would have the option of downloading the summary of GSTR-1 and GSTR-3B for their reference. After going in the option of annual return and selecting the financial year, options are available for downloading the same.

Prior to filing the return, there is a facility of downloading the preview of the same. Please note that until the return prepared is complete in all aspects, taxpayers can edit the values at their discretion. For filing the annual return, taxpayers have the

option to authenticate the return either using Digital Signature Certificate (DSC) or through e-signature as specified under the provisions of Information Technology Act, 2000 or verified through any other mode of signature verification (EVC). Companies (Public and Private) and LLP's have to mandatorily authentic return through DSC. Verification of the annual return have to be done by different tax payers as under –

<b>Class of Tax Payers</b>	<b>Whom to verify</b>
Individual	By Individual himself. If he is absent from India, by some other person duly authorised by him in this behalf. If the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;
Hindu Un-divided Family (HUF)	By a Karta. If the Karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family or by the authorised signatory of such Karta;
Company (Private & Public)	By the chief executive officer or authorised signatory thereof;
Government or any Governmental agency or local authority	By an officer authorised in this behalf
Firm	By any partner thereof, not being a minor or authorised signatory thereof;
Trust	By the trustee or any trustee or authorised signatory thereof
Any other person	By some person competent to act on his behalf, or by a person authorised in accordance with the provisions of section 48

## REPORTING OF TRANSACTIONS IN GSTR 9

<b>Disclosure of transactions – Outward Supplies</b>					
<b>Nature of Transaction</b>	<b>Transactions of FY 2018 – 2019 reported in</b>		<b>Reported in the Returns for April 2019 to September 2019</b>		<b>Reporting / Disclosure in Annual Return</b>
	<b>GSTR – 1</b>	<b>GSTR – 3B</b>	<b>GSTR – 1</b>	<b>GSTR – 3B</b>	
Outward Supplies	Yes	Yes	No	No	Table 4 / 5
Outward Supplies	Yes	No	No	Yes	Table 10 / 11

<b>Disclosure of transactions – Outward Supplies</b>					
<b>Nature of Transaction</b>	<b>Transactions of FY 2018 – 2019 reported in</b>		<b>Reported in the Returns for April 2019 to September 2019</b>		<b>Reporting / Disclosure in Annual Return</b>
	<b>GSTR – 1</b>	<b>GSTR – 3B</b>	<b>GSTR – 1</b>	<b>GSTR – 3B</b>	
Outward Supplies	No	Yes	Yes	No	Table 4 / 5
Outward Supplies	No	No	Yes	Yes	Table 10 / 11
Outward Supplies	No	No	No	No	Table 4 / 5

GSTR – 1 may contain transactions which were pertaining to FY 2017 – 2018 and reported while filing returns for the FY 2018 – 2019. Such transactions have to be reduced from the reporting of turnover of FY 2018 – 2019 in Table 4 or 5 or 10 or 11 of Form GSTR – 9.

<b>Transactions of current year (FY 2018 – 2019) but amendment not done while filing return in succeeding year.</b>				
<b>Nature of Transactions</b>	<b>Reporting in Financial Statement</b>	<b>Reported in GSTR – 1</b>	<b>Reported in GSTR – 3B</b>	<b>Reporting in GSTR - 9</b>
Outward Supplies	100,000	100,000	100,000	Table 4 or Table 5
Outward Supplies	100,000	90,000	100,000	Edit figures Table 4 or 5
Outward Supplies	100,000	100,000	90,000	Table 9, Tax liability to enhance and discharge through DRC - 03
Outward Supplies	90,000	100,000	100,000	No Reporting Claim Refund – Press Release dated 3rd July 2019

<b>Transactions of FY 2018 – 2019 and amendment done while filing return for April 2019 to September 2019</b>				
<b>Nature of Transactions</b>	<b>Reporting in Financial Statement</b>	<b>Reported in GSTR – 1 of FY 2018-19</b>	<b>Reported in GSTR – 3B of FY 2018-19</b>	<b>Reporting in GSTR - 9</b>
Outward Supplies	100,000	90,000	100,000	Table 10 or 11

<b>Transactions of FY 2018 – 2019 and amendment done while filing return for April 2019 to September 2019</b>				
<b>Nature of Transactions</b>	<b>Reporting in Financial Statement</b>	<b>Reported in GSTR – 1 of FY 2018-19</b>	<b>Reported in GSTR – 3B of FY 2018-19</b>	<b>Reporting in GSTR - 9</b>
Outward Supplies	100,000	100,000	90,000	Reduce Turnover from Table 4 by INR 10,000 and report in Table 10. Tax liability on such transaction to be reported at Table 14

<b>Disclosure of transactions where tax to be paid under RCM</b>				
<b>Particulars</b>	<b>Tax paid in FY 2017 – 2018</b>	<b>Tax paid in FY 2018 – 2019</b>	<b>Tax paid in FY 2019 – 2020</b>	<b>Reporting in Form GSTR – 9</b>
Transactions pertaining to FY 2017 – 18	No	Yes	No	FY 18 – 19 Table 4G
Transactions pertaining to FY 2018 – 19	NA	Yes	No	FY 18 – 19 Table 4G
Transactions pertaining to FY 2018 – 19	NA	No	Yes*	FY 19 – 20 Table 4G*
Transactions pertaining to FY 2018 – 19	NA	No	No*	In the year of payment Table 4G*

\*It has been clarified in 'para g' of the Press Release dated 3rd July, 2019 that though transactions are pertaining to FY 17-18 but since tax was paid in 18-19, it has to be reported in Table 4G of AR for 2018-19. Above table is drafted on the basis of this clarification.



<b>Disclosure of transactions of Inward Supplies</b>		
<b>Particulars of supplies</b>	<b>Reported in GSTR-3B</b>	<b>Reporting in GSTR – 9</b>
Recorded in books of accounts of FY 2018 – 19	FY 2018 – 19	Table 6A – Auto
Recorded in books of accounts of FY 2018 – 19	April 19 to September 19	Table 8C and Table 13
Recorded in books of accounts of FY 2018 – 19	Not Claimed	No Reporting

<b>Disclosure of short / excess Input Tax Credits</b>	
<b>Particulars</b>	<b>Disclosure / Action</b>
Excess claim of ITC in GSTR-3B compared with Financial Statements. Tax payer had not reversed in GSTR-3B during FY 2018 – 2019	If not reversed while filing returns (GSTR – 3B) for April 2019 to September 2019, then reverse such excess tax credit through DRC-03.  Not to be reported in GSTR-9 as no specific place provided.
Short claim of ITC in GSTR-3B compared with Financial Statements. Taxpayer has claimed while filing GSTR-3B for the period April 2019 to September 2019	Table 8C and Table 13 of GSTR – 9 of FY 2018 – 2019
Short claim of ITC in GSTR-3B compared with Financial Statements. Tax payer has not claimed while filing GSTR-3B during FY 2018 – 2019 and till September 2019 GSTR-3B.	ITC will not be available

Reconciliation with Financial Statement

<b>Particulars</b>	<b>Turnover of 18 – 19 Declared in GSTR-1 of FY 18 - 19 (a)</b>	<b>Turnover of 18 -19 Declared in GSTR-1 of FY 19 - 20 (b)</b>	<b>Turnover of 18 – 19 Declared at the time of filing GSTR-9 (c)</b>	<b>Total Turnover as per GST Returns (d = a+b+c)</b>	<b>Total Turnover as per Financial Statement of 2018 - 19</b>
Taxable Supplies (1)					
Non Taxable / Exempt Supplies (2)					
Tax Liability on above (1)					
Tax liability on RCM					
ITC availed in GSTR-3B					
Payment by Cash Ledger					
Balance Tax Payable					
Discharged by DRC-03					



### 3

## Form GSTR-9A (Annual Return for Composition Taxpayer)

From FY 2018-19 onwards the Composition Tax Payers under GST, have to make payment of tax in Form GST PMT 8, every quarter. Return has to be furnished yearly in Form GSTR - 4. [Rule 62]. In addition to return to be filed yearly, Annual Return has to be furnished in Form GSTR 9A [Section 44 read with Rule 80].

The review of this return will help GST Authorities to weed out the registered tax payers who were not eligible for composition benefit in first place. Further it will facilitate the data sharing that may take place with Income Tax Department for Statistical purposes etc.

However, it may be noted that in view of the Notification No. 47/2019-Central Tax dt. 09th October 2019, registered tax payers whose aggregate turnover is less than Rs 2 crore for FY 2018-19 shall have the option to not furnish the Annual Return. Accordingly, the composition tax payers have the option to not furnish Form GSTR-9A for the FY 2018-19.

In a situation where composition tax payer exceeds the turnover limit prescribed for composition, he shall have to file Annual Return in Form GSTR-9A for Composition period and file Annual Return in Form GSTR-9 for the balance period.

Certain salient features of Form GSTR-9A are as follows:

1. It is mandatory to file FORM GSTR-4 for FY 2018 – 2019 before filing this return. The details for FY 2018 – 2019 shall be provided in this return.
2. It may be noted that additional liability for FY 2018 – 2019 not declared in FORM GSTR-4 may be declared in this return.
3. Part I consists of basic details of taxpayer. Details of Part I are as follows:

Table No.	Instructions
5	Aggregate turnover for the previous financial year is the turnover of the financial year previous to the year for which the return is being filed. For example for the annual return for FY 2018 - 2019, the aggregate turnover of FY 2017 – 2018 shall be entered into this table. It is the sum total of turnover of all taxpayers registered on the same PAN.

4. Part II consists of the details of all outward and inward supplies in the financial year for which the annual return is filed. Details to be filled in Part II are as follows:

<b>Table No.</b>	<b>Instructions</b>
6A	Aggregate value of all outward supplies net of debit notes / credit notes, net of advances and net of goods returned for the entire financial year shall be declared here. Table 6 and Table 7 of FORM GSTR-4 may be used for filling up these details.
6B	Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here.
7A	Aggregate value of all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be declared here. Table 4B, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.
7B	Aggregate value of all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. Table 4C, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.
7C	Aggregate value of all services imported during the financial year shall be declared here. Table 4D and Table 5 of FORM GSTR-4 may be used for filling up these details.
8A*	Aggregate value of all inward supplies received from registered persons on which tax is payable by the supplier shall be declared here. Table 4A and Table 5 of FORM GSTR-4 may be used for filling up these details.
8B	Aggregate value of all goods imported during the financial year shall be declared here.

\*It may be noted that Finance ministry had given concession to composition dealers not to key in details of inward supplies while filing Form GSTR-4. In a clarification, the ministry said there have been doubts regarding the manner of filing the quarterly return by composition dealers in Form GSTR-4 in the absence of auto-population of the details of inward supplies received from registered suppliers. Businesses opting for composition scheme under GST need not file details of purchases made from their vendors at the time of filing quarterly return GSTR-4, the Finance Ministry had stated in press release.

Being small sized firms, not having in-house accounting facilities, these firms under composition will have tough time to compile this data for reporting.

5. Part IV consists of the details of amendments made for the supplies of the previous financial year in the returns of April to September of the current FY or date of filing of Annual Return for previous financial year (for example in the annual return for the FY 2018-19, the transactions declared in April 2019 to September 2019 for the FY 2018-19 shall be declared), whichever is earlier.

