

# Goods & Services Tax

*Central Goods & Services Tax Act, 2017*

*“Analysis and Interpretation: Critical Issues in  
respect of GST Annual Return & GST Audit”*

**AICAS, New Delhi**

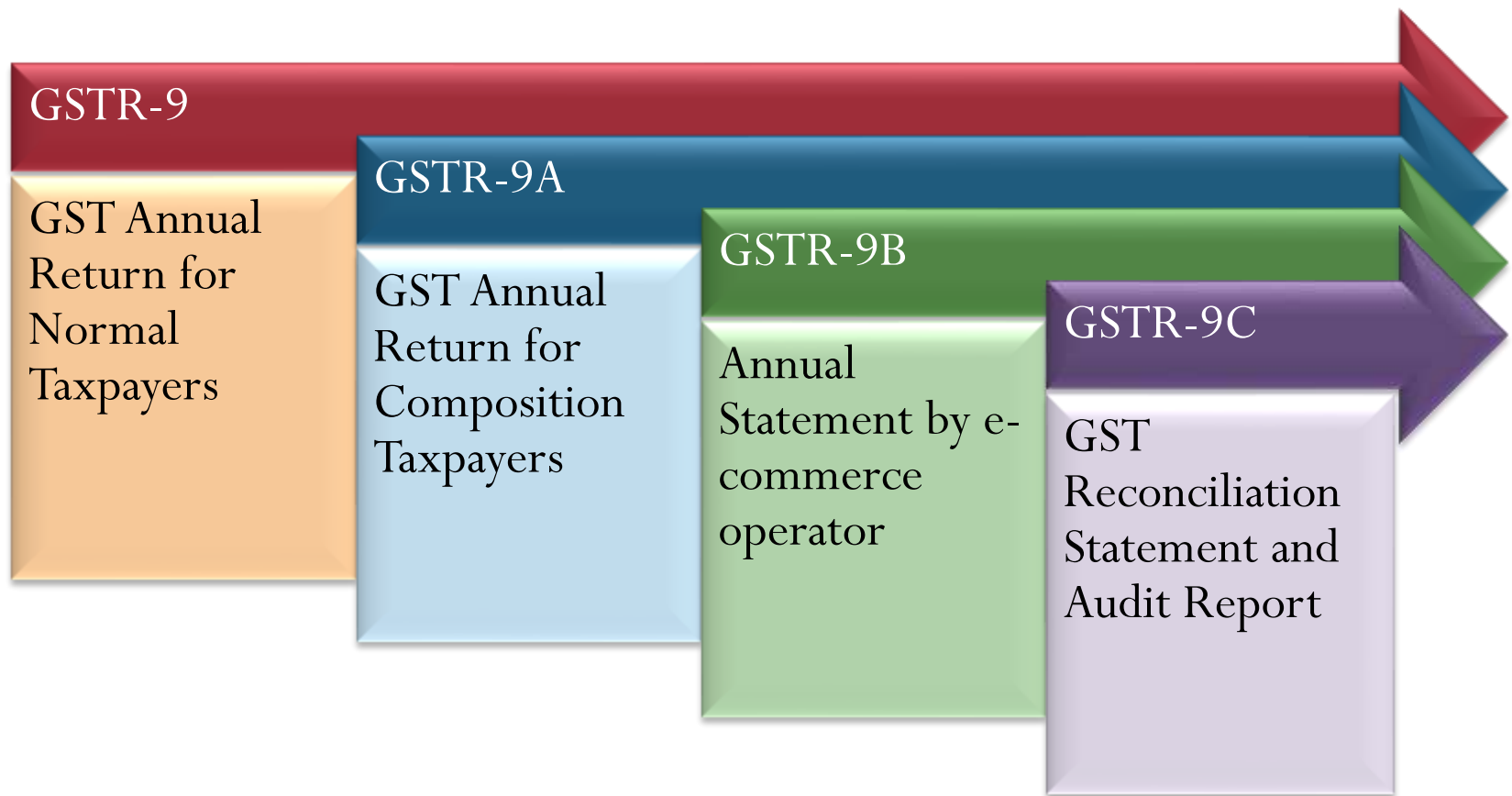
**Saturday, 8<sup>th</sup> June, 2019**

**CA Rohit Vaswani,**

**B.Com, FCA, LLB, ACMA, DISA (ICAI)**

**# 9212005163 Mail: [vaswanirohit@hotmail.com](mailto:vaswanirohit@hotmail.com)**

# Annual Compliances under GST



# Reconciliation Vs GSTR-9 & 9C



Inter-Return  
Reconciliations:  
GSTR-9

Annual Return &  
Books of Accounts  
Reconciliations:  
GSTR-9C

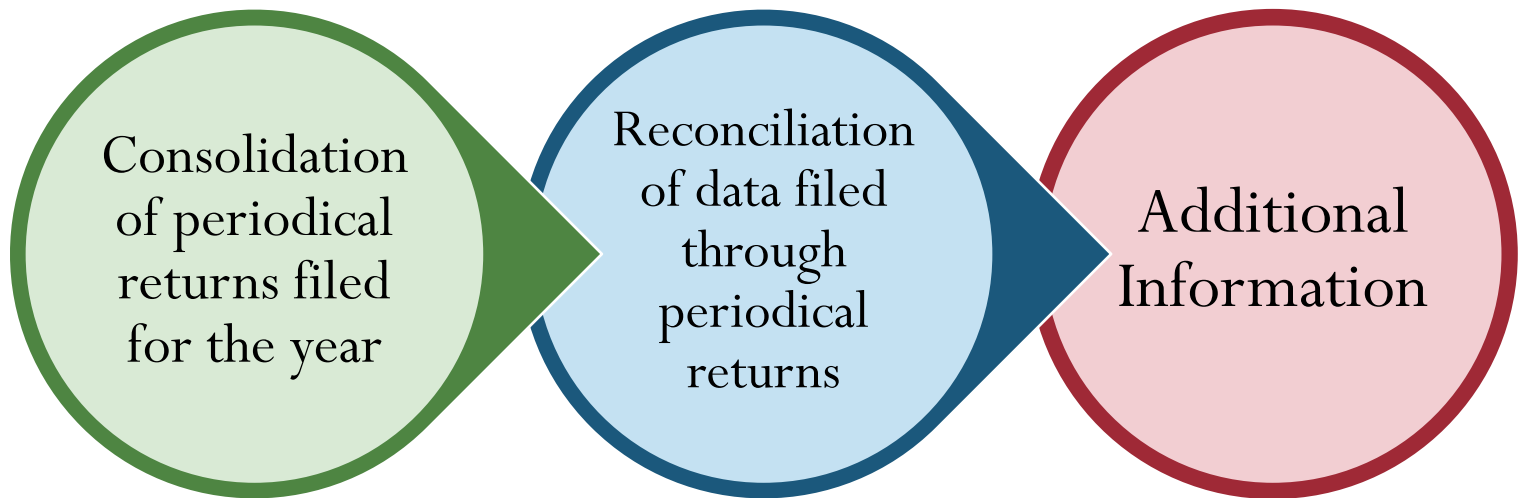
A notepad with a paperclip and the text "ANNUAL RETURN" written in red.

