

# Goods and Services Tax

## GST Audit Certification

IDTC-ICAI | SIRC-Kottayam  
Nov, 2018

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### Introduction to GSTR 9

- Not audit of financial statements under GST
- Scope of GST audit – financial year
- Nature of assurance by GST auditor
- Special documentation to support workings
- Authorship of 9 and 9C and role of 'experts':
  - Categorization of supplies
  - Time-Place-Value-Rate of Tax of supplies
  - Filing returns and providing information
- All details separately for CGST-SGST-IGST-Cess!

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"FORM GSTR-9 (See rule 80) Annual Return	
Pt. I Basic Details	
1	Financial Year
2	GSTIN
3A	Legal Name
3B	Trade Name (if any)

### Basic Details

- Year v. Financial year for GST audit
- GSTIN validation, duplication and correction
- Legal name v. Trade name v. Brand name

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Pt. II Details of Outward and inward supplies declared during the financial year					
Nature of Supplies	Taxable Value	(Amount in ₹ in all tables)			
		Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6
4 Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year					

### Outward and Inward Supplies

- Source of data; errors of omission-commission
- Reference to tables in GSTR 1; GIGO data
- Invoice value v. Taxable value (abatement)
- Declared 'for' 2017-18 'in' returns filed (belated)

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4 Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year					
A	Supplies made to un-registered persons (B2C)				Table 5, 7 and 9, 10
B	Supplies made to registered persons (B2B)				Table 4A, 4C
C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)				Table 6A
D	Supply to SEZs on payment of tax				Table 6B
E	Deemed Exports				Table 6C

**Outward and Inward Supplies**

- Outward supplies at not only sales but all credits
- Supplies actually reported in 2018-19 'for' 2017-18
- Supplies reported 'as if' relating to 2018-19 stays
- 'Date-of-doc' relevant but not amendment or CN-DN

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F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)				Table 11A
G	Inward supplies on which tax is to be paid on reverse charge basis				Table 4B / Table 3.1(d)
H	Sub-total (A to G above)				

**Outward and Inward Supplies**

- Tax-paid advances collected but not billed in 2017-18
- Inward supplies 'push' by counter-party (RCM+7(1)(b))
- Note on 9(4) and 5(4) pre / post Oct 13, 2017
- Note on treatment of 'reimbursement supplies'
- Invoice-wise details in workings for each item in table

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I	Credit Notes issued in respect of transactions specified in (B) to (E) above (-)				Table 9B
J	Debit Notes issued in respect of transactions specified in (B) to (E) above (+)				Table 9B

**Outward and Inward Supplies**

- 'Date-of-doc' relevant and related to 4B to 4E
- 'Doc-type' relevant whether s.34 allows or not
- CN-DN issued 'in' 2017-18 not 'for' 2017-18
- Consider supply invoice 'amended through' DN-CN
- Include CN-DN under 142(2) but exclude if tax-unpaid

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K	Supplies / tax declared through Amendments (+)				Table 9A and 9C
L	Supplies / tax reduced through Amendments (-)				Table 9A and 9C
M	Sub-total (I to L above)				
N	Supplies and advances on which tax is to be paid (H + M) above				

**Outward and Inward Supplies**

- Omission-commission (B2C) already reported (4A)
- Omission-commission (B2B) now reported (4BCDE-IJ)
- Omission-commission 'for' 2017-18 but 'in' 2018-19
- Invoice-CN-DN-Refund Voucher 'for' 2017-18 only

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6 Details of ITC availed as declared in returns filed during the financial year					
A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)	<Auto>	<Auto>	</>	Table 4A
B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	Inputs			Table 4A(5)
		Capital Goods			
		Input Services			

**Input Tax Credit (Claimed in 3B)**

- Credit flows from GSTR 3B (as claimed actually)
- Credit 'for' 2017-18 is not based on 'date' of invoice
- GSTR 3B is 'consolidated' amount not 'invoice-wise'
- Credit 'for' 2017-18 is based on 'month' of GSTR 3B
- FWC invoices to be reported including SEZ services!