Details of Part IV are as follows:

<b>Table No.</b>	<b>Instructions</b>
10,11,12,13 and 14	Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 5 (relating to inward supplies) or Table 7 (relating to outward supplies) of FORM GSTR- 4 of April 2019 to September 2019 or upto the date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here.

6. Part V consists of details of other information. Details required for Part V are as follows:

<b>Table No.</b>	<b>Instructions</b>
15A, 15B, 15C and 15D	Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here. Refund claimed will be the aggregate value of all the refund claims filed in the financial year and will include refunds which have been sanctioned, rejected or are pending for processing. Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. These will not include details of non-GST refund claims.
15E, 15F and 15G	Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority has been issued shall be declared here. Aggregate value of taxes paid out of the total value of confirmed demand in 15E above shall be declared here. Aggregate value of demands pending recovery out of 15E above shall be declared here.
16A	Aggregate value of all credit reversed when a person opts to pay tax under the composition scheme shall be declared here. The details furnished in FORM ITC-03 may be used for filling up these details.

<b>Table No.</b>	<b>Instructions</b>
16B	Aggregate value of all the credit availed when a registered person opts out of the composition scheme shall be declared here. The details furnished in FORM ITC-01 may be used for filling up these details.
17	Late fee will be payable if annual return is filed after the due date

7. 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 "Annual Return" in the drop down provided in FORM DRC-03. It may be noted that such liability shall be paid through electronic cash ledger only.



## GST Annual Return and GST Audit Related Documentation

### A. GENERAL PROVISIONS UNDER THE GST LAW WITH RESPECT TO ANNUAL RETURN (FORM GSTR 9) AND GST AUDIT (FORM GSTR 9C)

The provisions relating to maintenance of books and records under GST have been iterated in Section 35(1) of the Central Goods and Services Tax Act, 2017 read with Rules 56 to 58 of the Central Goods and Services Tax Rules, 2017.

Every person registered under the GST Laws shall keep and maintain books and records in physical or electronic form, at his principal place of business.

List of documents required to be maintained include -

1. Inward and outward supply of goods or services or both
2. Stock of goods
3. Input tax credit availed
4. Output tax payable and paid
5. Goods and Services imported and exported
6. Supplies attracting payment of tax on reverse charge mechanism along with along relevant documents such as invoices, credit notes, debit notes, refund vouchers, bill of supply etc.
7. Advances received, paid and adjustments thereof.

The above is not an exhaustive list and the registered person may have to maintain additional records and registers in support of its GST Returns, GST Payments and Input Tax Credits.

While statutory audit under Companies Act, 2013 or tax audit under Income Tax Act, 1961 primarily relies on financial records, GST Audit would require a deep diving into transaction level information and thus would require a comparatively larger cluster of records to be verified. Moreover, each GSTIN of the registered person would need to be audited separately.

## **B. RELEVANCE AND SIGNIFICANCE OF DOCUMENTATION FOR ANNUAL RETURN AND GST AUDIT**

Annual Return and GST Audit, requires significant amount of preparation by both, the registered tax person and the auditor.

The accuracy, completeness and correctness of the annual return cannot be achieved without comprehensive documentation and information supporting the same.

When a Report is issued by a Chartered Accountant/Cost Accountant, he would obtain fair level of assurance about the correctness of the information furnished in Form 9C. GST Audit requires deep understanding of the GST Laws, IT Infrastructure, applicability of various notification, circulars, clarifications, classification and nature of supplies, manner of availment/utilization of credit, maintenance of various records and documents specified etc.

The Assessing Officer or any other authority who is authorised to issue summons to the registered person and call for evidence or documents, can call the GST auditor who has audited the accounts to give evidence or produce documents (other than his working papers) on which he has relied upon before certifying.

If the actual work relating to the examination of books and records is done by a qualified assistant of a firm of chartered accountants and the partner of the firm signing the audit report has relied upon his work, action, if any, action for professional negligence can be initiated against the member who has signed the report and in such an event, it would be open for the member concerned to prove that he has taken due care and diligence in the performance of his duties and is not aware of any reason to believe that he should not have so relied.

If the qualified assistant (whether or not holding the certificate of practice) is found to be grossly negligent in the performance of his duties, CA Institute can take disciplinary action against the qualified assistant also.

In view of these provisions and otherwise considering the responsibility casted by the law, a strong set of documentation would serve as an evidence that the audit was planned, performed in accordance with the professional and ethical standards. Also, it would serve as evidence in case of any enquiry or scrutiny by the GST Officials or any other regulatory authority.

Thus, it is very important to maintain detailed documentation for both, the registered person preparing the annual return as well as the auditor, in order to maintain the quality of the return and the audit and for complying with statutory compliance and fulfilment of various provisions of the GST Laws, as mentioned above.



To start with, the following (among others) are the various steps an auditor can take in connection with the GST audit:

1. Inform the concerned taxpayer about the applicability of the GST audit especially due to change in the monetary limits
2. Confirm the eligibility to be the GST auditor under the related legis- lation and the guidelines issued by the ICAI;
3. Understand the nature of business, the products or services, require- ments of records to be maintained, and advise the auditee to maintain accounts and records so required, beforehand;
4. Prepare a questionnaire to understand the operations/activities of the auditee, and specifically develop questions on those issues on which the GST law would have a bearing;
5. Preparation of the detailed audit program and list of records to be verified;
6. Reconciliations.

### **C. Documentation**

Every client's documents should be bifurcated into a permanent file and a working papers file. Generally, the following documents should be included in the permanent file:

1. Name, address and contact number of the client;
2. Brief profile of the client, its promoters, directors, partners etc., details of his businesses and locations of his branches, GST Registration Numbers, along with the details of the concerned persons in charge;
3. A list of products/services being dealt with, the various notifications and clarifications applicable, copies of important judgments, advance ruling copies and clarification with reference to the client and products in general;
4. Copies of the registration certificates issued under the GST Laws and/or other allied laws;
5. Previous years signed audit reports under GST, if any
6. Copies of signed financials, statutory audit report, internal audit or special audit reports etc.;
7. Copies of the constitution of the organization, like Memorandum and Article of Association, Partnership Deed, Addendum to the Deeds etc.;

8. Copies of the Application made for Composition Scheme or incentives or subsidies, if any;
9. Details of software used, and methodology of systems and controls set up in the software
10. A list of visits by various department officials, letters and notices received and replies thereof, pending litigations before various authorities and other important unresolved issues, if any.

Bearing the aforementioned general audit practices, and to ensure the completeness and accuracy of the Annual Return and GST Audit, we have listed below certain important documents required for Annual Return and GST Audit.

Sr. No.	General Documentation/Checklist
1	Letter of Appointment and Letter of Acceptance of GST Audit Engagement
2	Signed Copy of Financial Statements, along with notes, schedules, groupings, segment reports etc.
3	Consolidated and GSTIN wise trial balance and financial statements of registrations (if any)
4	List of all accounts and records maintained by the registered person
5	Certificate of Incorporation, Registration certificates under GST, geo- graphical presence along with Person in Charge (Principal + additional place of business)
6	Statutory Audit Report, Income Tax Audit Report, Cost Audit Report, Branch Auditors Report etc.
7	E way bill reports etc.

Sr. No.	Specific Documentation/Checklist
1	List of products and services along with HSN Classification and rates
2	Filed returns and base workings GST Returns (GSTR-1, GSTR-3B, GSTR 7, GSTR 7A, GSTR 8, TRAN-1, TRAN-2, ISD, ITC-04, ITC-02, etc.)
3	Details of Input Tax Credit availed and reversed, TDS / TCS <ul style="list-style-type: none"> <li>- Nature of purchases - Bifurcation of inputs, input services and capital goods along with HSN</li> <li>- Sample Documents</li> </ul>

<b>Sr. No.</b>	<b>Specific Documentation/Checklist</b>
	<ul style="list-style-type: none"> <li>- Blocked Credits</li> <li>- Electronic Cash and Credit Ledger</li> <li>- Transitional Credit details</li> <li>- Deduction of GST TDS/TCS</li> </ul>
4	<p>Host of relevant reconciliations -</p> <ul style="list-style-type: none"> <li>- Invoices v/s Books of account</li> <li>- Books of account v/s 3B</li> <li>- Books of account v/s GSTR-1</li> <li>- GSTR 3B v/s GSTR -1</li> <li>- Payment vouchers v/s Invoices - Unregistered</li> <li>- Purchase register v/s 2A</li> <li>- E-way Bills v/s Books of account</li> <li>- Turnover as in GST Returns v/s Books of account</li> <li>- Turnover and ITC of period 17-18 shown in 18-19</li> <li>- Turnover and ITC of period 18-19 shown in 19-20</li> </ul>
5	Details of advances given, received, adjustment thereof
6	Transaction level details and Ledgers - Outward Supply, Inward Supply, Tax etc.
7	Details of tax, interest penalty paid along with payment challans
8	Details of exemptions claimed, if any (Product level, location level, Nature of Supply level, etc. if any)
9	Export, deemed Export, Import and SEZ details
10	Transactions pertaining to the current financial year disclosed in the subsequent admissible period
11	<p>Sample copies of the following documents maintained by the Company under GST Law:</p> <ul style="list-style-type: none"> <li>- Tax invoices (including self-invoices for inward supplies liable to reverse charge);</li> </ul>

<b>Sr. No.</b>	<b>Specific Documentation/Checklist</b>
	<ul style="list-style-type: none"> <li>- Credit notes;</li> <li>- Debit notes;</li> <li>- Delivery challans;</li> <li>- Receipt Vouchers;</li> <li>- Payment Vouchers;</li> <li>- E-way Bills with respect to transactions for which invoice/delivery challan shared;</li> <li>- Bill of supply</li> <li>- Commercial invoice (if any)</li> <li>- Commercial debit note/Credit note (i.e. credit note/debit note on which no GST impact is given)</li> <li>- ISD and Job work Documentation</li> <li>- Details of Tax Deduction/collection at Source</li> </ul>
12	<p>Sample copies of the following documents maintained by the Company in respect of import/export/deemed export of goods:</p> <ul style="list-style-type: none"> <li>- Bill of Entry along with invoice raised by supplier of goods;</li> <li>- Bill of Lading;</li> <li>- Shipping Bill/Airway Bill;</li> <li>- Letter of Undertaking or Bond in case of export without payment of GST</li> </ul>
13	Reports generated by ASP/GSP's/GSTN Portal and Draft Annual Returns (along with workings)
14	Refunds claimed, sanctioned and rejected along with workings
15	Pending litigations, notices, replies to notices etc.
16	Notifications, clarifications, legal opinions, relevant AR's
17	Opening, closing balances and details of Unbilled revenue
18	Steps and measures taken to comply with Anti-Profitteering provisions under GST law, along with back-up working, if any

<b>Sr. No.</b>	<b>Specific Documentation/Checklist</b>
19	Copies of Advance Ruling and AAAR in auditee's own case
20	Details of Related parties
21	Notes on the details of Software's, accounting applications used and internal controls
22	Audit Checklist - Area wise
23	Management Representation Letter
24	GST User ID and passwords

While the above is a suggestive list of documentation/checklist to be prepared, maintained and verified for the purpose of Annual Return and GST Audit, there may be certain additional documentation and checks which may have to be performed in the course of undertaking the aforementioned activity

GST Audits are going to be phenomenally different from the Traditional VAT/Excise/Service Tax or other similar Audits. The GST Auditors should upgrade their skill set to use the relevant IT tools for conducting the Audit. There would be multi fold challenges in GST Audit beginning from difference in classification of data between books of account and GST Reporting, Voluminous Data, multiple sources of data, multiple formats of data, correct application of GST provisions, and frequent changes to GST Law by way of Notification etc. Maintenance of appropriate documentation and checklist in such an environment shall be the most critical skill-set required by a GST Auditor.