# ANNUAL RETURN

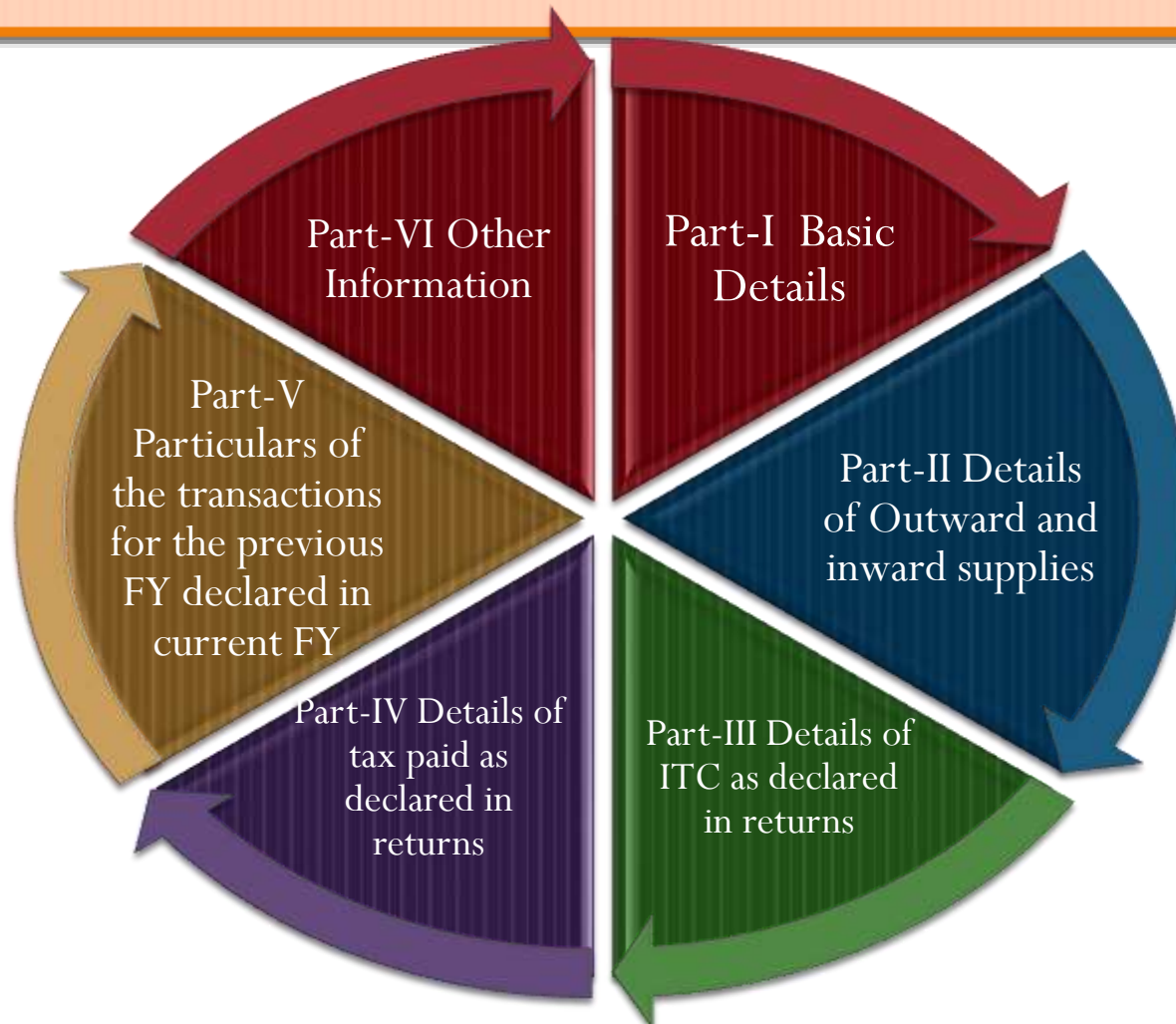
**GST Annual Return (GSTR-9/9A)**

**CA Rohit Vaswani**

# Features of Annual Return: GSTR-9

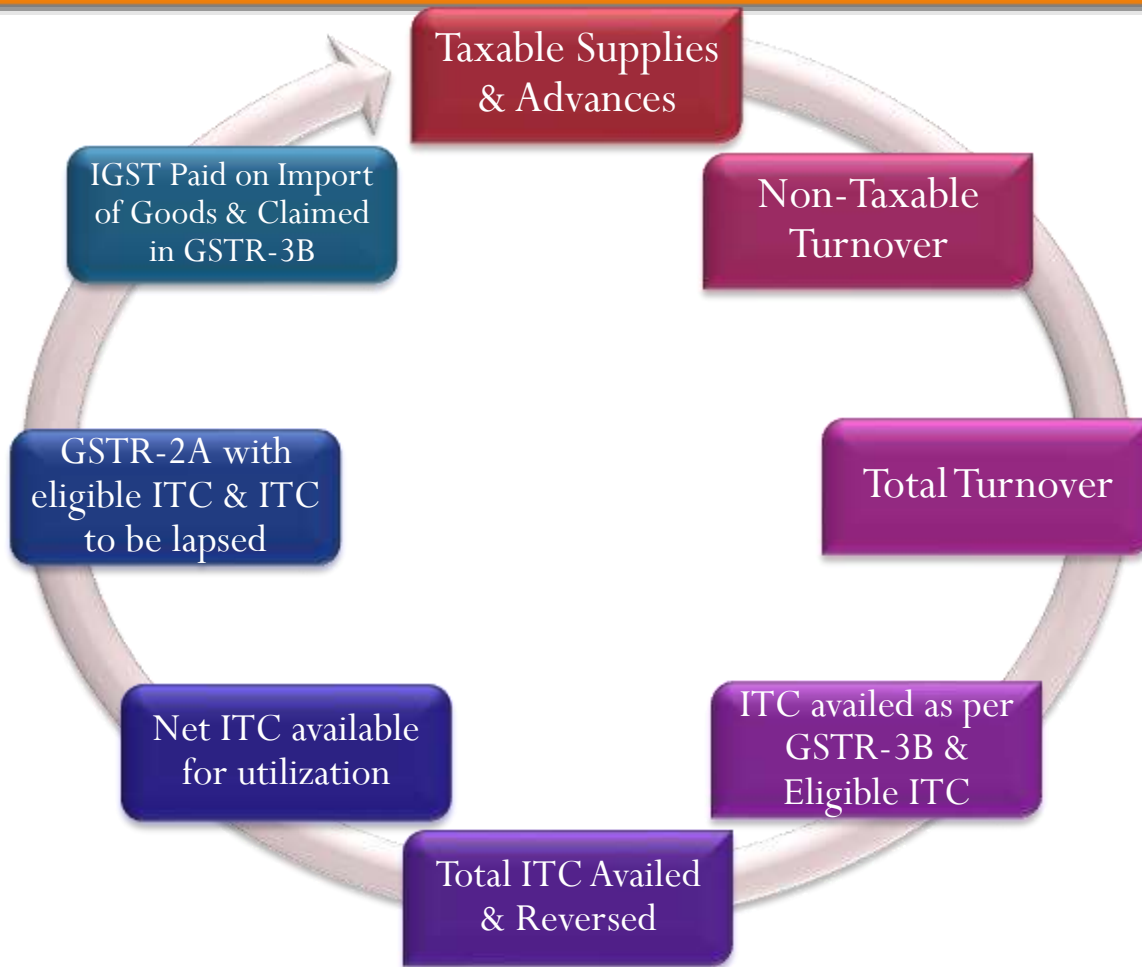


# Annual Return- GSTR-9



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# Reconciliations in Annual Return



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# Important Instructions for filing Annual Return. Not.74/2018 dt 31.12.18

- It is mandatory to file all your **FORM GSTR-1** and **FORM GSTR-3B** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 are to be provided in this return.
- It may be noted that additional liability for the FY 2017-18 not declared in **FORM GSTR-1** and **FORM GSTR-3B** may be declared in this return. However, taxpayers cannot claim input tax credit unclaimed during FY 2017-18 through this return.



# Important Instructions for filing Annual Return. Not.74/2018 dt 31.12.18

- Part II consists of the details of all outward supplies & advances received during the financial year for which the annual return is filed. It may be noted that all the supplies for which payment has been made through **FORM GSTR-3B** between July 2017 to March 2018 shall be declared in this part. (S.No.4)
- Part III consists of the details of all input tax credit availed and reversed in the financial year for which the annual return is filed. (S.No.5)

# Important Instructions for filing Annual Return. Not.74/2018 dt 31.12.18

- Part IV is the actual tax paid during the financial year. Payment of tax under Table 6.1 of **FORM GSTR-3B** may be used for filling up these details. (S.No.6)
- Part V consists of particulars of transactions for the previous financial year but paid in the **FORM GSTR-3B** of April to September of current FY or date of filing of Annual Return for previous financial year, whichever is earlier. (S.No.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 can be paid through electronic cash ledger only. (S.No.9)

# Basis of Declaration of Data in GSTR-9

Supply on  
which Tax is  
Payable

If tax paid through  
GSTR-3B of July-17 to  
Mar-18 (Table-4)

If tax paid through  
GSTR-3B of April-18  
to Mar-19 (Table-  
10/11)

Supply on  
Which Tax is  
Not Payable

If reported through  
GSTR-3B of July-17 to  
Mar-18 (Table-5)

If reported through  
GSTR-3B of April-18 to  
Mar-19 (Table-5)

Tax Payable  
under RCM

If tax paid through  
GSTR-3B of July-17 to  
Mar-18 (Table-4G)

If tax paid through GSTR-  
3B of April-18 to Mar-19  
(Turnover in Table-4G &  
Tax in 10/11)

Input Tax  
Credit

If ITC Aailed/  
Reversed through  
GSTR-3B of July-17 to  
Mar-18 (Table-6 & 7)

If ITC Aailed/  
Reversed through  
GSTR-3B of April-18 to  
Mar-19 (Table-12 & 13)