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C	Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed	Inputs			Table 4A(3)
		Capital Goods			
D	Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed	Inputs			
		Capital Goods			
E	Import of goods (including supplies from SEZs)	Inputs			Table 4A(1)
		Capital Goods			
F	Import of services (excluding inward supplies from SEZs)				Table 4A(2)

**Input Tax Credit (Claimed in 3B)**

- RCM-credits 'for' 2017-18 claimed in GSTR 3B
- RCM transactions taxed as FWC not reported here
- Errors in GSTR 3B rectified in 2018-19 not counted

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G	Input Tax credit received from ISD				Table 4A(4)
H	Amount of ITC reclaimed (other than B above) under the provisions of the Act				Rule 37 and refund-rejected-credited
I	Sub-total (B to H above)				
J	Difference (I - A above)				

**Input Tax Credit (Claimed in 3B)**

- Again FWC credits reported; 6H also FWC credit
- Difference cannot be 'negative' value (I – A, not A – I)
- Difference is 'positive' indicates 'excess' claim in 3B
- Difference must be 'nil' (ideally)
- Repeat above credit details for CGST-SGST-IGST-Cess

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K	Transition Credit through TRAN-I (including revisions if any)				Actual balance as reflected in Electronic Credit Ledger
L	Transition Credit through TRAN-II				
M	Any other ITC availed but not specified above				Rule 40 stock-on-hand and Rule 41 transfer of credit
N	Sub-total (K to M above)				
O	Total ITC availed (I + N above)				

**Input Tax Credit (Claimed in 3B)**

- Special case of credit flow only to CGST or only SGST:
  - TRAN1-2 credit flow into ECL after revision (up/down)
  - Stock-on-hand credit when newly taxable (Rule 40)
  - Transfer of credit with PAN change (Rule 41)
- Total credit claimed FWC-RCM on actuals in GSTR 3B

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7	Details of ITC Reversed and Ineligible ITC as declared in returns filed during the financial year			
A	As per Rule 37			
B	As per Rule 39			
C	As per Rule 42			Table 4(B)
D	As per Rule 43			
E	As per section 17(5)			
F	Reversal of TRAN-I credit			
G	Reversal of TRAN-II credit			
H	Other reversals (pl. specify)			ITC 03
I	Total ITC Reversed (A to H above)			
J	Net ITC Available for Utilization (6O - 7I)			

**Input Tax Credit (Claimed in 3B)**

- Ensure reversal true-up after year-end review
- Ensure 7E is 'nil' to avoid 'double counting'
- TRAN1-2 reversal, ensure only admitted reversal

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8	Other ITC related information			
A	ITC as per GSTR-2A (Table 3 & 5 thereof)	<Auto>	<Auto>	<Auto>
B	ITC as per sum total of 6(B) and 6(H) above	<Auto>		

**Input Tax Credit (Matched)**

- Tax 'admitted' by counter-party flows to GSTR 2A
- Credit from invoices-on-hand claimed in 6B
- If there's mismatch, consider:
  - 2A > 6B, see if all credits are availed (directly reported)
  - 2A < 6B, expect inquiry keep alternative confirmation ready
  - 2A > 6B, credit availed in 2018-19 (choice of year)

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C	ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2017-18 but availed during April to September, 2018						Table 4(A)(5)
D	Difference [A-(B+C)]						
E	ITC available but not availed (out of D)						
F	ITC available but ineligible (out of D)						
G	IGST paid on import of goods (including supplies from SEZ)						
H	IGST credit availed on import of goods (as per 6(E) above)	<Auto>					
I	Difference (G-H)						
J	ITC available but not availed on import of goods (Equal to I)						
K	Total ITC to be lapsed in current financial year (E + F + J)	<Auto>	<Auto>	<Auto>	<Auto>		

**Input Tax Credit (Matched)**

- Credit 'to be' lapsed not automatic, ensure it is 'nil'
- 8D can trigger inquiry; maintain detailed information
- Bill of Entry filed by Registered Person

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Pt. IV	Details of tax paid as declared in returns filed during the financial year						
9	Description	Tax Payable	Paid through cash	Paid through ITC			Cess
				Central Tax	State Tax / UT Tax	Integrated Tax	
	1	2	3	4	5	6	7
	Integrated Tax						
	Central Tax						
	State/UT Tax						
	Cess						
	Interest						
	Late fee						
	Penalty						
	Other						