## 5

# GST Audit – Form GSTR 9C

GST Act is administered based on the concept of 'self-certification'. The Registered Person [RP] who files the various returns is expected to file 'true and correct' return. Obviously, the act therefore provides for some checks and balances for efficient management of the levy, collection and monitoring of the Act. Therefore, like many other fiscal laws, the GST law also provides for the auditing of the accounts by a professional who is qualified and trained to carry out this important and responsible function. The Government would rely on the audit reports those are furnished by such professionals for efficient and effective administration of the taxation law.

### Provisions

Section 35 of The CGST Act contains provisions for maintenance of records.

Section 35(5) reads as under:

*"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".*

Section 44(2) reads as under:

*"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".*

Rule 80(3) of The CGST Rules prescribes the turnover limits where Audit u/s 35(5) is made applicable.

The rule reads as under:

*"Every registered person other than those referred to in the proviso to sub-section (5) of section 35, 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 the audited annual accounts and a*

*reconciliation statement, duly certified, in GSTR 9C, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.*

*Provided that every registered person whose aggregate turnover during the financial year 2018-2019 exceeds five 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 for the financial year 2018-2019, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner."*

**CBIC vide Notification 30/2019-CT dated 28th June, 2019** has exempted the registered person supplying online information and data access or retrieval service from a place outside India to a person in India, other than a registered person from furnishing GSTR 9 and GSTR 9C.

**CBIC vide Notification 9/2020-CT dated 16th March, 2020** has conditionally exempted the foreign airline companies covered under section 381(1) of The Companies Act 2013 and who have complied with Rule 4(2) of The companies (Registration of Foreign companies) Rules, 2014 from furnishing GSTR 9C.

<b>Notification/Order</b>	<b>Due-date for furnishing GSTR 9C for F.Y 2018-19</b>
Order No. 8/2019-CT dated 14th November, 2019	31st March, 2020
Notification 15/2020-CT dated 23rd March, 2020	30th June, 2020
Notification 41/2020-CT dated 5th May, 2020	30th September, 2020

Thus, as on date the due-date for filing GSTR 9C for F.Y. 2018-19 is 30th September, 2020

### **AUDIT CERTIFICATION AND SCOPE:**

The design of the Form GSTR 9C and the placing of the certification in the form has raised certain doubts about the scope of the GST Audit as envisaged under Section 35(5) of the CGST Act.

The Form GSTR 9C is designed as under:

- ◆ PART A - Reconciliation Statement
- ◆ Instructions
- ◆ PART B - CERTIFICATION

Thus, the Forms starts with the Reconciliation Statements which are to be certified as true and correct by the GST Auditor. However, the actual certification is given in the part B, certifying information as true and fair. Interestingly, the instructions to fill up the form or what is expected to be reported in the Form is given in between parts A and B.

Perhaps, the positioning of the Certification at the end creates the doubts about the scope of the audit. Some may be inclined to say that the exercise is mere reconciliation and does not involve any auditing, warranting assuming and auditing risk on the part of the GST Auditor. This approach seems incorrect. A closer look at the certifications as given in Part B as also the design of the reconciliation statements in Part A will help in appreciating this aspect. However attention is drawn to the Press Release dt. 03rd July, 2019 issued by the CBIC wherein the scope of the audit in Para (h) is explained as under:

**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.”*

**“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?	<<Please specify>>

Instructions:-

1. Terms used:

(a) GSTIN: Goods and Services Tax Identification NUMBER



2. It is mandatory to file all your FORM GSTR-1, FORM GSTR-3B and FORM GSTR 9 for current financial year before filing this return. For FY 2017-18, the details for the period between July 2017 to March 2018 are to be provided in this statement for the financial year 2017-18. The reconciliation statement is to be filed for every GSTIN separately.

3. The reference to current financial year in this statement is the financial year for which the reconciliation statement is being filed for.

### COMMENTS

- ◆ **Section 35(5)** - Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a CA or a CWA and shall submit
  - (1) A copy of audited accounts,
  - (2) The reconciliation statement u/s 44(2) and
  - (3) Such other documents in such form and manner as may be prescribed
- ◆ **Rule 80(3) of CGST Rules, 2017** - Every registered person whose aggregate turnover during a financial year exceeds ₹ 2 crore (₹ 5 Crore for financial year 2018-19) shall get his accounts audited as specified under section 35(5) and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.
- ◆ Financial year in Point I (1) means the financial year for which the reconciliation statement is being filed. Financial year (FY) is not defined under GST Law. As per General Clauses Act, FY means the year commencing on the first day of April.
- ◆ GSTIN means Goods and Services Tax Identification Number. It may be noted that reconciliation statement is to be filed for every GSTIN separately. It is quite possible that there may be separate GSTIN for business unit in each State/Union territory, Business verticals within a State/UT, SEZ units, etc.
- ◆ Legal name and Trade name will be auto populated once GST number is filled in form GSTR 9C on GSTN portal and the same is as given in GST Registration Certificate.
- ◆ In Point number 4, the name of statute to be mentioned under which accounts are liable to be audited by assessee viz. the Income-tax Act, The Companies Act, The Societies Act, The Indian Trust Act, etc.

**Point II - Table 5A**

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR-9)
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)
5A	<p>Instruction:</p> <p>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 account in case of persons/ entities having presence over multiple States.</p>

**COMMENTS**

- ◆ GSTIN wise turnover (as per audited financial statement/books of account) for financial year 2018-19 to be mentioned here.
- ◆ No need to include transaction of supply which is not forming part of turnover in audited financial statement or books of account. E.g. Free samples to related party, Interest received on loan, (except in case of Banking/NBFC), dividend on shares, interest on capital, remuneration and share of profit received from partnership firm etc.
- ◆ The data of turnover extracted GSTIN wise and ultimately at consolidated level should match with the turnover of audited financial statements/books of account including turnover of foreign branch.
- ◆ The heading at Point II covers reconciliation of turnover declared in financial statement with turnover declared in annual return. The advances received and supply of service not made during the year needs to be reflected in Table 4F of Point II of Annual return in form GSTR 9. The Table 5(N) of annual return contains the figure/data of Total Turnover including advance. In Table 5A of Form GSTR-9C, reconciliation is to be done only for turnover and not advances. To that tune the heading at point II should include the words "Turnover declared in annual return GSTR-9 INCLUDING ADVANCES" for which no supply made during the year.

**Point II – Table 5B**

B	Unbilled revenue at the beginning of Financial Year	(+)	
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5B	<p><b>Instruction</b></p> <p>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.</p> <p>(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)</p> <p>For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>
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**COMMENTS**

- ◆ Unbilled revenue which was recorded in books of account on basis of accrual system of accounting in the previous financial year (i.e. 2017-18) and billed in current financial year (2018-19) shall be declared here.
- ◆ *Example 1:* Rental income of commercial Premises for 16th March, 2018 to 15th April, 2018 is ₹ 1 Lakh. In books of account for F.Y. 2017-18, rental income was disclosed as ₹ 50,000 as unbilled revenue based on periodicity. On 16th April, 2018 Invoice was raised for ₹ 1 lakh with GST. In such case, ₹ 50,000 to be disclosed as an unbilled revenue for F.Y. 2018-19.
- ◆ *Example 2:* In case of Works Contracts relating to immovable property or composite supply involving goods and services relating to movable property or continuous supply of goods / services or so, the Turnover as per Books of Account and Financial Statements will be based on the applicable Indian Accounting Standards (Ind AS).

Whereas the Turnover as per the CGST Act will be based on the contractual terms of the transaction and the provisions of time of supply of goods and services as provided under sections 12 and 13, respectively, of the CGST Act.

In such a scenario at the end of every financial year there will be certain turnover which may be a part of financial statements but not the turnover as per the GST Law and such differential turnover is termed as unbilled Revenue.

Such amount (part of the turnover) termed as unbilled revenue, at the beginning of the financial year, is to be reported here which will be added. Similar unbilled revenue at the end of the financial year is to be reported at Table 5H (refer hereunder) which will be deducted.

**Point II – Table 5C**

C	Unadjusted advances at the end of the Financial Year	(+)	
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5C	<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>		
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**COMMENTS**

- ◆ Advance received during F.Y 2018-19 on which GST is paid but not recognized as revenue in financial statement for F.Y 2018-19 to be declared here.
- ◆ Central Government vide Notification No. 66/2017- CT dated 15th November, 2017 exempts all taxpayer from payment of tax on advances received for supply of goods w.e.f. 15th November, 2017.
- ◆ Hence, in this column only value of those advances on which GST is paid but supply is not made till 31st March, 2019 is to be included.

**Point II – Table 5D**

D	Deemed Supply under Schedule I	(+)	
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5D	<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>		
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## COMMENTS

- ◆ The term “deemed supply” is not defined under GST Law. Section 7(1)(C) of the CGST Act provides that the activities specified in Schedule I is to be treated as a supply even when it is made without consideration. It list out certain transactions/activities which is deemed as a supply even in absence of consideration.
- ◆ SCHEDULE I to Section 7 of CGST Act, 2017 includes following activities to be treated as supply even if made without consideration and the value of same to be included in this Table
  - (1) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets
  - (2) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:
 

**Provided** that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
  - (3) Supply of goods—
    - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
    - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
  - (4) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.
- ◆ Any of the above deemed supply which is already included in turnover of audited Annual Financial Statement is not required to be included here.
- ◆ The term "related person" is defined under Explanation to sec. 15(5) of CGST Act. The term "distinct person" is referred in sec. 25(4) and 25(5) of CGST Act.
- ◆ When there is no consideration the value of such supply of goods / services is to be determined as provided under rules 27 to 35 of CGST rules.
- ◆ *Example 1* – Sony Ltd. selling TV at ₹ 40,000 to employee, whose selling price to Distributor is ₹ 1,00,000. Here ₹ 60,000 is gift which will not appear in Financial Statement. The said amount of ₹ 60,000 is required to be disclosed here.

- ◆ *Example 2* – Fixed asset discarded by way of giving donation by taxable person who has claimed ITC while procuring said fixed asset.
- ◆ *Example 3* – Supply of goods or services or both by one branch to another branch of any entity having separate GSTIN for which consideration is not charged.

**Point II – Table 5E**

E	Credit Notes issued after the end of the financial year but reflected in the annual return	(-)	
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5E	<p><b>Instruction:</b></p> <p>Aggregate value of credit notes which were issued after 31st 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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>		
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**COMMENTS**

- ◆ Credit Note issued after end of the financial year corresponding to supply made during the year and not accounted in financial year is required to be mentioned here.
- ◆ Pick up the figures from Table 11 of GSTR Form 9
- ◆ This Table requires collation of data related to credit notes on account of return of goods or reduction in value of supply of goods and services made during financial year 2018-19 and credit note thereof issued during the period April 2019 to September, 2019.