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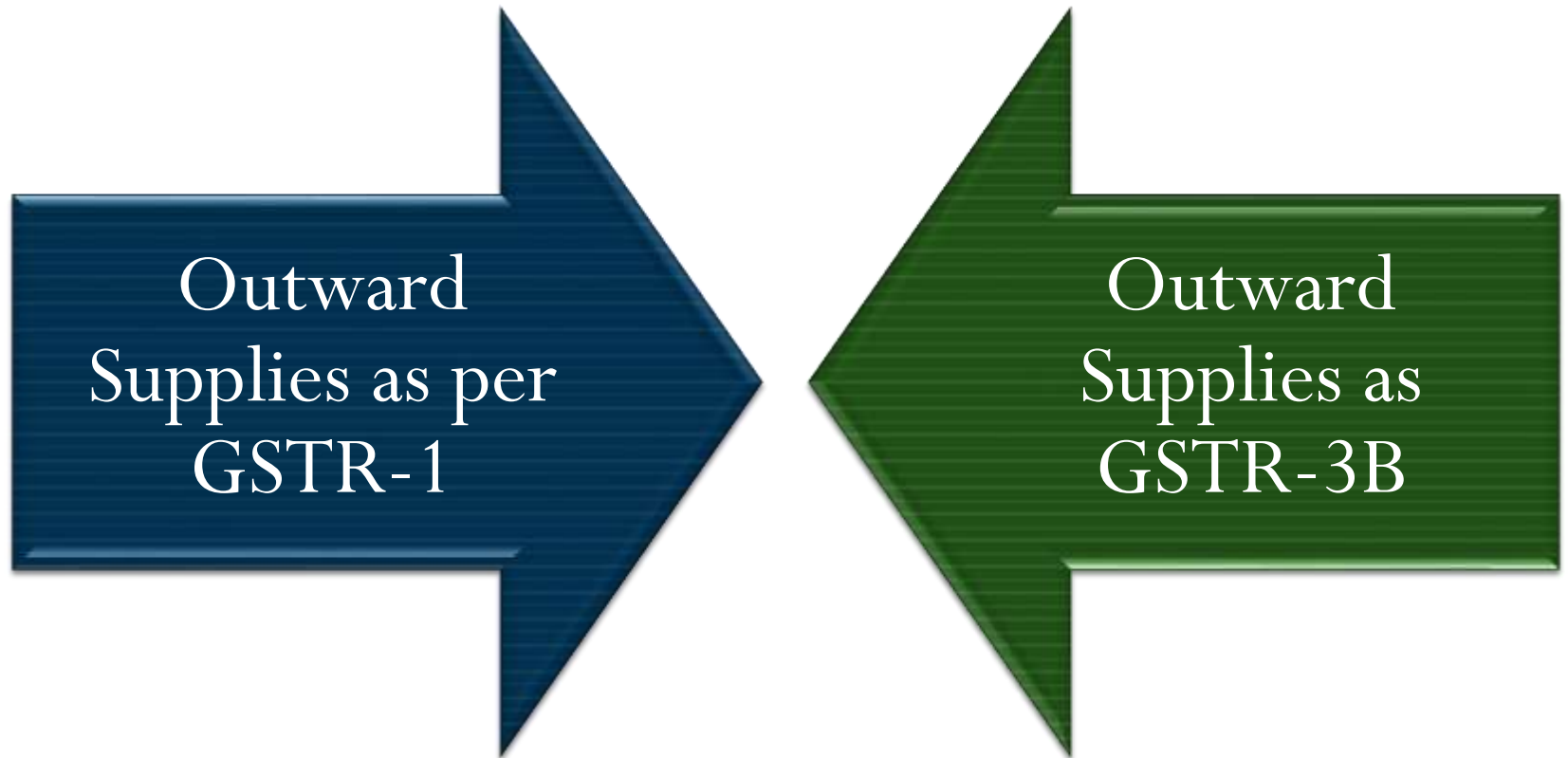
# Annual Return- GSTR-9