**Output Tax (Payable-Paid)**

- Calculate 'tax payable' based on 4N
- Actual 'tax paid' data from 3B

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16 Information on supplies received from composition taxpayers, deemed supply under section 143 and goods sent on approval basis						
	Details	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
A	Supplies received from Composition taxpayers					
B	Deemed supply under Section 143					
C	Goods sent on approval basis but not returned					Table 5

- Provide factual data and if details not available, state it
- Tracker for goods sent to job-worker (not transition 141)
- Information only; no tax to be paid

**Special Information**

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17 HSN Wise Summary of outward supplies								
HSN Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9
Table 12								

- HSN summary of 'outward' supplies required
- Match with 5N + 10 + 11
- Prepare such summary for non-monetary/sch I supplies
- Identify limitations is data collection

**Special Information**

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18 HSN Wise Summary of Inward supplies								
HSN Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9

- HSN summary of 'inward' supplies required
- Creditable and non-creditable inward supplies
- Data of value and tax required, if available
- Expect more attention to this table 18, in future
- Cannot be 'nil' in all columns, provide available data
- Disclose limitations of data maintenance

**Special Information**

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19 Late fee payable and paid			
	Description	Payable	Paid
	1	2	3
A	Central Tax		
B	State Tax		

- GSTR 9 attracts late fee; Rs.100+Rs.100, cap 2.5%+2.5%
- Single GSTR 9 for CGST-SGST, IGST and Cess
- GSTR 9 can be filed with 'unpaid' late fee also

**Late Fee**

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Verification:

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Place Signatory Date

Signature Name of Authorised Designation / Status

**Verification (by Registered Person)**

- Declaration of 'passing on benefits' includes:
  - Cost side benefit – how to verify?
  - Selling price side benefits – how to verify?
- No 'text' space allowed for 'limitations' disclosure

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## Notes to GSTR 9

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**1. Basis of Information**

- Entity follows GAAP and transactions represented in monetary value only are recorded
- Information pertaining to Registered Person are:
  - extracted, compiled and specially prepared
  - using reasonably scientific and consistent methodology
  - it is free from any omission
- Reasonable year-end procedure used to derive data for period Apr 2017 to Jun 2017 subject to....

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**2. GST Representation**

- ..... registered under CGST Act from ..... and there are no other are place(s) of business
- Own / expert opinion of GST law relied upon for:
  - Categorization of supplies as goods or services
  - Rate of tax and applicability of exemption
  - Place of supply and applicability of any specific provision
  - Nature of both, outward supplies and inward supplies (RCM)
- Export (goods or services) as per s.2(6)/ 2(7) of IGST Act
- Invoices are issued at Time of Supply

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- Outward supplies applicable are as stated in:
  - para ..... of Sch I
  - para ..... of Sch II
  - para 1, 5 and.... of Sch III applicable
- Other than pure agency, no other transactions excluded

**3. Representation on Outward Supplies**

- Rate of tax have / have changed since July 1, 2017
- Price is sole consideration net of permitted discount(s)
- Overlapping transactions reported in TRAN 1 are subject to or excluded from GST as per law
- Debit/credit notes are as permitted by section 34

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**4. Representation on Inward Supplies**

- Invoice issued by Supplier accepted as correct
- All invoices are received and in possession
- All goods or services are received fully
- No payments outstanding for > 180 days
- No transactions attract reverse charge liability
- Tax is / is not paid under s. 9(4)/5(4) up to Oct 12, 2017
- Exception to above is reported suitable and is complete

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**5. Special Disclosure on Accounting**

- Outward supplies:
  - Accounted under income or current liability accounts
  - Credits in expenditure or current assets accounts are disclosed in GSTR 1/9 appropriately
  - All others credits in expenditure and current assets accounts do not represent outward supplies
- Inward supplies:
  - Accounted under expenditure or current assets accounts
  - Debits in income or current liability accounts are disclosed in GSTR 3B/9 appropriately
  - All other debits in income and current liability accounts do not represent inward supplies