**Point II – Table 5F**

F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
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<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>			
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### COMMENTS

- ◆ Trade discount accounted in books but not eligible for deduction under section 15(3) of CGST Act, 2017 is to be reflected in this Table.
- ◆ *Example:* Discount given after the supply without corresponding contract/ agreement thereof. Many companies gives year-end target discount based on turnover achieved in respective year. Such discount will not be eligible for reduction in valuation as per section 15(3) if there is no corresponding agreement executed prior to supply made. There must be any documentary evidence available with the contracting parties to prove that the discount is given as 'pre-agreed' terms of supply.

#### Point II – Table 5G

G	Turnover from April 2017 to June 2017	(-)	
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5G	<p><b>Instruction:</b></p> <p>Turnover included in the audited Annual Financial Statement for April 2017 to June 2017 shall be declared here. For FY 2017-18, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>
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- ◆ For F.Y 2018-19, this clause will be NIL

#### Point II – Table 5H

H	Unbilled revenue at the end of Financial Year	(-)	
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5H	<p><b>Instruction:</b></p> <p>Unbilled revenue which was recorded in the books of account 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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>
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### COMMENTS

- ◆ Unbilled revenue at the end of financial year needs to be declared here.
- ◆ *Example:* Rental income of commercial Premises for 16th March, 2019 to 15th April, 2019 is ₹ 1 Lakh. In books of account for F.Y. 2018-19, rental income was

disclosed as ₹ 50,000 as unbilled revenue based on periodicity. On 16th April, 2019 Invoice was raised for ₹ 1 lakh. In such case, ₹ 50,000 to be disclosed as an unbilled revenue for F.Y 2018-19

**Point II – Table 5I**

I	Unadjusted Advances at the beginning of the Financial Year	(-)	
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5I	<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>		
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**COMMENTS**

- ◆ Advance received till 30th June, 2017 on which service Tax/excise/ VAT was leviable, as applicable and corresponding supply thereto is made during financial year 2018-19 without payment of GST, the same should be reflected here.
- ◆ Example ₹ 5 lac received as advance towards taxable services in June, 2017 on which Service Tax was paid at appropriate rate and invoice for which was raised in month of July, 2018 without payment of GST in view of section 142(11)(b) of CGST, 2017.

**Point II – Table 5J**

J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
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5J	<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>		
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### COMMENTS

- ◆ This Table should contain the figure that of credit notes issued and accounted for in the audited financial statement of the year but same is not permissible u/s 34 of CGST Act, 2017.
- ◆ *Example 1:* Financial/commercial credit notes issued and which are expensed out in the Profit and Loss Account (Reference may be made to Circular No. 92/11/2019-GST dated 7th March 2019).
- ◆ *Example 2:* Credit note for Cash discount or Credit note for goods return, issued beyond the month of September following end of financial year in which supply was made or date of furnishing annual return whichever is earlier.

#### Point II – Table 5K

K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
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5K	<p><b>Instruction:</b></p> <p>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. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>
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### COMMENTS

- ◆ This Table is applicable only for taxpayers units registered as units/ developers of SEZ.
- ◆ This will contain data related to supply of goods made by SEZ unit to DTA unit for which bill of entry is filed by DTA unit
- ◆ In view of section 5 of the IGST Act, GST on supply of goods by SEZ to DTA unit shall be levied and collected in accordance with Section 3 of Customs Tariff Act from the recipient i.e. DTA unit.

#### Point II – Table 5L

L	Turnover for the period under composition scheme	(-)	
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**Instruction:**

There may be cases where registered persons might have opted out of the composition scheme during the current financial 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 here. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O

**COMMENTS**

- ◆ A person registered under the composition scheme and who has opted out of the scheme during the year should file both forms GSTR 9 and GSTR 9A.
- ◆ Turnover for period under composition scheme to be mentioned here.

**Point II – Table 5M**

M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
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5M	<p><b>Instruction:</b></p> <p>There may be cases where the taxable value and the invoice value differ due to valuation principles under section 15 of the CGST Act, 2017 and rules thereunder. Therefore, any difference between the turnover reported in the Annual Return (GSTR 9) and turnover reported in the audited Annual Financial Statement due to difference in valuation of supplies shall be declared here. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.</p>
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**COMMENTS**

- ◆ This Table contains the data resulting on account of difference in turnover as per Invoice raised during the year and valuation thereof as per section 15 of CGST Act. Section 15(2) provide for inclusion of various items for purpose of computing value of Turnover.
- ◆ *Example 1:* Goods sold to related party (B2C) at price lower than Market price. In such case the difference between market price and price charge will be leviable to GST

- ◆ *Example 2:* In case of Air Travel Agent option has been given under Rule 32(3) of CGST Rules to pay GST on the value of basic fare which will be different than the amount shown in Financial Statement. Adjustment to that extent has to be made under this clause.

**Point II – Table 5N**

N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
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5N	<p><b>Instruction:</b></p> <p>Any difference between the turnover reported in the Annual Return (GSTR-9) and turnover reported in the audited Annual Financial Statement due to foreign exchange fluctuations shall be declared here. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O</p>		
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**COMMENTS**

- ◆ If forex gain/loss is included in turnover as per audited financial statement then corresponding (addition/reduction) effect to be given here.

**Point II – Table 5-O**

O	Adjustments in turnover due to reasons not listed above	(+/-)	
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5O	<p><b>Instruction:</b></p> <p>Any difference between the turnover reported in the Annual Return (GSTR9) and turnover reported in the audited Annual Financial Statement due to reasons not listed above shall be declared here.</p>		
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**COMMENTS**

- ◆ Any other adjustment in the turnover, other than above from Table 5B to 5N has to be reported here to add or reduce the turnover as per audited financial statements to reconcile with the turnover as declared in annual return. Hence, this is the residuary column to reconcile the turnover.
- ◆ Option is given to assessee to declare/disclose all the adjustment in this clause instead of disclosing in table 5B to 5N.
- ◆ *Example:* Sale of Capital/Fixed Assets shall be reflected here.

**Point II – Table 5P**

P	Annual turnover after adjustments as above	<<Auto>>
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**Point II – Table 5Q**

Q	Turnover as declared in Annual Return (GSTR-9)	
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5Q	<p><b>Instruction:</b></p> <p>Annual turnover as declared in the Annual Return (GSTR-9) shall be declared here. This turnover may be derived from Table Nos.5N, 10 and 11 of Annual return.</p>	
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**COMMENTS**

- ◆ Table 5Q requires a taxable person to disclose his turnover as per the Annual Return i.e., GSTR-9 filed for the relevant financial year. Therefore, the turnover arrived at Table No. 5N, 10 and 11 as per the Annual Return in GSTR - 9 should be declared under Table No. 5Q. The Annual Return in GSTR - 9 should be filed before filing the reconciliation statement in Form GSTR - 9C.

**Point II – Table 5R**

5R	Un-Reconciled turnover (Q - P)	<<Auto>>
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**COMMENTS**

- ◆ The un-reconciled turnover at Table No. 5R is the difference between the 'Annual turnover after adjustments as above' at Table No. 5P and 'turnover as declared in the Annual Returns (GSTR-9)' as declared at Table No. 5Q. The difference would be auto generated.
- ◆ **The 'annual turnover after adjustments as above' at Table No. 5P is higher than the 'turnover as declared in the annual return (GSTR-9)' at Table No. 5Q:**  
 This situation arises if a taxable person has not declared some taxable outward supplies, exempted supplies and non-GST outward supplies. The value of taxable supplies forming part of the differences should be declared under Part III Sl. No. 11 and the applicable taxes thereon shall be paid appropriately by cash. The differences in exempt supplies and non-GST outward supplies shall be declared against Part II Sl. No. 7B or 7C as the case may be and reduction from the total turnover may be sought

- ◆ The 'annual turnover after adjustments as above' at Table No. 5P is lower than the 'turnover as declared in the annual return (GSTR-9)' at Table No. 5Q:

This situation may arise if a taxable person has erroneously declared a higher turnover in the monthly return in GSTR - 3B and the annual return in GSTR-9. The reconciliation statement in GSTR - 9C does not specifically provide to claim the benefit of tax paid erroneously. The statement which would be made available on the GST portal should be checked to verify whether the taxable value at Sl. No. 11 may be declared in the negative so that refund of tax remitted on such turnover can be claimed. Clarification on this issue is awaited.

**Point II – Table 6**

6	Reasons for Un-reconciled difference in Annual Gross Turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

6	<p><b>Instruction:</b></p> <p>Reasons for non-reconciliation between the annual turnover declared in the audited Annual Financial Statement and turnover as declared in the Annual Return (GSTR-9) shall be specified here.</p>	
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**COMMENTS**

- ◆ The difference between gross turnover as per Table 5P and as declared as per annual return at Table 5Q hereinabove is reflected here which is the unreconciled turnover. If the gross turnover as per GSTR-9C as compared to the turnover as per GSTR 9 is higher or lower then such unreconciled turnover has to be specified and explained giving reasons and justification for same. There may be more than one reason for such difference which shall be identified separately giving reasons for each such difference. Due to misapplication of the provisions of the GST Law or any error, there may be such difference(s) which shall be reported giving reasons for same.

**Point II – Table 7**

7	Reconciliation of Taxable Turnover	
A	Annual turnover after adjustments (from 5P above)	<<AUTO>>

7	<p><b>Instruction:</b></p> <p>The table provides for reconciliation of taxable turnover from the audited annual turnover after adjustments with the taxable turnover declared in annual return (GSTR-9).</p>
7A	Annual turnover as derived in Table 5P above would be auto-populated here.

**Point II – Table 7B**

B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover
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7B	<p><b>Instruction:</b></p> <p>Value of exempted, nil rated, non-GST and no-supply turnover shall be declared here. This shall be reported net of credit notes, debit notes and amendments if any.</p>
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**COMMENTS**

- ◆ Table 7B requires reduction of value of Exempted, Nil rated, Non-GST supplies, No-Supply turnover from the Annual turnover after adjustments to arrive at taxable turnover.
- ◆ **Nil Rated** - Supplies taxable at a 'NIL' rate of tax E.g. supply of support Service to agriculture, forestry, fishing and animal husbandry.
- ◆ **Non-GST supplies** - Non-taxable supplies as defined under Section 2(78) of the CGST Act - Supplies that are not taxable under the Act (viz. alcoholic liquor for human consumption).
- ◆ **Exempted** - Supplies that are wholly or partially exempted from CGST, SGST or IGST, by way of a notification; E.g.: Education service, health care services, etc.
- ◆ **No supply** - No supplies include the activities covered under Schedule III which are neither a supply of goods nor a supply of services. Examples- Sale of land or completed building, actionable claims other than lottery, betting and gambling.

**Point II – Table 7C**

C	Zero rated supplies without payment of tax.	
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**Instruction:**

Value of zero rated supplies (including supplies to SEZs) on which tax is not paid shall be declared here. This shall be reported net of credit notes, debit notes and amendments if any.

**COMMENTS**

- ◆ Table 7C of GSTR-9C requires disclosure of value of zero-rated supplies without the payment of tax which forms part of the ‘Annual turnover after adjustments (from 5P above)’ at Table No. 5P.
- ◆ The source of information for zero-rated supplies shall be obtained from the outward supply statement in GSTR - 1 and revenue register forming part of books of account.
- ◆ Zero-rated supplies without payment of tax effected by a Registered Person for the period April, 2018 to March 2019 should be declared against Sl. No. 7C. Zero-rated supplies on payment of tax shall form part of the turnover to be arrived at Sl. No. 7F.