Output Tax  
Liability as per  
Books of  
Accounts

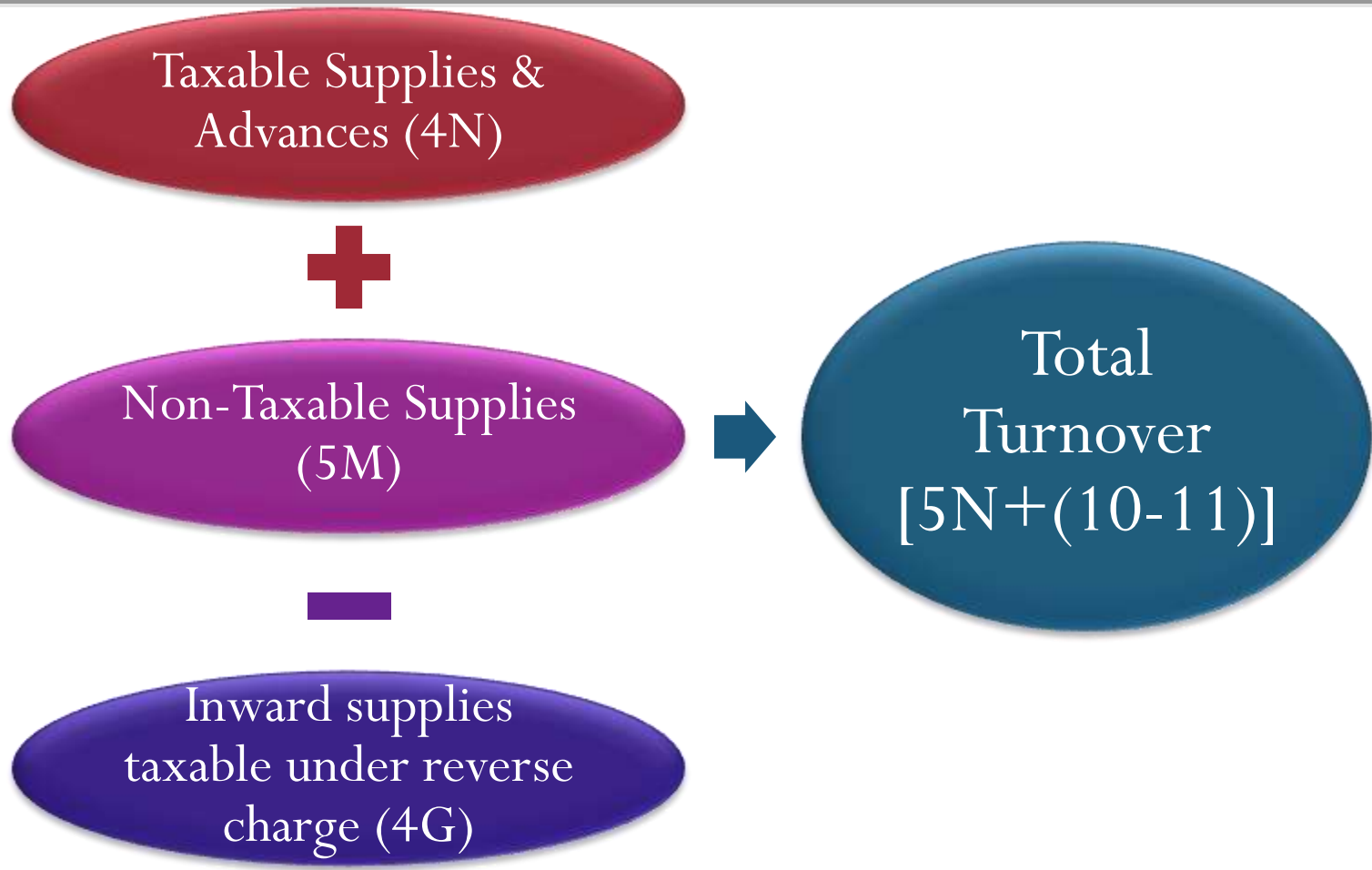
ITC availed As  
per GSTR-3B

Tax Paid out of  
e-cash ledger &  
e-credit ledger  
as per GSTR-3B

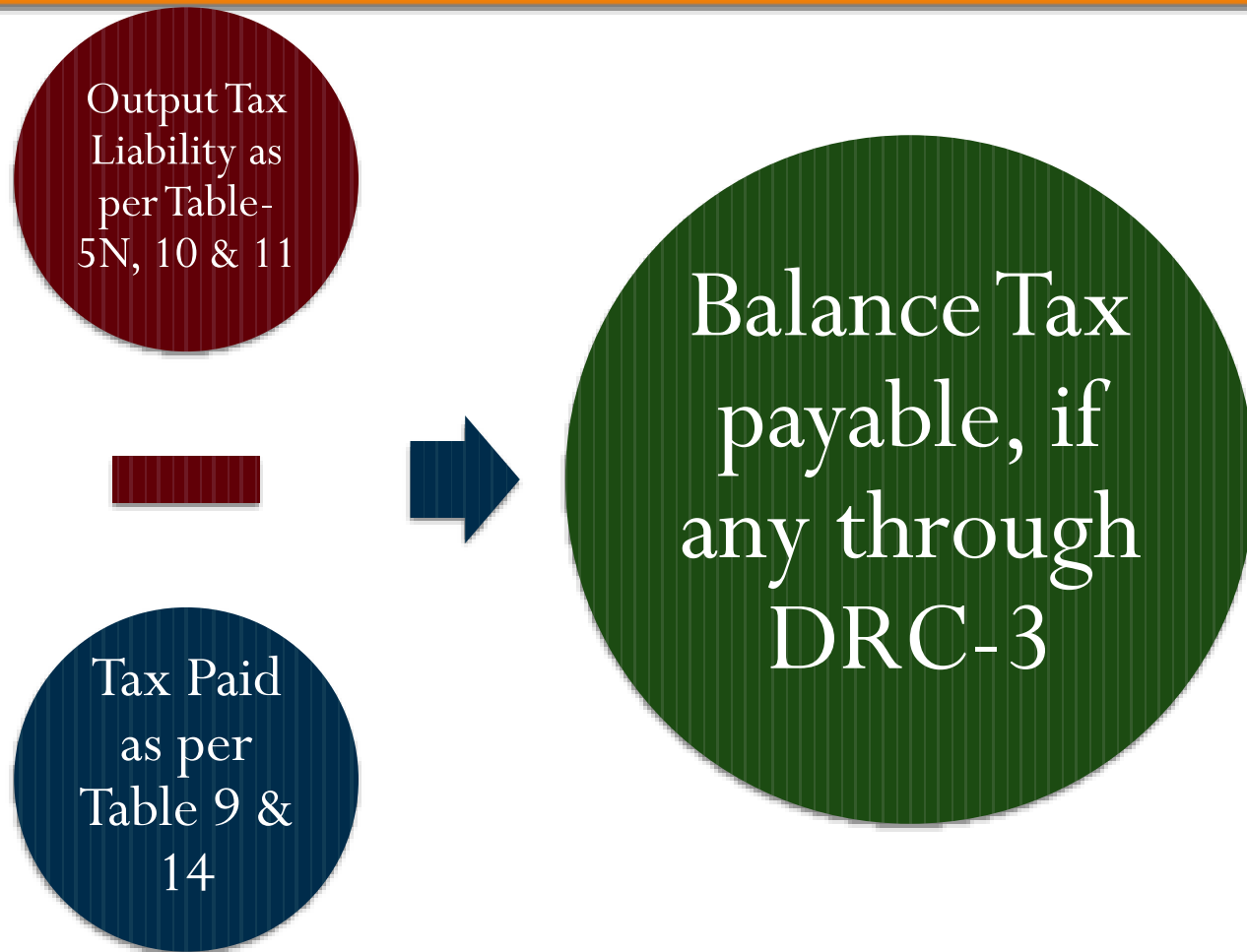
# Reconciliation of Inter-GST Returns



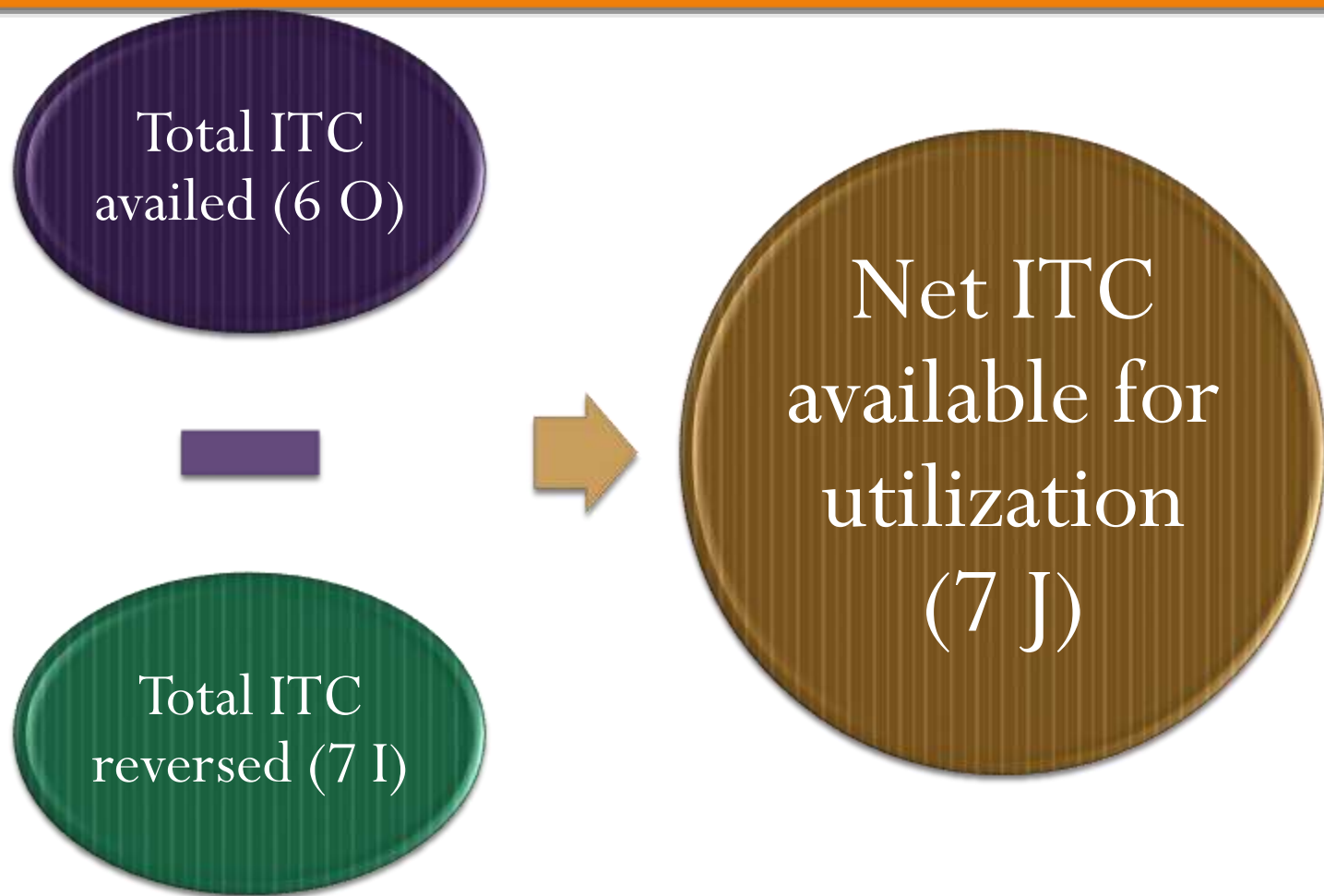
# 'Total Turnover' for Annual Return



# Output Tax Liability in GSTR-9

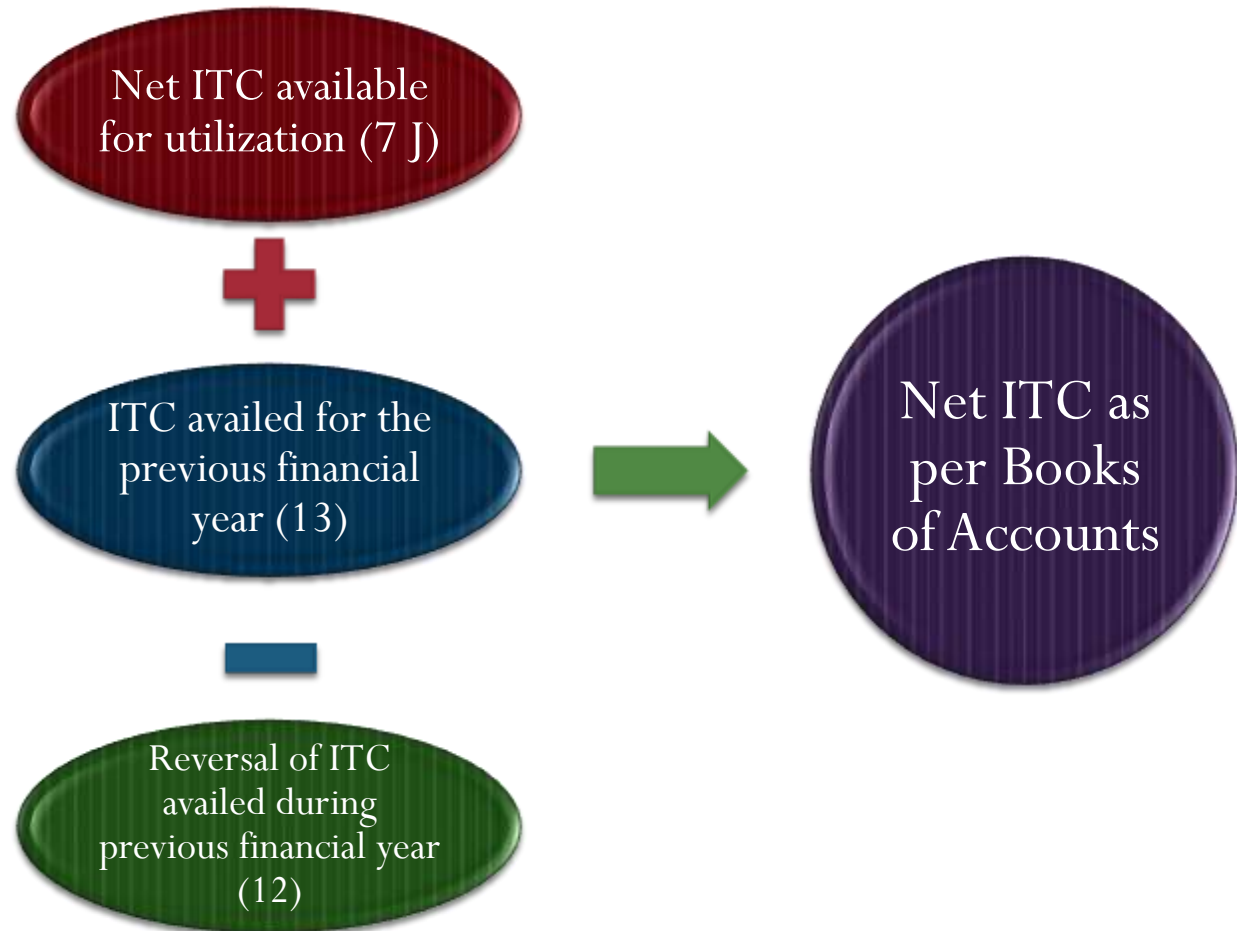


## Part-III-Details of ITC for the financial year





## Part-III-Details of ITC for the financial year



# Reconciliation of Inter-GST Returns

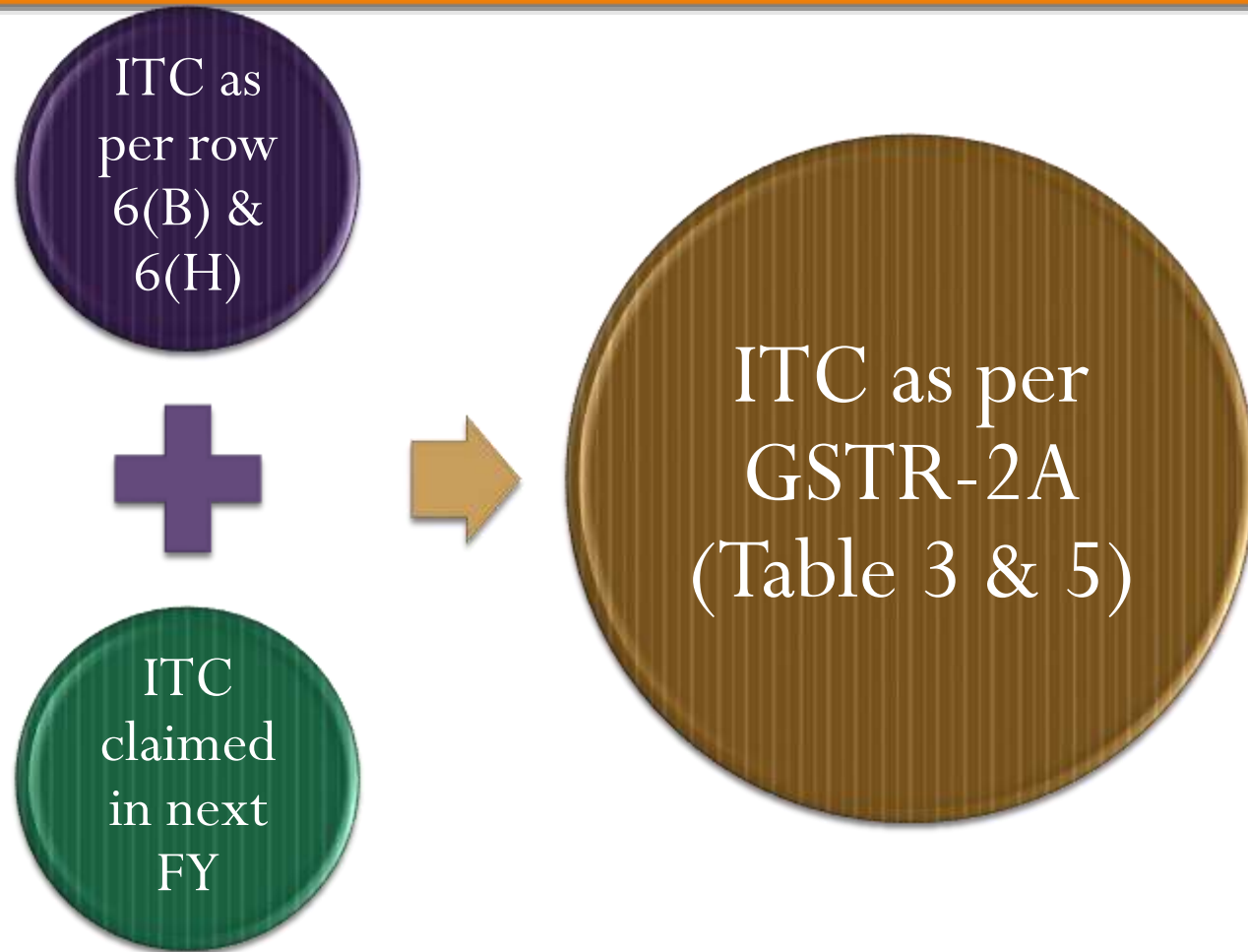


Inward Supplies  
& ITC as per  
GSTR-2A



Inward Supplies  
& ITC as  
GSTR-3B

## Part-III, Table-8 (Other ITC related information)



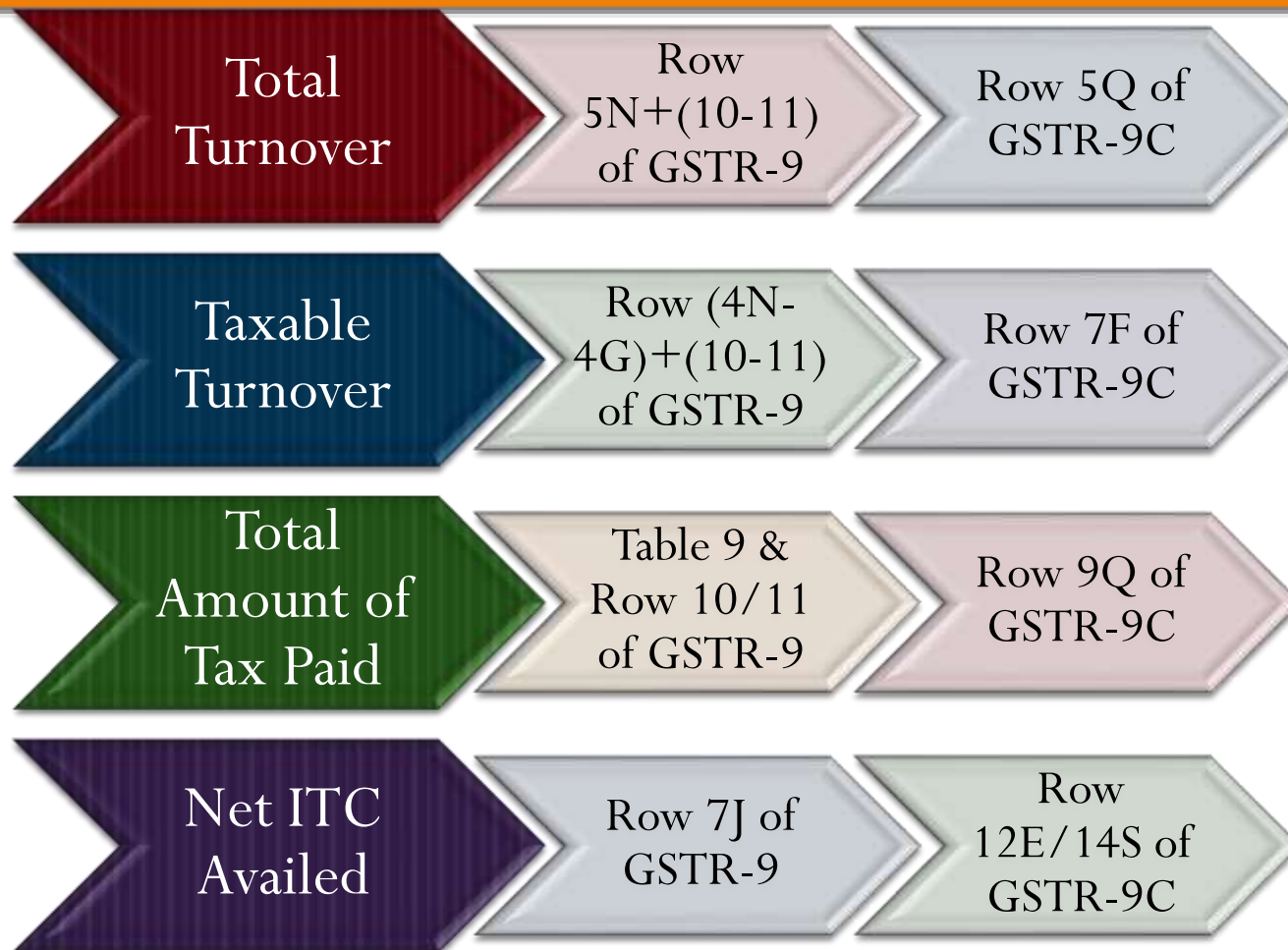
# Year Closing under GST



Closing of Year for Financial Statements, being close of FY i.e. 31<sup>st</sup> March

Closing of Year under GST being 30<sup>th</sup> Sep. of next year or filing of Annual Return, whichever is earlier. (for 2017-18, 31<sup>st</sup> March 2019)

# Annual Return Vs GST Audit





# GST Annual Audit

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# “Audit”

## Sec.2(13)

“Audit” means the examination of records, returns and other documents


maintained or  
furnished by the  
registered person  
under this Act or the  
rules made  
thereunder or under  
any other law for the  
time being in force

to verify the  
correctness of  
turnover  
declared, taxes  
paid, refund  
claimed and input  
tax credit availed,

and to assess his  
compliance with  
the provisions of  
this Act or the  
rules made  
thereunder



# GST Annual Audit



If turnover  
(aggregate  
turnover) during  
Financial Year



Exceeds 2 Crores  
Rupees

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# GST Audit- Statutory Provisions

## Section 35(5)

- Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.