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**6. Input Tax Credit**

- Credit amount not claimed as expense or depreciation
- Credit includes:
  - Rs.....'accrued but not due' for ..... reasons .....
  - Rs.....intended to be claimed as refund
- Credit excludes:
  - Rs.....reversed under rule 37
  - Rs.....reversed under rule 42 reviewed after year-end
  - Rs.....reversed under rule 43 reviewed after year-end
  - Rs.....reversed under section 17(5)
  - Rs.....reversed against refund claimed
- Credit includes recredit of Rs.....on rejection of refund

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**6. Input Tax Credit**

- Inward supplies not appearing in GSTR 2A are verified for compliance with conditions in s. 16(2) and validated by alternate confirmation from supplier
- All reversals are reviewed after year-end and interest is not discharged as it is not applicable
- Credit does not include any ineligible amounts under 16(1), 17(2) and 17(5) of CGST Act
- All representations apply to CGST-SGST, IGST and Cess, where applicable
- .....

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## GSTR 9C

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**Introduction to GSTR 9C**

- Reconciliation requires two records:
  - Books of accounts of 'Registered Person'
  - Annual Return of Registered Person in GSTR 9
- If information included or excluded from both?
- Nature and scope of auditor's responsibility
- Inherent limitations and assurance in 'audit'

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**"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>>

**Basic Details**

- Details already available in GSTR 9
- 'Registered Person', liable to 'audit' under any Act?
- Only Entity liable to audit under any Act

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Pt II	<b>Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)</b>		
5	<b>Reconciliation of Gross Turnover</b>		
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)		

Turnover 'derived' from Financials

- Start with turnover in 'audited financial statements'
- Turnover 'derived' from audited financial statements
- Scope and limitations of GAAP
- Year-end procedure prescribed v. adopted
- Special adjustments prescribed v. permitted

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B	Unbilled revenue at the beginning of Financial Year	(+)	
C	Unadjusted advances at the end of the Financial Year	(+)	

Adjustments to Turnover

- Definition of 'financial year' for 2017-18
- Existence and treatment of 'unbilled' revenue
- Reference to 2016-17 financials and TRAN 1/2
- Advances as on Mar 31, 2018 (goods and services)
- Include 'all' transactions without exception

*Discuss effect of (+) and (-) sign used*

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D	Deemed Supply under Schedule I	(+)	
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(+)	
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	

Adjustments to Turnover

- No accounting entry for 'deemed supplies'
- Deemed supplies adjustment is (+) and (-)
- Credit note after Apr 1, 2018 but included in GSTR 9
- Credit note in 2017-18 for supply up to Jun 30, 2017
- Trade discount accounted but 'not' permissible in GST

*Discuss effect of (+) and (-) sign used*

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G	Turnover from April 2017 to June 2017	(-)	
H	Unbilled revenue at the end of Financial Year	(-)	
I	Unadjusted Advances at the beginning of the Financial Year	(-)	
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)	

Adjustments to Turnover

- Turnover *mutatis mutandis* for Apr to Jun 2017
- Same exclusions-inclusions for Apr to Jun 2017 as 5A
- Unbilled revenue on which GST 'not' payable
- Advances as on Apr 1, 2017 or Jul 1, 2017
- Credit note accounted but 'not' permissible in GST

*Discuss effect of (+) and (-) sign used*

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K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
L	Turnover for the period under composition scheme	(-)	

**Adjustments to Turnover**

- Supply by SEZ to DTA:
  - Bill of entry to be filed by DTA-buyer (R.48)
  - Bill of entry may also be filed by SEZ unit (R.48 proviso)
- Supply to DTA where BoE filed by DTA-buyer only (-)
- Composition during part of 2017-18 (opt out)

*Discuss effect of (+) and (-) sign used*

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M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	

**Adjustments to Turnover**

- Adjustments under s. 15 (adjustment is (+) and (-)):
  - Price-related persons-sole consideration
  - Inclusions-exclusions under s.15(2)
  - Discounts to be adjusted in turnover (if not adjusted)
  - Partial adjustment of alternate valuation or value uplift
- Undo restatement effect of exchange rate (AS11 v. R.32)

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O	Adjustments in turnover due to reasons not listed above	(+/-)	
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**Adjustments to Turnover**