**Point II – Table 7D**

D	Supplies on which tax is to be paid by the recipient on reverse charge basis	
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**Instruction:**

Value of reverse charge supplies on which tax is to be paid by the recipient shall be declared here. This shall be reported net of credit notes, debit notes and amendments if any.

- ◆ Section 2(98) defines reverse charge to mean a case where liability to pay tax is on recipient of supply of goods or service instead of supplier u/s 9(3) and 9(4) of CGST/ SGST Act or S.5(3) or 5(4) of IGST Act.
- ◆ *Example* - In GSTR-9C to be filed by GTA/ lawyer, who have supplied services on which tax to is to be paid under RCM by recipient shall be reported by here.

**Point II – Table 7E**

E	Taxable turnover as per adjustments above (A-B-C-D)	<<Auto>>
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7E	<p><b>Instruction:</b></p> <p>The taxable turnover is derived as the difference between the annual turnover after adjustments declared in Table 7A above and the sum of all supplies (exempted, non-GST, reverse charge etc.) declared in Tables 7B, 7C and 7D above.</p>	
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**Point II – Table 7F**

F	Taxable turnover as per liability declared in Annual Return (GSTR-9)	
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7F	<p><b>Instruction:</b></p> <p>Taxable turnover as declared in Table (4N-4G) + (10-11) of the Annual Return (GSTR-9) shall be declared here.</p>	
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**COMMENTS**

- ◆ Table 7F of GSTR-9C requires that the taxable turnover as per the liability should be declared in the Annual Return (GSTR-9).
- ◆ Taxable turnover as declared in Table (4N-4G) + (10-11) of the Annual Return (GSTR-9) shall be declared here.

**Point II – Table 7g**

G	Unreconciled taxable turnover (F-E)	<<Auto>>
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**Point II – Table 8**

8	Reasons for Unreconciled difference in taxable turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

8	<p><b>Instruction:</b></p> <p>Reasons for non-reconciliation between adjusted annual taxable turnover as derived from Table 7E above and the taxable turnover declared in Table 7F shall be specified here.</p>	
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- ◆ This part of GSTR 9C identifies the taxable turnover differences to be placed on record for explaining the differences between the GST Annual Return and the Audited Financials.

### Point III

Pt. III	Reconciliation of tax paid					
9	Reconciliation of rate wise liability and amount payable thereon					
	Description	Taxable Value	Tax payable			
			Central tax	State tax/ UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
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%					

	Description	Taxable Value	Central tax	State tax/ UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
L	Interest					
M	Late Fee					
N	Penalty					
O	Others					
P	Total amount to be paid as per tables above					

	Description	Taxable Value	Central tax	State tax/ UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Un-reconciled payment of amount					

9	<p><b>Instruction:</b></p> <p>The table provides for reconciliation of tax paid as per reconciliation statement and amount of tax paid as declared in Annual Return (GSTR 9). Under the head labelled RC, supplies where tax was paid on reverse charge basis by the recipient (i.e. the person for whom reconciliation statement has been prepared) shall be declared.</p>
9P	The total amount to be paid as per liability declared in Table 9A to 9-O is auto populated here.
9Q	The amount payable as declared in Table 9 of the Annual Return (GSTR-9) shall be declared here. It should also contain any differential tax paid on Table 10 or 11 of the Annual Return (GSTR-9).

- ◆ After reconciling the turnover declared and reported in the Audited Financial Statement with turnover declared in Annual Return along with reasons for reconciliation if any, the relevant Part III of Form 9C requires an Auditor to reconcile the rate-wise liability of tax, total amount payable thereon with tax actually paid as declared in the Annual Return and recommendation of additional tax payable due to non-reconciliation of the taxable value.

Special care will have to be taken to curl out and remove the payments made in the period 18-19 pertaining to liability of period 17-18 or prior and thereafter compare the liability as reported for the period 18-19 in GSTR 9 along with liability as determined as per clause 9 herein above.

- ◆ The details of any liability of Interest under Section 50 of the GST Act accounted for in the books of account or any Late Fees for Late filing of GSTR 3B or penalty leviable under any relevant sections of the Act needs to be reported here.

**Point III – Table 10**

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

10	<p><b>Instruction:</b></p> <p>Reasons for non-reconciliation between payable / liability declared in Table 9P above and the amount payable in Table 9Q shall be specified here.</p>
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**Point III – Table 11**

11	Additional amount payable but not paid (due to reasons specified under Tables 6, 8 and 10 above)					
	Description	Taxable Value	To be paid through Cash			
			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%					
	Interest					
	Late Fee					
	Penalty					
	Others (please specify)					

<p><b>Instruction:</b></p> <p>Any amount which is payable due to reasons specified under Tables 6, 8 and 10 above shall be declared here</p>
--

- ◆ In the Table 11 under III Part of the GSTR 9C, the amount of tax, interest, penalty, late fees and other dues which are payable in accordance with the non-reconciliation reported under Tables 6, 8 and 10 but actually not paid as declared in Annual Return in GSTR 9 are to be reported with rate-wise bifurcation. The tax actually not paid may have been paid in Form DRC-03 prior to filing of GSTR-9C. Such information may be sought from the auditee. The said information may be reported as Observation at Para 5 of Part I of Certification or Para 4 of Part II of certification (as applicable).

<b>12</b>	<b>Reconciliation of Net Input Tax Credit (ITC)</b>		
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 account)		
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	
C	ITC booked in current Financial Year to be claimed in sub-sequent Financial Years	(-)	
D	ITC availed as per audited financial statements or books of account		<Auto>
E	ITC claimed in Annual Return (GSTR-9)		
F	Un-reconciled ITC		ITC 1

### Clause 12

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 account)	
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#### Instruction of Clause 12A

- ◆ ITC Availed (AFTER REVERSALS) as per the audited Annual Financial Statement shall be declared here.
- ◆ In case of Entity having multiple GSTIN units under same PAN, the ITC availed after reversals for the State/UT shall be derived from the audited Annual Financials Statement.
- ◆ In simple words, GSTIN - wise input tax credit after reversal has to be segregated from the ITC after reversal reported in the audited Financial Statement. It appears that Profit and Loss Account does not reflect the ITC based on the GSTIN, therefore, it has been clarified in the instructions that the reference to BOOKS OF ACCOUNT in case of persons/entities having presence over multiple States.

## COMMENTS

The derivation of the ITC in case of multi GSTIN shall be a challenge. Firstly, the auditor may not have access to the GSTIN records of other state.

In cases of persons having multiple GST Numbers, the total ITC availed (after reversals) will have to be determined from the consolidated financial statements and a reconciliation will have to be maintained in order to ensure that the ITC figures availed in all the GSTR 9C reconciliations total up to the consolidated financial statements.

The practical way out could be checking in the books of account of entity (qua GST No.) of which he is conducting the audit vis-a-vis the data available on the GSTIN site of that entity to double check the figures derived from Multi GSTIN.

In a single GSTIN entity, the data would be available from the tax collection account (Duties and taxes) the debit side of which can be verified for the period to arrive at the gross ITC as per books and then look for reversals and report the figure.

Persons following cash system of accounting would have taken ITC availment on cash basis only in the books of account. However, the figure availed in the returns would be higher.

The reconciliation would have to be undertaken. In view of this the provisions of sections 16, 17 and 18 read with rules 36 to 44 have to be applied on the entity for verification of the credit availed and utilized.

The basic conditions for availment of credit by a registered person of Input/ Input service/capital goods, used or intended to be used in the course or furtherance of business being:

- (a) In possession of a tax Invoice and/or other relevant documents
- (b) Have received the goods or services or both
- (c) tax charged has been actually paid to the government
- (d) return has been furnished as per section 39

Further, whether the reversals are done as per the law as required u/s 17(5) and rules 42 and 43 have to be verified.

It is only after doing the above exercise that the figure becomes comparable with table 7J of the annual return qua the GSTIN entity. However, table 6 and 7 of the annual returns may include ITC adjustments pertaining to period 17-18 done in

18-19 and hence a gross ITC availed for 18-19 and reversals done for 18-19 will have to be determined and reconciled with the figure as ascertained above from the books.

**Clause 12**

B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	
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**Instruction of Clause 12B**

- ◆ Any ITC which was booked in the audited Annual Financial Statement of earlier financial years.
- ◆ But availed in the ITC Ledger in the financial year for which the reconciliation statement is being filed for shall be declared here.
- ◆ This shall include transitional credit which was booked in earlier years but availed during financial year 2017-18. For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table.

**Comments**

For the FY 2018-19 the ITC of the previous period 2017-18 (including belatedly filed TRAN-1 and TRAN-2) could be claimed in the period 2018-19.

The auditor needs to verify the claims made in 2018-19 pertaining to period 2017-18 from the books of account vis-a-vis the conditions laid down under law for the claim of the same including ROD 2/2018 dated 31st December 2018. Again, the same needs to be verified online from the system to ascertain that the claim made in the books have been registered on the Portal for its availment. The verification of documentation vis a vis the conditions shall have to be done.

It is pertinent to note that this clause 12B has been made optional for reporting vide notification no 56/2019 dated 14th November 2019. In the event the clause is not reported, there is a possibility of mismatch of ITC as per books and as per annual return if entries pertaining to ITC and ITC reversal of 2017-18 have been booked in 2018-19. There will not be any impact if none of the entries pertaining to ITC or reversal of ITC of 2017-2018 are made in the books of 2018-19.

**Clause 12**

C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	
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**Instruction of Clause 12C**

- ◆ Any ITC which has booked in the audited Annual Financial Statement of the current financial year.
- ◆ But the same has not been credited to the ITC ledger for the said financial year shall be declared here.
- ◆ For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table.

There can be various situations like goods in transit. In such a situation the invoice would be recorded in the books as on the date of balance sheet. The ITC however will not be allowed since the goods have not been received and hence the condition of ITC not being satisfied, the credit of the same is not to be allowed in the period of booking.

On the basis of the exercise as above, the amount arrived at is the ITC which is availed as per books of account. This amount can now be compared with the figure of ITC available for utilisation in the GST returns for the period July 2017 to March 2018.

In case credit reversed in the returns of 2017-18 on account of Reversal of Rule 42, 43 or 37, but the reworking of the ratios as per the Rules for the entire year results in reduction in amount of reversal, then such a scenario will also be covered in Clause 12C.

**Clause 12**

D	ITC availed as per audited financial statements or books of account	<Auto>
---	---	--------

**Instruction of Clause 12D**

- ◆ ITC availed as per audited Annual Financial Statement or books of account as derived from values declare in Tables 12A, 12B and 12C above will be auto-populated here.

**Clause 12**

E	ITC claimed in Annual Return (GSTR-9)	
---	---------------------------------------	--

**Instruction of Clause 12E**

- ◆ Net ITC available for utilization as declared in Table 7J of Annual Return (GSTR 9) shall be declared here.

Ideally, the ITC as per annual return and books should match and in the event of difference the same needs to be reconciled, with reasons as below.

### Clause 12

F	Un-reconciled ITC	ITC 1
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Instruction of Clause 12F		
Clause	Description of Clause	Action
12D	ITC availed as per audited Financial statement or books of account	<12A + 12B - 12C>
12E	ITC claimed in Annual Return (GSTR 9)	Report
12F	Un-reconciled ITC	< 12D -12E>

There can be various reasons for differences. The most obvious being ITC taken in return and then realizing the same is not allowable.

It is possible that reversal of not allowable ITC has not been done in the books of account as on 31-3-2019 as the ratio workings may have been undertaken post 31-3-2019.