# GST Audit- Statutory Provisions

## Section 44(2)

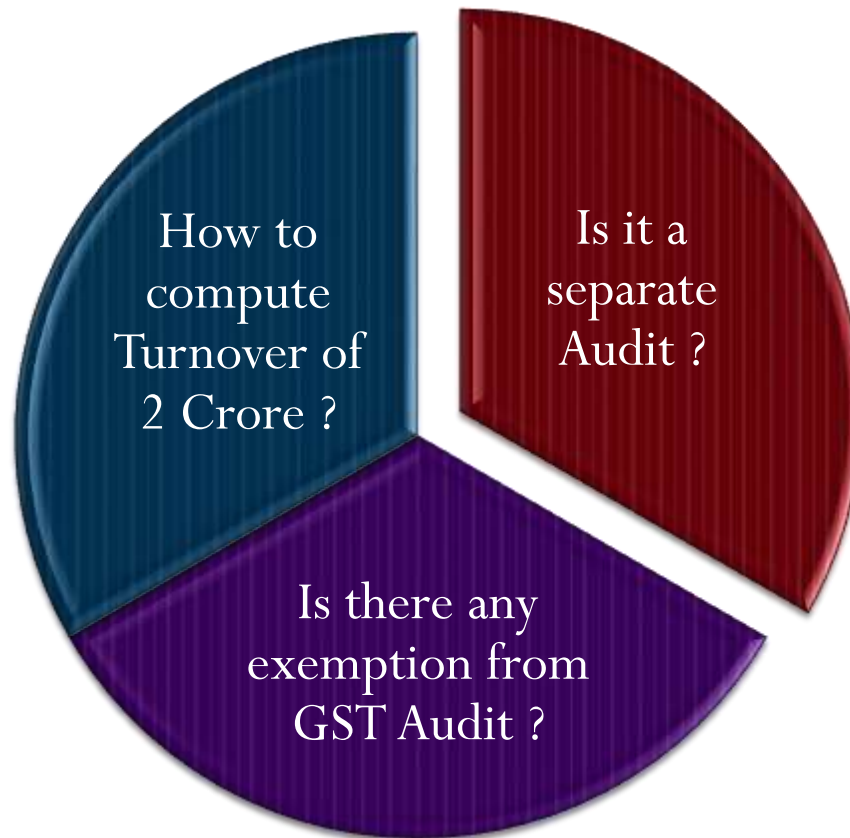
- Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.

# GST Audit- Statutory Provisions

## Rule 80(3)

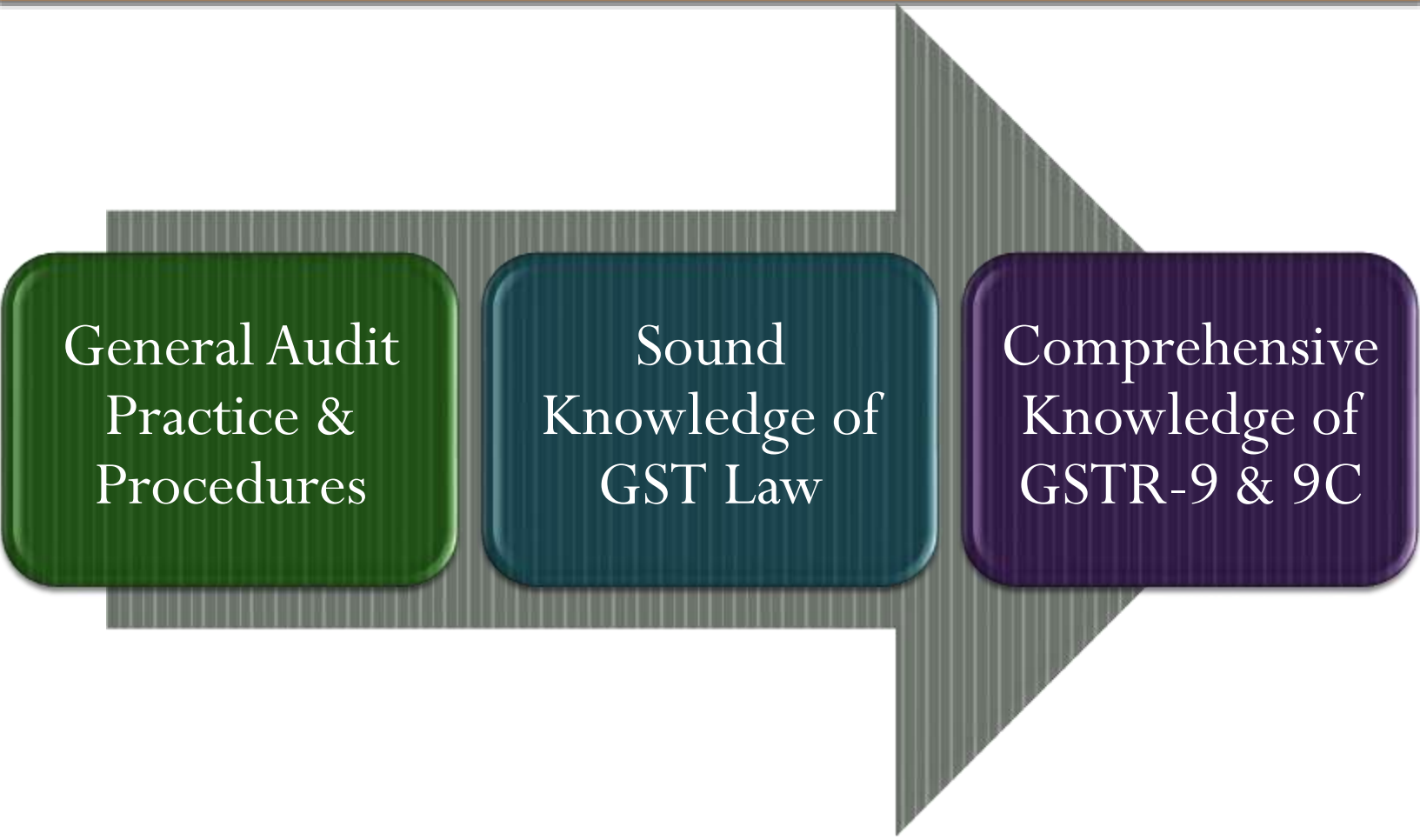
- Every registered person whose aggregate turnover during a financial year exceeds two crore rupees shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