- Adjustments 'not listed' (adjustment is (+) and (-)):
  - Effect of profit on sale of assets and sch III transactions
  - Percentage-completion revenue in AS 7
  - Unbilled revenue v. unearned income
  - Cash v. accrual v. hybrid v. Time of Supply
  - Barter, exchange and non-monetary supplies
  - Unreturned job-work and consignment stock
  - Credits in expenditure or current assets accounts
  - Pure-agent collections (R.33) and balances written-back

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P	Annual turnover after adjustments as above	<Auto>
Q	Turnover as declared in Annual Return (GSTR9)	
R	Un-Reconciled turnover (Q - P)	AT1
6	<b>Reasons for Un - Reconciled difference in Annual Gross Turnover</b>	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

**Adjustments to Turnover**

- $5Q \text{ (GSTR 9C)} = 5N + 10 + 11 \text{ (GSTR 9)}$
- AT1 is rarely ever 'zero' (text only):
  - Advances towards supply of goods
  - Barter deferred vide 4/2018
  - Any others
- All other differences taxed; no new tax/credit in GSTR 9

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7	<b>Reconciliation of Taxable Turnover</b>	
A	Annual turnover after adjustments (from 5P above)	<Auto>
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	
C	Zero rated supplies without payment of tax	
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	

**Adjustments to Taxable Turnover**

- 7B includes everything petro and pure agent receipts
- ZRS 'with payment of tax' regarded as taxable
- TTO to exclude supplies liable to RCM
- No 'others' category; all 'others' taxable!

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E	Taxable turnover as per adjustments above (A-B-C-D)	<Auto>
F	Taxable turnover as per liability declared in Annual Return (GSTR9)	
G	Unreconciled taxable turnover (F-E)	AT 2
8	<b>Reasons for Un - Reconciled difference in taxable turnover</b>	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

**Adjustments to Taxable Turnover**

- 7F (GSTR 9C) = 4N (GSTR 9)
- AT1 is rarely ever 'zero' (text only):
  - Taxable supplies 'discovered' by auditor
  - Taxable supplies 'admitted' by registered person
  - Taxable supplies 'reported' after Sept 2018

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

**Report of Tax Payable**

- TTO from 7E 'to be' distributed by auditor with tax paid
- Auditor responsible for discovering and reporting:
  - Classification-Valuation-Nature of Supply
  - Forward charge and reverse charge liabilities
  - Taxes paid through GSTR 3B or DRC 03 or to be paid in Jan!

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10	<b>Reasons for un-reconciled payment of amount</b>					
A	Reason 1	<<Text>>				
B	Reason 2	<<Text>>				
C	Reason 3	<<Text>>				
11	<b>Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)</b>					
	To be paid through Cash					
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated tax	Cess, if applicable
	1	2	3	4	5	6

**Report of Tax Payable**

- All taxes owed identified and reported by auditor (text)
- Taxes owed calculated and summarized (values)

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Pt.	<b>Reconciliation of Input Tax Credit (ITC)</b>	
IV		
12	<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 accounts)	

**Input Tax Credit (in books)**

- Credit 'for' 2018-19 and not 'year-to-date' balance
- Credit reconciliation 'from' financial statements:
  - Derive credit relating to Registered Person from Entity
  - Credit expensed or capitalized would be missing from 12A
  - Merge 'accrued and due' and 'accrued but not due' balances
  - Refund of credit to be excluded from balance in financials

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B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	
D	ITC availed as per audited financial statements or books of account		<Auto>

**Input Tax Credit (in books)**

- Credit transitioning to GST under s.140(1) and (2)
- Review treatment of credit under s.140(3)
- Validate transition credit claim CGST-SGST (review KKC)
- Credit 'not due' and deferred to 2018-19 reported
- 12C 'likely' to be nil; verify with 8C (GSTR 9)

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E	ITC claimed in Annual Return (GSTR9)		
F	Un-reconciled ITC		<b>ITC 1</b>
13	<b>Reasons for un-reconciled difference in ITC</b>		
A	Reason 1	<<Text>>	
B	Reason 2	<<Text>>	
C	Reason 3	<<Text>>	