There can be a situation that in the returns the ITC when reversed in March 19 becomes a negative figure and hence the liability is paid of the short reversal. In such cases, on the GSTN Portal to the extent of amount paid it shall be shown as normal liability whereas in the books, ITC reversed figured may not match with the portal figure.

The reasons for differences can be numerous and the auditor shall have to ascertain the reasons from the auditee and verify the correctness or otherwise of the reasons provided for the differences.

13	Reasons for un-reconciled difference in ITC	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Instruction of clause 13	
◆	The reasons for non-reconciliation of ITC as per audited Annual financial Statement or books of account (Table 12D) and the net ITC (Table 12E) availed in the Annual Return (GSTR 9) shall be specified in Clauses 13A, 13B and 13C.



Line items wise reasons may be granted for each of the difference, however it may not possible to always give specific reasons in all situations. Mere mistake adjustments or wrong adjustments may also have caused the difference.

**14 Reconciliation of ITC declared in annual return (GSTR-9) with ITC availed on expenses as per audited annual Financial statement or books of account.**

Description	Value	Amount of Total ITC	Amount of eligible ITC availed
1	2	3	4
Purchases			
Freight/Carriage			
Power and Fuel			
Imported goods (Including received from SEZs)			
Rent and Insurance			
Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
Royalties			
Employees' Cost (Salaries, wages, Bonus etc.)			
Conveyance charges			
Bank Charges			
Entertainment charges			
Stationery Expenses (including postage etc.)			
Repair and Maintenance			
Other Miscellaneous expenses			
Capital goods			
Any other expense 1			
Any other expense 2			
Total amount of eligible ITC availed	<<Auto>>		
ITC claimed in Annual Return (GSTR-9)			
Un-reconciled ITC	ITC 2		

### COMMENTS

- ◆ For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this table.

The Act does not specifically require the taxpayer to bifurcate the ITC in to various accounting heads. Even though the bifurcation is asked head wise, the auditor will have to extract the data from the Books as per the Acts i.e. IGST, CGST, SGST also.

The total ITC availed during the year has to be bifurcated on the basis of heads as above. The ITC availed, but the auditor feels not allowable shall not be included in column 4. In all other cases the total amount ITC and ITC availed would be same.

The purpose of above classification seems, to identify the disallowable ITC from the nature of expense head. For e.g. the ITC pertaining to Entertainment charges / Business Promotion etc. may be verified in depth to ascertain if the ITC is in furtherance of business or is of a personal nature.

The entire credit available to the entity needs to be segregated. This amount shall obviously be post reversal and hence exact amount relatable to exact head of expense may be an issue. Common Credit reversal may have a ratio on the basis of which reversal is done and hence from each head of common expenditure the auditor may not be able bifurcate.

15	Reason for un-reconciled difference in ITC	
a	Reason 1	<< Text >>
b	Reason 2	<< Text >>
c	Reason 3	<< Text >>

### COMMENTS

The ITC claimed in annual return and that as claimed as per clause 14 will be matched and the difference shall be treated as unreconciled leading to payment in case of excess claim and lapse of credit in case of excess. The reasons for the difference needs to be explained

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

	Interest	
	Penalty	

### COMMENTS

In the event the difference is not explainable, there shall be a liability to pay the tax and the same shall be reported as above, being the nature of tax payable i.e. CGST, SGST, IGST or Cess and consequential interest thereof.

### Part B - Certification

Audit provisions are also provided under other Statutes like The Income Tax Act, The Companies Act, The Societies Act, The Indian Trust Act, etc. Therefore, in such cases, the Accounts for such entities would have been audited and financial accounts are drawn accordingly. However, some entities, may not have their accounts audited; being not covered by the statutory provisions or otherwise. Therefore, there are two situations are provided in the Form GSTR 9C. Moreover, it is quite possible that the GST Audit is carried out by the same Chartered Accountant who has conducted the audit under the other Statute:

1. Where the accounts of the entity is audited by the same Chartered Accountant who is to undertake the GST Audit and
2. Where the GST Audit undertaken by a Chartered Accountant other than the person who has carried out the audit of accounts of the entity.

The form has accordingly provided for two sets of certifications to cover both the situations discussed as above.

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

In this case, the GST Auditor is the same person [Chartered Accountant] who has carried out the audit of the Financial Accounts. Hence the certifications required are as under:

1. Examination of:
  - (a) Balance sheet as on...
  - (b) Profit and loss account for the year ending on...
  - (c) Cash flow Statement (if available) for the period ..... to .....
2. Based on the Audit Report the said registered person—

- (a) has maintained the books of account, records and documents as required by the IGST/CGST/SGST/UTGST Act, 2017 and the rules/notifications made/issued thereunder.
- (b) \*has not maintained the following accounts/records/documents as required by the IGST/CGST/SGST/UTGST Act, 2017 and the rules/notifications made/issued thereunder:

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

.....

**Comments**

In case where the Audit of the financial Accounts and the GSTR 9C certification [GST Audit] is done by the same person, the GST Auditors also certifies the Financial Accounts which he has otherwise also issued report under some other statute. Therefore, certification as per (1) above will not cause any difficulties. However, in case of small enterprises, the 'cash flow statement' may not have been certified.

The reporting in respect of examination and maintenance of accounts/ records/ documents as required by the IGST/CGST/SGST/UTGST Act, 2017 and the rules/ notifications made/issued thereunder; may need careful consideration.

Finally, the GST Auditor is called upon to report about the observations / comments / discrepancies / inconsistencies; if any. This calls for the reporting in respect of not only observations and comments but in respect of discrepancies and inconsistencies regarding claim of exemption, classification, valuation, ITC etc. It may be noted that the cases, where the registered person/auditee has accepted the auditors findings or recommendations, such issues would have been part of the reconciliation and the reasons for the same would have been given in Part A of the Report at the respective places only. However, the issues, where the auditee do not accept the GST Auditor's stand may get reported here by way of qualification or inconsistency. Please note that the observations / comments / discrepancies / inconsistencies which impact the opinion of the GST Auditor need only be reported here. Other issues may not be reported.

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 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 fair subject to following observations/qualifications, if any:*

*(a) .....*

*(b) .....*

*(c) .....*

*.....*

*.....*

*\*\* (Signature and stamp/Seal of the Auditor) Place: .....*

*Name of the signatory .....*

*Membership No. ....*

*Date: .....*

*Full address .....*

### Comments

Reporting as per para 3(b) as per clauses (A), (B) & (C) do not require much discussion as these are the standard clauses statutory audit reports.

In Para 4, the GST Auditor reports that 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.

Finally, in Para 5, the GST Auditor expresses his opinion and states that the particulars given in the said Form No. GSTR-9C are true and fair subject to following observations/qualifications, if any. The 'qualificatory remarks and disclaimer' may be reported here. Please note that the qualification in the Auditor's report requires him to quantify the same as well. Hence the turnover as the case may be, tax impact thereof be also quantified and reported here. It is quite possible that few of the remarks may get reported in paras 3 and 4 both.

The general observations not impacting the auditor's opinion also should be reported here. E.g. in case of amalgamation of the company, accounts annexed to the report may be of the amalgamated entity whereas the report pertains to the operations of the amalgamating entity. Such observations may be the ones which draws attention of the user of the Report.

Finally, the GST Auditor would sign and put his seal on the Audit report. It may be noted that the Auditor's responsibility is to furnish the GST Audit Report and the Auditee has to upload on the GST Portal or file with GST Authority. The auditor is required to furnish printed copy duly signed and sealed to the auditee after the audit report is uploaded. Since this is an attestation function, this audit report would also require generation of UDIN as required by ICAI notification.

## **II. 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:**

In this case, the GST Auditor is not the same person who has audited the Financial Accounts of the Auditee. Some other Chartered Accountant has audited the Financial Accounts. Hence, the GST Auditor relies on the audited accounts furnished/provided to him by the auditee for the purposes of the conduct of the GST Audit.

In the circumstances, the GST Auditor simply annexes the audited Balance sheet, the profit and loss account and the Cash Flow Statement (if available) and other documents which are part of the Profit and loss account and the balance Sheet, as the case may be.

In view of the above, the GST Auditor is called upon to give audit report only in respect of the maintenance of accounts, records and documents under the GST laws and the rules/notifications made/issued thereunder. Finally, in Para 4, the GST Auditor expresses his opinion and states that the particulars given in the said Form No. GSTR-9C are true and fair subject to following observations/qualifications, if any.

The discussion in respect of these reporting requirement is not repeated here and are to be referred to as discussed herein above.

Few examples of observation and qualification to be disclosed in Clause 5 of certification:

### **1. Reconciliation and not assurance on overall compliance**

In view of the press release issued by the Ministry of Finance, Govt. of India, the scope of the present Audit in respect to the reconciliation statement, is limited to reconciling the values declared in Annual Return [GSTR 9] with the audited accounts of the taxpayer. Clarifications issued vide Press Releases dated 4.6.2019 and 3.7.2019, as also Notification no 56/2019 have been relied upon for the purpose of preparation, verification and reporting in the Reconciliation Statement.

### **2. Auditors Responsibility**

- a. Maintenance of the books of account, records as required under the IGST/CGST/SGST/UTGST Act, 2017 and the rules/notifications made/issued thereunder and the financial statements are the responsibility of the auditee. Our responsibility is to express a view on the correctness, completeness and accuracy of the returns filed by the auditee vis-à-vis the books of accounts in the reconciliation statement format of form GSTR 9C.
- b. We have conducted our audit in accordance with the Standards on Auditing (SA) generally accepted in India. This standard require that we plan and perform the audit to obtain reasonable assurance about whether the said GST related accounts, records and statements are free of material misstatement. The audit includes examining, on a test check basis and the concept of materiality, evidence supporting the amounts and disclosures in this audit report.

We believe that our audit provides a reasonable basis for our opinion.

### **3. Auditee having Multi State Activity**

- a. As per the information and explanation given to us and on the basis of our examination of records of the auditee, auditee does not have an accounting

system or software for preparing State wise trial balance. However, auditee maintains accounts in SAP/ERP software on all India bases and have common data base.

Separate Outward and Inward registers are maintained by the auditee for the transactions of Maharashtra State, on the basis of which the auditee regularly files GST returns and which is considered for GST Audit in the State.

- b. As per the information and explanation given to us and on the basis of our examination of records of the auditee, auditee has accounting system or software where by State wise trial balance is made available. The same has been considered for the purpose of verification of this reconciliation in Form GSTR-9C.

#### **4. Records Maintained**

- a. Refer Tax / Stat. Audit Report Note.... however, register of Outward supplies are made available which contains stock details. Inward supplies related stock records (including RCM cases) not maintained on a day to day basis. Further in case of inward supplies received quantity related records are not completely maintained.

The auditee has not produced records of Self-generated invoice and payment vouchers as applicable in case of inward supplies received from unregistered person, where RCM is applicable.

- b. The tax /statutory report mentions as 'Day to Day Stock Register has not been maintained. The Stock is taken as on the last day of the year.' The tax payer, however, has maintained outwards register HSN wise. The inward supplies received quantity related records are not completely maintained.

The auditee has not produced records of Self-generated invoice and payment vouchers as applicable in case of inward supplies received from unregistered person, where RCM is applicable.