# Issues in GST Audit



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# Key Elements of GST Audit



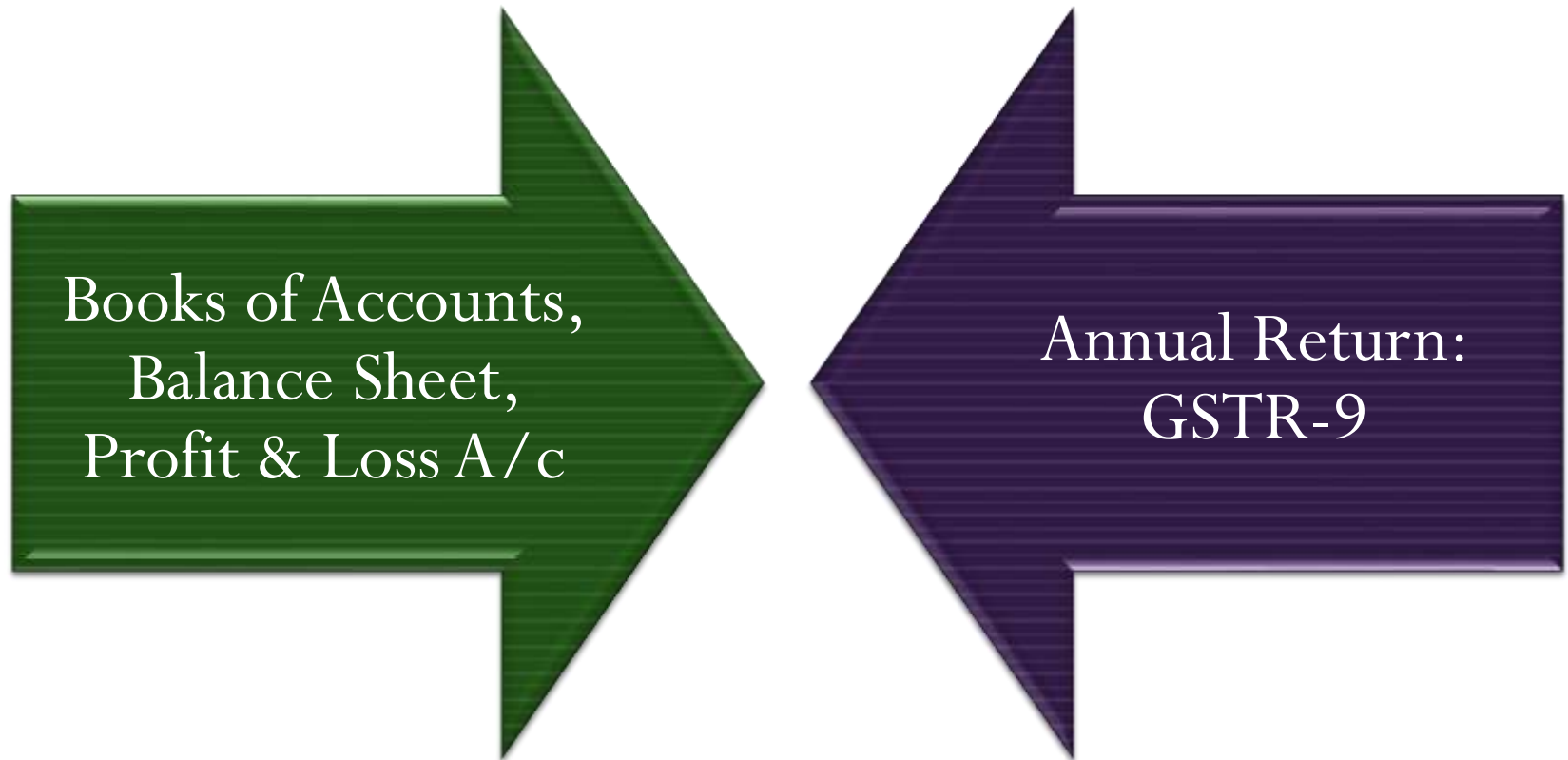
General Audit  
Practice &  
Procedures

Sound  
Knowledge of  
GST Law

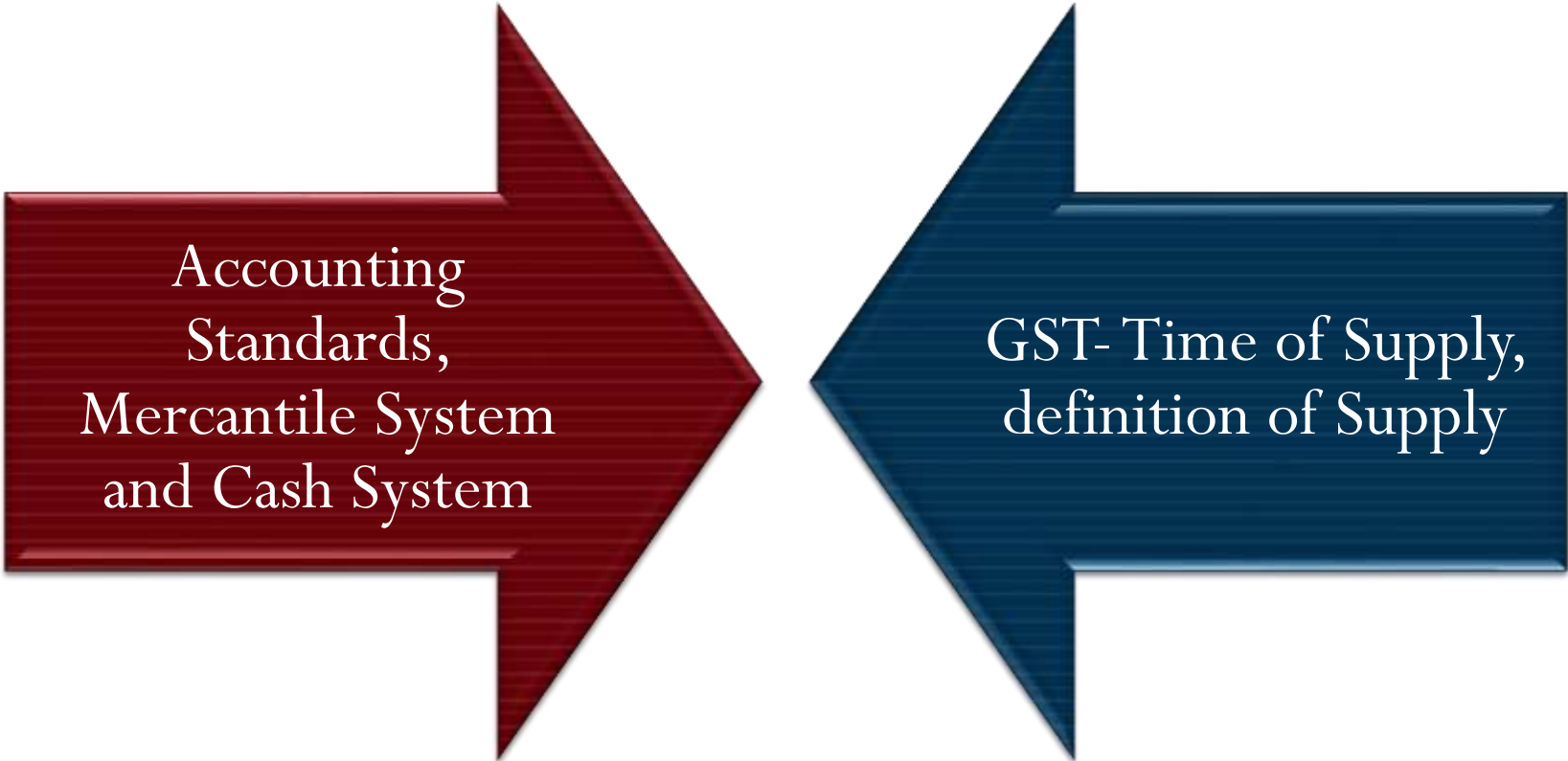
Comprehensive  
Knowledge of  
GSTR-9 & 9C

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# Reconciliation of Books of Accounts with GST Annual Return



# Method of Accounting followed:



Accounting  
Standards,  
Mercantile System  
and Cash System

GST- Time of Supply,  
definition of Supply

# Revenue Recognition

AS-9, Revenue  
Receipts, Credits  
in P & L A/c

The diagram consists of two large, stylized arrows pointing towards each other. The left arrow is dark blue and contains the text 'AS-9, Revenue Receipts, Credits in P & L A/c'. The right arrow is dark green and contains the text 'Supply may include revenue as well as capital Transactions'. The arrows are positioned in the center of the slide, flanking a central white space.

Supply may include  
revenue as well as  
capital Transactions



# Reconciliation of Output Tax & ITC- Reflection in Balance Sheet

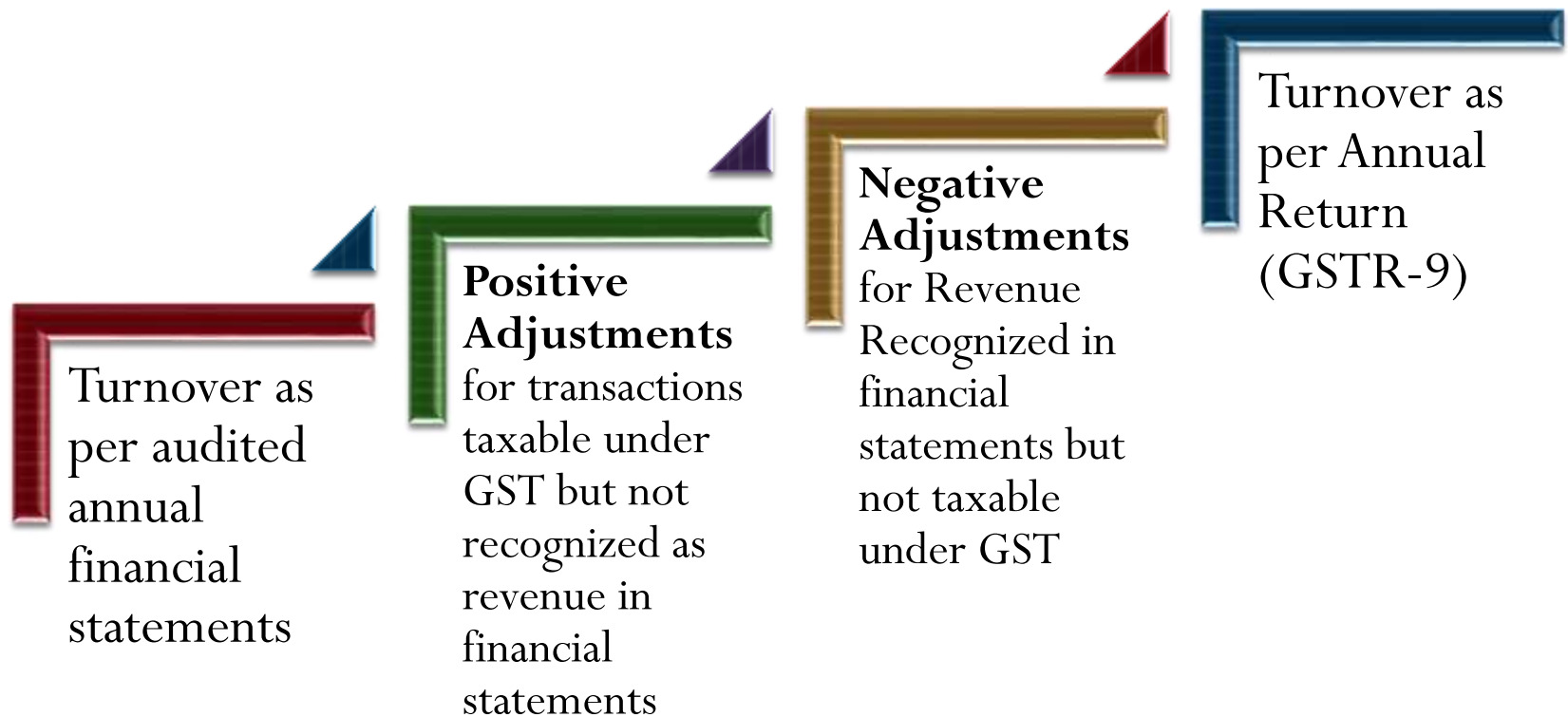
## Liabilities

- ITC Reversible (Non eligible ITC claimed or excess ITC claimed up to 31<sup>st</sup> March)
- GST Payable (GST due but not paid as per returns filed up to 31<sup>st</sup> March)
- Excess GST Payable (GST due but not paid up to 31<sup>st</sup> March)