**Input Tax Credit (in books)**

- Books to align with GSTR 3B (12E to match with 7J)
- Unreconciled credits, unlikely but possible:
  - Deferred credits already excluded
  - Reversals discovered by auditor
  - Reversals admitted by registered person
  - Disclosure of disputes with registered person

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14	<b>Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account</b>			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
	1	2	3	4
A	Purchases			
B	Freight / Carriage			
C	Power and Fuel			
D	Imported goods (Including received from SEZs)			

**Credit Reconciliation**

- Expandable list provided; list in any intelligible order
- Match 'value' with 'books'; P&L + FAR – Deprn. (+TRAN)
- Data of 'Total ITC' unlikely to be available, disclose!

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

- Reconciliation differences reported (text only)
- Reconciliation differences, unlikely but possible
- Value of differences to be reported
- Credits excluded (or included) from both records!

**Credit Reconciliation**

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Pt. V	<b>Auditor's recommendation on additional Liability due to non-reconciliation</b>				
		To be paid through Cash			
	Description	Value	Central tax	State tax / UT tax	Integrated tax
	1	2	3	4	5
					Cess, if applicable
					6

- Responsibility of auditor to make clear disclosure:
  - Tax payable on outward supply or reverse charge
  - Credit ineligible and liable to be reversed
- No 'text' field to explain; compute tax and disclose
- Use of 'Notes' inevitable; verification onerous!

**Auditor to Recommend**

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Verification:

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

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

Place: .....

Name of the signatory .....

Membership No. ....

Date: .....

Full address .....

- Use of 'Notes' to GSTR 9C inevitable
- Reference to Notes to GSTR 9 may also be required
- Verification required is onerous!

**Verification by Auditor**

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## Notes to GSTR 9C

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**1. Basis of Information**

- Registered Person responsible to maintain books
- Auditor to perform authorize procedures of ICAI
- Information 'not maintained' but 'extracted':
  - Year-end steps (ICAI) not applied for Apr-Jun 2017
  - Financials for Jul 2017 to Mar 2018 not prepared
  - GAAP-based accounting does not account for non-monetary or nominal value transactions
- Quantitative information needs improvement
- All disclosure 2 to 6 (GSTR 9) referred

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**2(a). Auditor's Observations**

- Expert opinion relied upon and represented:
  - Categorization of supplies as goods or services
  - Rate of tax and applicability of exemption
  - Place of supply and no specific provision applies
  - Nature of both, outward supplies and inward supplies liable to reverse charge
  - TRAN1-2-3 filed is correct and credit balance reviewed
- No GST on previous transactions except s.142
- No supplies between *distinct persons*
- *Installation* does not result in immovable property

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**2(b). Auditor's Observations**

- GST does not apply to:
  - Inputs issued at 'no charge' and credit reversed
  - Unrealized value of exports reported as ZRS
  - Deposits received including customer deposits
  - Inward supplies under 9(4) since Jul 2017
- Price (net of discount) is sole consideration
- All discount is as per established trade/custom
- Input included in COGS is eligible for credit

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**2(c). Auditor's Observations**

- *Input tax credit does not include amounts:*
  - *liable to be reversed under rule 37*
  - *liable to be reversed under rule 42 and 43*
  - *ineligible under section 17(5) but details not known*
  - *ineligible due to conditional exemption*
- *Input tax credit include amounts not in GSTR 2A but confirmed by counter party*
- *Records of 'eligible credits' are only maintained*
- .....

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## Part B – Auditor’s Certificate

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- 1. Examined financials (Entity)
- 2. Report on books maintained and exceptions
- 3. (a) Auditor’s observations
  - (b) Special report that:
    - Obtained necessary information
    - ‘Proper’ books maintained\*
    - Financials agree with books
- 4. GSTR 9C annexed
- 5. From information-explanation, details in 9C ‘true and correct’ subject to.....
  - \* Must belong to Registered Person

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Type B. Auditor’s Certificate (different auditor)

- 1. Annexed financials (Entity)
- 2. Report on books maintained and exceptions
- 3. GSTR 9C annexed
- 4. From examination of books and documents\*, details in 9C ‘true and correct’ subject to.....

\* Must belong to Registered Person

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Thank You

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