#### **5. Reliance Placed**

With respect to the details of turnover for the year, classification including applicable GST rate, reporting of Input tax credit and outward supplies in subsequent financial year along with its payment details and ITC reported in Table 12 we have relied on the information as provided by the auditee.



**6. Unbilled Revenue at year end of financial year**

As per the information and explanation given to us by the auditee, time of supply in case of unbilled revenue at year end is not triggered during the period of review.

**7. Reporting of payment of interest**

The disclosure of tax payable is as declared in Form GSTR-9. Further, the disclosure of interest in Form GSTR-9C is made based on the working made available by the auditee.

**8. Compliance wrt Reversal u/r. 37**

- a. The auditee has paid interest upto the date of payment made to supplier for all cases where ITC is reversed on account of payments not made to suppliers within 180 days from the date of invoice. We have accordingly reported the interest figures in Form GSTR-9C.
- b. The auditee claims that the amount of ITC which is liable to be reversed under rule 37 is Nil. We have relied on the same as relevant details were not made available by the auditee.
- c. Provision for section 16(2) of CGST Act, 2017 provides for reversal on ITC if payment to the vendor is not made within period of 180 days from date of invoice. Considering the volume we have verified this aspect on test check basis and did not found any material violation to this section.

**9. Disclosure of various legal stands taken by Auditee**

The auditee has taken various legal stands at the time filing of returns, where by the liability as well as the claims of ITC are made based on legal prepositions. Some prominent stands taken are as under:

- a. Interest u/s 50 is calculated on Net liability basis following Madras HC decision in the case of Refex Industries Ltd. (WP 23360 & 23361 of 2019 dt. 06th January, 2020)
- b. RCM on Ocean freight has been paid and ITC claimed, whereas as the Gujarat HC in the case of Mohit Minerals Ltd (Special civil application 726 of 2018 dt. 23rd January, 2020) it is held that GST is not liable to be paid on Ocean freight.
- c. High Seas Supply has been considered as non-GST supply although amendment in law has happened from 1st February, 2019.

- d. Other Income consist of Interest Income which is not considered for the purpose of this Reconciliation.
- e. Rebates received from foreign parties in convertible foreign exchange pursuant to Imports made from them has been considered as not liable to GST.



## 6

# Reporting of FY 17-18 in FY 18-19 and issues

Certain transactions relating to the year 2017-18 were either reported in GSTR 3B and GSTR1 of 2018-19 or remained to be reported in such returns of 2018-19. These transactions were appropriately reported in the Annual return of the year 2017-18 and Audit Report for the year 2017-18 in GSTR 9C. Such transactions will need special treatment while filling the GSTR 9 and GSTR 9C for the year 2018-19. Some such situations, their reporting/ stand taken in 2017-18 reporting in Annual return as also GST Audit and possible treatment/ reporting thereof, based on the stand taken earlier, while reporting them in 2018-19 is briefly discussed hereunder.

These scenarios can be broadly viewed as impacting outward liability, ITC and liability on account of RCM as follows:

1. Tax, excess or less, paid in respect of transactions of 2017-18.
2. ITC in respect of inputs and input services as also in respect of RCM where the inward supply is recorded in the books of accounts in 2017-18 but ITC thereof is claimed in 2018-19.
3. RCM in respect of certain transaction where liability for the same was either paid in 2017-18 but ITC in respect thereof is claimed in 2018-19. Some cases, the RCM is paid and even the ITC thereof is claimed in 2018-19.

For ease of understanding, these are discussed with examples and different scenarios.

**Assumptions:** For purposes of ease of discussion following facts are assumed.

Turnover of taxable supplies and Tax payable

<b>Assumption:</b>	<b>VALUE</b>	<b>TAX</b>
T/O for FY 2017-18	100	5
T/O for FY 2018-19	200	10

### CASE 1

Excess Tax Paid in GSTR 3B (2017-18) - Claimed as Refund in 2017-18.

<b>2017-18</b>	<b>VALUE</b>	<b>TAX PAYABLE</b>	<b>TAX PAID</b>
	100	5	6

Stand taken in 2017-18- Refund Claimed in Annual Return of 2017-18 in respect of excess taxes paid at Re. 1/-. Therefore, No Effect in FY 2018-19.

## CASE 2

Excess Tax Paid in GSTR 3B (2017-18) - Adjusted in FY 2018-19 GSTR3B Returns

This would have been reported as under in 2017-18 GSTR 9.

2017-18	Table	Value	Tax payable	Tax paid	Remarks
GSTR 9	Table 4	100	5		
	Table 9		5	6	Auto populated amount

2018-19	Table	Value	Tax payable	Tax paid	Remarks
GSTR 9	Table 4	200	10		
	Table 9			9	Auto populated amount. *Since Re. 1 carried forward from 2017-18

\* Explanation note to be given in Audit Report stating the reason for the difference.

## CASE 3 – Taxes short Paid

2017-18	VALUE	TAX PAYABLE	TAX PAID	Remarks
GSTR 9	100	5	4	Additional Re. 1 paid in 2018-19

As per Press release dated 04th June, 2019 liability is to be shown when it is paid in Form GSTR 3B. Therefore, reporting 2017-18 would have been as under:

2017-18	Table	Value	Tax payable	Tax paid	Remarks
GSTR 9	Table 4	100	5		
	Table 9		4	4	Auto populated amount
	Table 10		1		
	Table 14			1	

Now the reporting in 2018-19 would be:

2018-19	Table	Value	Tax payable	Tax paid	Remarks
GSTR 9	Table 4	200	10		
	Table 9		10	11	Auto populated amount. With a note in GSTR 9C explaining the difference.

## Debit notes and credit Notes

Treatment in respect of Debit notes and credit Notes passed in the books of Accounts in the year 2017-18 but were missed/not reported in filling GSTR 1 and GSTR 3B. Such Debit notes, if considered in 2017-18 by way of additional liability, no effect is required to be given in 2018-19 return fillings. However, the credit Notes which were not reported in while filling the GSTR 3B and GSTR 1 for the year 2017-18 could not have been claimed in the Annual return for 2017-18 since such credit notes were not allowed to be claimed [refer Section 34(2). Also refer press release dated 3.7.2019 para J].

However, cases where Debit notes and credit Notes which were accounted in the year 2017-18 but were shown in the GSTR 3B and GSTR 1 of 2018-19, these would have been reported in Tables 10 and 11 of GSTR 9 of 2017-18. While filling for GSTR 9 for the year 2018-19, the net effect of these transactions will have to be taken similar to Case 2 [D/n] and Case 3 [C/n].

### A. Input tax Credit [ITC]

#### Case 1: ITC credit in respect of 2017-18 taken in GSTR 3B filed in the year 2018-19

##### 2017-18 - Reporting

Sr. No.	Particulars	ITC amt ₹	GSTR9 - Table	GSTR9C – Table	Remarks
1	Credit as per books	3000		12A	
2	Credit Shown in GSTR 3B	2000	6B	12D	Balance amt
3	ITC Claimed in 2018-19	1000	13	12C	

##### 2018-19 - Reporting [if ITC for the year 2018-19 is ₹ 6000/-]

Sr. No.	Particulars	ITC amt ₹	GSTR9 - Table	GSTR9C – Table	Remarks
1	Credit as per books	6000	6B	12A	
2	Credit of 2017-18 Shown in 2018-19	1000	6B	12B	

Reporting in Table 12B of 9C is made optional vide Notification no. 56/2019 – CT dt. 14.11.2019. If the auditor opts not to report any amount in Table 12B, such amount to be reported would be for the year 2018-19 only as per books in Table 12A.

**Case 2: Credit reversed in respect of 2017-18 in 2018-19****2017-18 - Reporting**

Sr. No.	Particulars	ITC amt ₹	GSTR9 - Table	GSTR9C – Table	Remarks
1	Credit as per books	3000		12A	
2	Credit Shown in GSTR 3B	4000	6B	12B	
3	ITC reversed in 2018-19	(1000)	12	12C	

**2018-19 - Reporting [if ITC for the year 2018-19 is ₹ 6000/-]**

Sr. No.	Particulars	ITC amt ₹	GSTR9 - Table	GSTR9C – Table	Remarks
1	Credit as per books	6000	6B	12A	
2	Credit of 2017-18 reversed and Shown in 2018-19	(1000)	7 I	12B	Negative figure

**B. Reverse Charge basis [RCM]**

Additional liability of tax in respect of the year 2017-18 could have arisen on account of short discharge of tax due to RCM while filling GSTR 3B for the year 2017-18. Following situations are discussed:

**1. RCM amount of FY 2017-18 but disclosed and paid in 2018-19 returns. ITC also claimed in 2018-19**

As per Press Release dated 03.07.2019 'para g', liability of RCM of 2017-18 where it was declared in 2018-19, it is to be declared in GSTR9 of FY 2018-19 only. Since, credit of the same would also be taken in 2018-19, the same would be shown in the books of 2018-19 only.

In view thereof the same will be reflected in the GSTR-9 and GSTR-9C of 2018-19 only.

**2. RCM amount of FY 2017-18 paid in 2017-18 but ITC on RCM claimed in 2018-19**

Since, RCM was paid in 2017-18, it would have been correctly reported in GSTR9 and GSTR 9C of FY 2017-18. ITC for the same, if booked in FY 2017-18 but claimed in returns of 2018-19 would have to be reported as missed out credit [ITC] in Table 13 of GSTR9 in FY 2017-18. This will have similar effect as Case 1 of ITC.

## 7

# TDS and TCS

### TDS under GST Law as applicable w.e.f 1st October 2018

- TDS Notification No. 50/2018 - Central Tax dated 13 Sept 2018 (Old Notification No. 33/2017 - Central Tax dated 15 Sept 2017) was issued to implement the TDS provisions as provided u/s 51 of the CGST Act, effective from 1 Oct 2018, read with Rule 66:
- Persons liable to deduct and deposit TDS (Deductor):
  - a. A department or establishment of the Central Govt. or State Govt.
  - b. local authority
  - c. Governmental agencies
  - d. Other Notified Persons:
    - (i) an authority or a board or any Body, set up by an Act of Parliament or a State Legislature; or established by any Government, and having 51% or more participation by way of equity or control, to carry out any function.
    - (ii) Society established by the Central Government or State Government or local authority under the Societies Registration Act, 1860.
    - (iii) Public Sector Undertakings.
- Quantum and Manner of TDS deduction:

**Threshold for TDS:** Where the total value of supply, under a single contract exceeds ₹ 2,50,000.

**TDS on:** Net Value of supply of taxable goods or services or both (Not on GST Tax and Cess element indicated in the invoice)

**TDS Rate:** @ 1% CGST and 1% SGST or 2% IGST

**TDS from:** Payment made or credited to the Supplier (Deductee); When advance is paid to a supplier on or after 1 Oct 2018 for supply of taxable goods or services or both, TDS shall be deducted.

➤ **No deduction shall be made:**

- (i) if the location of the supplier (Deductee) and the place of supply is in a State/UT which is different from the State/UT of registration of the Recipient.

E.g. Supplier as well as place of supply are in State A and recipient is located in State B. The supply would be intra-State supply and Central tax and State tax would be levied. In such case, transfer of TDS (Central tax + State tax State B) to the cash ledger of the supplier (Central tax + State tax of State A) would be difficult. Accordingly, in such cases, TDS would not be deducted.

- (ii) Where the payment relates to a tax invoice that has been issued before 1st October, 2018.
- (iii) Where the tax is to be paid on reverse charge by the recipient Deductee.
- (iv) On Exempted and Nil rated supply of goods and services.
- (v) By Ministry of Defence as per Notification No. 57/2018- CT dated 23rd October, 2018.
- (vi) Where Supply is from one PSU to another PSU, whether or not a distinct person as per Notification No. 61/2018-CT dt 5 Nov 2018.
- (vii) Payments made to an un-registered persons.

➤ **TDS Return, Certificate and its Credit:**

The Deductor is required to pay TDS into Govt Treasury, furnish return in form GSTR-7 and issue TDS Certificate in form GSTR-7A to Supplier. The facility for generation of TDS Certificate was not made operational at the GSTN Portal during the FY 2018-19.

TDS details is made available Suppliers/Deductees in Part-C of Form GSTR-2A on the common portal, shown as TDS Tab which is to be clicked and accepted by the Supplier to get its credit. It gives details as Deductor's GSTIN, Name, Tax period, Taxable value and TDS of I/C/S. All such details can be downloaded by Supplier for his verification and record.

In case of default by Deductor, he is liable to pay TDS amount added by interest in accordance with the provisions of Sec. 50(1) of CGST Act which is @ 18% p.a. as provided u/s 51(6) of the CGST Act. Said amount is recoverable as provided u/s 73 and 74 of CGST Act.



**Refund of TDS:** Any excess or erroneous deduction of TDS shall be refunded to the Deductor or Deductee in accordance the provisions of Sec. 54 of CGST Act. However, if the TDS amount is credited to Electronic Cash Ledger of Deductee then no refund shall be granted to the Deductor as provided u/s 51(8) of the CGST Act.

### **TCS under GST Law as applicable w.e.f. 1st October 2018**

- TCS Notification No. 51/2018 - Central Tax dated 13 Sept 2018 was issued to implement the TCS provisions as provided u/s 52 of the CGST Act, effective from 1 Oct 2018 read with Rule 67:
- Every Electronic Commerce Operator (i.e. Operator) not being an Agent, shall be liable to Collect Tax (TCS) on the Net value of Taxable supplies made through Operator by other suppliers where the consideration with respect to such supplies is to be collected by the Operator.
- Net Value of Supplies = Total value of Taxable supplies of Goods or Services or both made during any month, Less (–) Supplies returned to the supplier during the said month.

- **Quantum and Manner of TCS deduction:**

GST TCS @ 0.5% CGST and 0.5% SGST or 1% IGST from the Net Taxable supplies made during month. TCS shall be collected from the Basic/Net value of supply, i.e. excluding the GST tax element.

- **TCS payment, Statement/Return and Credit:**

TCS has to be deposited with the respective Government and furnish a Statement/Return in form GSTR-8, specifying details of outward supplies less returned through operator and the amount collected during month on behalf of the suppliers.

**TCS details is made available to each of his suppliers in GSTR-2A on the common portal, shown as TCS Tab which is to be clicked and accepted by the Supplier to get its credit. It gives details as Deductor's GSTIN, Name, Tax period, Taxable value and TDS of I/C/S. All such details can be downloaded by Supplier for his verification and record.**

Details of supplies furnished by the Operator in Return GSTR-8 is matched with the corresponding details of outward supplies furnished by concerned supplier in GSTR-1. Unmatched details is communicated to Operator and Supplier for rectification. If GSTR-8 data is higher and when such difference is not rectified then it will be added as output tax liability of the Supplier, along with interest in accordance with the provisions of Sec. 50(1) of CGST Act which is @ 18% p.a. as provided u/s 52(11) of the CGST Act.

## Introduction to E-way bill

E-way bill system was rolled out on April 1, 2018, for moving goods worth over INR 50,000 from one State to another. The same for intra or within the State movement was rolled out in a phased manner from April 15, 2018. For some of the States and Union territories, these limits for generation of e-way bills differ.

One of the main objectives of the e-way bill is to curb revenue leakage. With GST systems having stabilised for about three years, the focus of the Central Board of Indirect Taxes and Customs (hereinafter referred to as CBIC) is now on increasing compliance and checking tax evasion. GSTN has started work on business intelligence and analytics. To shore up revenue and increase compliances, stringent anti-evasion measures have to be put in place. One such measure to curb tax evasion is matching the details given in the Goods and Services Tax (hereinafter referred to as GST) Returns with those given in the e-way bill by the authorities. The logic behind matching is to plug any possible leakage, intentional or unintentional, while filing of tax returns.

It is crucial for registered persons to prepare timely reconciliations of outward supplies as declared in returns with the e-way bills generated by them or by their transporters. Suo-moto reconciliation by businesses would help them in pre-empting and correcting the differences in tax filings much before any notice is received from the department. However, the e-way bills reconciliation report whether suo-moto or by the government is expected to face some of the inbuilt gaps as under:

### 1. No generation of e-way bills in case of a supply of services

E-way bills are not required to be generated in case of a supply of services, whereas the same needs to be reported in GST returns. E-way Bills mechanism cannot check service transactions, thereby businesses should have a robust IT system to segregate such transactions to have correct reconciliation picture.

On the other hand, currently GSTN also does not have any mechanism to identify service transactions due to the non-punching of invoice-wise HSN.

### 2. E-way bills on the movement of goods above a threshold limit

The data declared in GSTR-1 includes all supplies, regardless of any threshold limit, whereas e-way bills are required to be issued only in cases where the value of goods exceed a certain threshold limit (ranging from INR 50,000 to

INR 2,00,000 as notified by the respective State/UT). GSTN being a government entity would have developed a network in a manner whereby transactions below threshold limit could be identified and the impact of the same could be taken in reconciliation reports. However, as of now, no ASP/GSP is being able to develop any such system which gives an automated PAN India report post identifying State-wise threshold limits for the generation of E-way bills.

### **3. Generation of e-way bills for movement of goods on delivery challans**

E-way bills are required to be generated for movement of goods which not even constitute a supply, like goods sent to job worker on delivery challan, movement of goods from one place of business to additional place of business, etc. However, the details of such supplies are not reported in GSTR-1. Identifying and matching such transactions would be challenge both for GSTN and for a business as delivery challans are run as a separate unique series altogether.

### **4. Where goods are being transported by a non-motorized conveyance**

According to CGST rules, there is no requirement to generate e-way bill for goods even the value of goods is more than the prescribed limit is being transported by a non-motorized conveyance, such as bullock cart, cycle or any other method. In such a case, the details are reported under GSTR-1 but the same is not reported on the e-way bill portal, which will lead to a mismatch in reconciliation.

### **5. Bill to Ship to scenario**

The bill to ship to scenario is most widely used method of doing business in India. In this scenario we have three or more parties whereby on instructions from a party A, the supplier B delivers goods to C whereas the billing is done on and consideration is received from A. A in turn bills to C and recovers the consideration from C. In this kind of supply since the movement of goods is once, e way bill will be one, although there are two supply transactions. The CBIC has clarified vide press release dated 23-4-2018 that the E way bill may be made by either A or B. In such scenarios, matching of E way bill with supply register will throw a challenge.

## **E-way bill reconciliation**

Matching of invoices of e-way bills with the sales shown in GSTR-1 will help suppliers in assessing whether the supplies have been accurately shown in sales return and GST paid on the same. Further, this mechanism will be a significant tool with the GST authorities in curbing tax-evading practices. Department is trying to minimize bogus bill transactions that are spread very extensively in the markets for evasion of taxes. Notices are served by the authorities seeking clarifications for differences in tax

amounts and various other discrepancies noticed. Further, any action taken by the tax authorities against the business, such as initiation of litigation on account of tax evasion, could result in damage to the reputation of the businesses. In order to avoid such a situation, necessary precautions have to be taken by businesses much before any such report given by GSTN to GST authorities. Businesses need to be proactive which would help them in managing tax risk on the company.

### Related issues in GST Audit

- A] Each registered person (GSTIN-wise) is required to maintain books, records and other documents in accordance with section 35 of CGST Act. E-Way bills data can be helpful to track supplies which have been marked as stock transfers.

Difficulty arises when the principal place of business holds or maintains all the books and records. In this situation, it would be extremely difficult to “derive” specific transactions and reflect such transactions in the returns / statements to be filed. For instance, the books and records may not reflect stock transfer of goods between branches, whereas such data may be derived on the basis of delivery challans, e-way bills or such other documents maintained;

- B] In GST regime, Information Systems have become an integral part of enterprise day-to-day operation, such as return filing, payment of taxes, rectification of returns filed, reconciliation of multiple returns GSTR-1, GSTR-2A, GSTR-3B, e-Way Bill, GSTR 9 etc. The increased usage of technology has pitfalls when sufficient controls are not built within. It would be primary responsibility of the GST Auditor to assess the entire Computerized Information System (CIS) environment and get macro perspective of data availability and systems reliability.

- C] Part VI of GSTR 9 relates to “Other Information”. As the name suggests, additional but important information relating to HSN wise summary of outward supplies made by the taxpayer during the Financial year. India has adopted the Harmonized System of Nomenclature (HSN) for goods and the Service Accounting Code (SAC) system for services. For the financial year, a summary of inward and outward supplies effected / made against a particular HSN code is to be reported in this Table.

Presently, this data submission has been made optional. But if a registered dealer furnishes this information, for GST auditor it can be one of areas of test checking and e-way bills can be of immense help to carry out the same.

In respect of column 1 relating to goods and / or services, basic source of information would normally be the tax Invoice. However, such HSN based classification ought to be corroborated with allied documents such as E-way bills, delivery challans, notifications, clarifications including explanatory notes to

the scheme of classification of services. It is possible that the tax rates may have been changed during the financial year in respect of goods supplied.

D] E-Way bills raised would be a good guiding factor to identify such instances in respect of goods while an Auditor may have to delve deeper to understand the transactions relating to services. For instance, transactions relating to stock transfer of goods may be extracted from delivery challans or on an analysis of e-way bills, whereas transactions of service transfers must be based on an understanding of the nature of business. Since this information may not be readily available from books, it might be relevant for the Auditor to design his audit/verification program to include possible deemed supply transactions to ensure the proper reporting of this aspect. Though it is possible for the Auditor to envisage most of the scenarios, it is suggested to take proper management representation as to the completeness of these transactions.

E] Checks and Balances to validate correctness and completeness:

Few tests though not infallible, could be used as checks and balances to verify and validate the correctness of completeness of data entered under this head:

Especially for Goods: Cut off procedures in the form of physical verification of Goods in Stock with corresponding invoices / delivery challans / e-way bills etc may be checked to validate the correctness of data for goods.

Review of E Way Bills - Free supplies can be tracked by verifying the purpose of movement of goods at the time of generation of e-way bills;

F] Turnover considered as 'supply' under GST but not considered as Revenue in the audited Annual Financial Statements:

Goods sent on approval basis but not approved and received back within the prescribed period do not form part of Supply. However, goods supplied on approval basis, but not approved within a period of six months from the date of goods sent, are deemed to be a supply under GST. Where the taxable person has disclosed as such supply in GSTR 9, but not considered as revenue in audited Annual Financial Statements, adjustment should be made accordingly.

Data for such transaction can be ascertained from inventory records, delivery challans and e-way bills raised. Further, review of the transactions effected through the E-Way Bill gives the exceptional transactions, if any, to be reported through the above reconciliation.

To Conclude, one may state that the auditor may be able to use the E way bill data to a very limited extent for cross check of Outward / Inward Supplies.



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