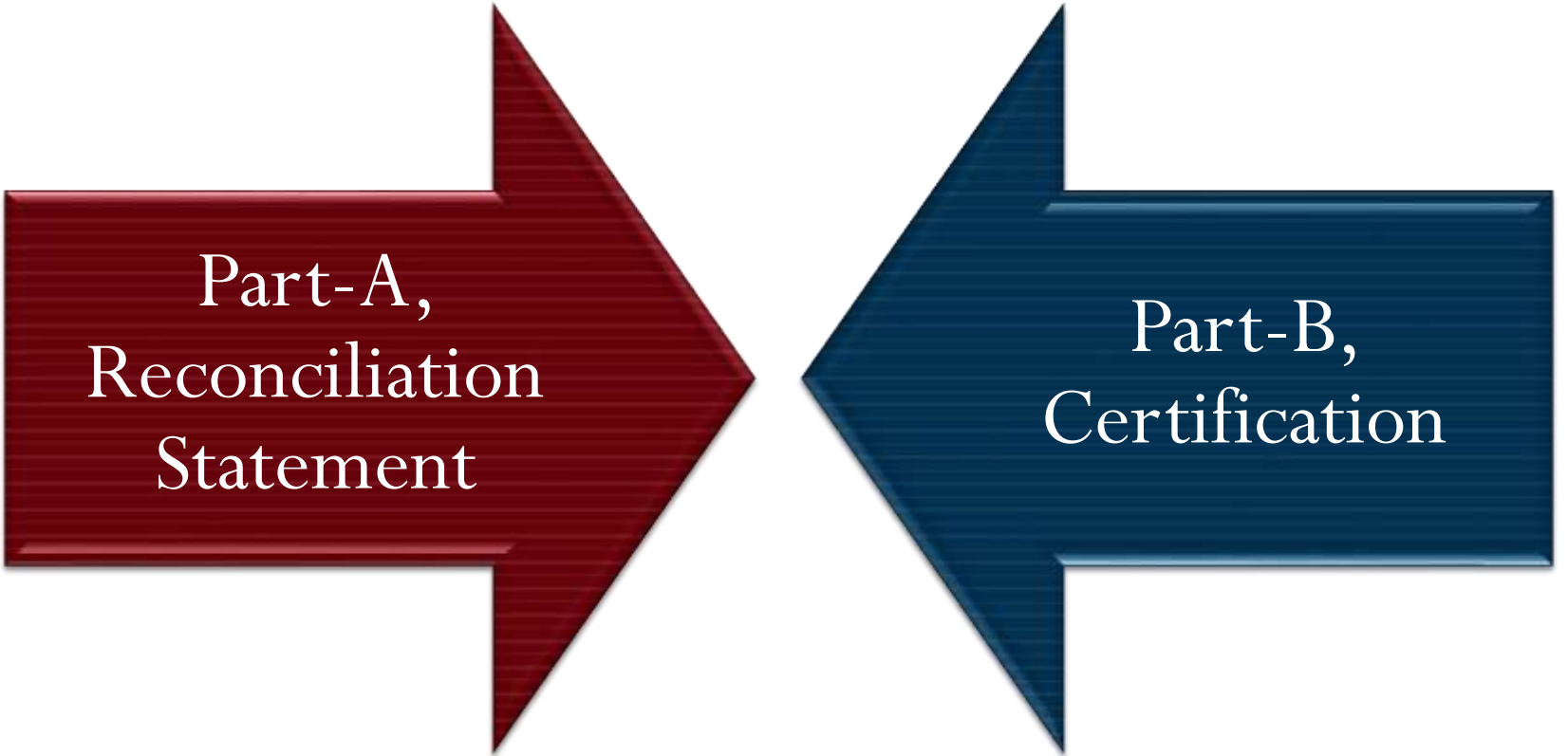
## Assets

- Input Tax Credit (E-Credit Ledger as per PMT-2 of GSTN Portal)
- ITC Claimable (Eligible credit not claimed up to 31<sup>st</sup> March)
- Excess GST Paid (Output Tax paid up to 31<sup>st</sup> March)
- GST E-Cash Ledger (As per PMT-5 of GST Portal)

# Reconciliation of 'Gross Turnover'



# GSTR-9C- GST Annual Audit Report

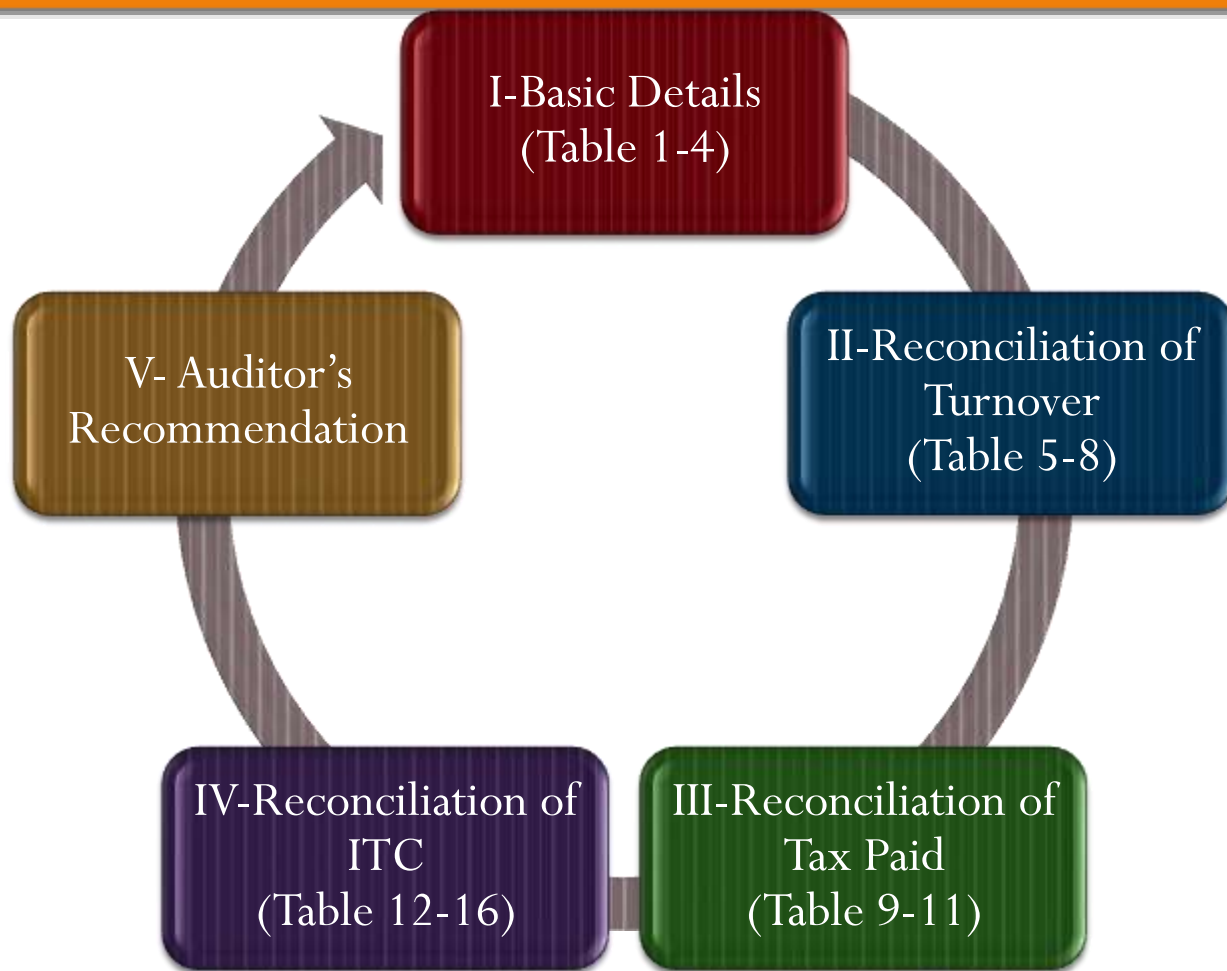


Part-A,  
Reconciliation  
Statement

Part-B,  
Certification

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# GSTR-9C- Part-A: Reconciliation Statement



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# GSTR-9C- Part-A:

## I- Basic Details

“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>>	
		(Amount in ₹ in all tables)

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## **Reconciliation of 'Annual Turnover' & 'Taxable Turnover (GSTR-9C)'**

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# Reconciliation of 'Turnover' declared in Annual Return with Books of Accounts



The diagram consists of two large, stylized arrows pointing towards each other. The left arrow is dark red and contains the text 'Reconciliation of 'Gross Turnover''. The right arrow is dark blue and contains the text 'Reconciliation of 'Taxable Turnover''. The arrows are positioned such that they appear to meet in the center, illustrating the reconciliation process between the two types of turnover.

Reconciliation  
of 'Gross  
Turnover'

Reconciliation  
of 'Taxable  
Turnover'

## GSTR-9C- Part-A: II- Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
A	Turnover (including exports) as per audited financial statements for the State / UT (For multi-GSTIN units under same PAN the turnover shall be derived from the audited Annual Financial Statement)		
	B	Unbilled revenue at the beginning of Financial Year	(+)
	C	Unadjusted advances at the end of the Financial Year	(+)
	D	Deemed Supply under Schedule I	(+)
	E	Credit Notes issued after the end of the financial year but reflected in the annual return	(-)
	F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)

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## GSTR-9C- Part-A: II- Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)

G	Turnover from April 2017 to June 2017	(-)	
H	Unbilled revenue at the end of Financial Year	(-)	
I	Unadjusted Advances at the beginning of the Financial Year	(-)	
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
L	Turnover for the period under composition scheme	(-)	
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
O	Adjustments in turnover due to reasons not listed above	(+/-)	

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## GSTR-9C- Part-A: II- Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)

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

## GSTR-9C- Part-A: II- Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)

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	
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)	<b>AT 2</b>
8	<b>Reasons for Un - Reconciled difference in taxable turnover</b>	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

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## GSTR-9C- Part-A: II- Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)

Annual turnover after adjustments (Row-5P)



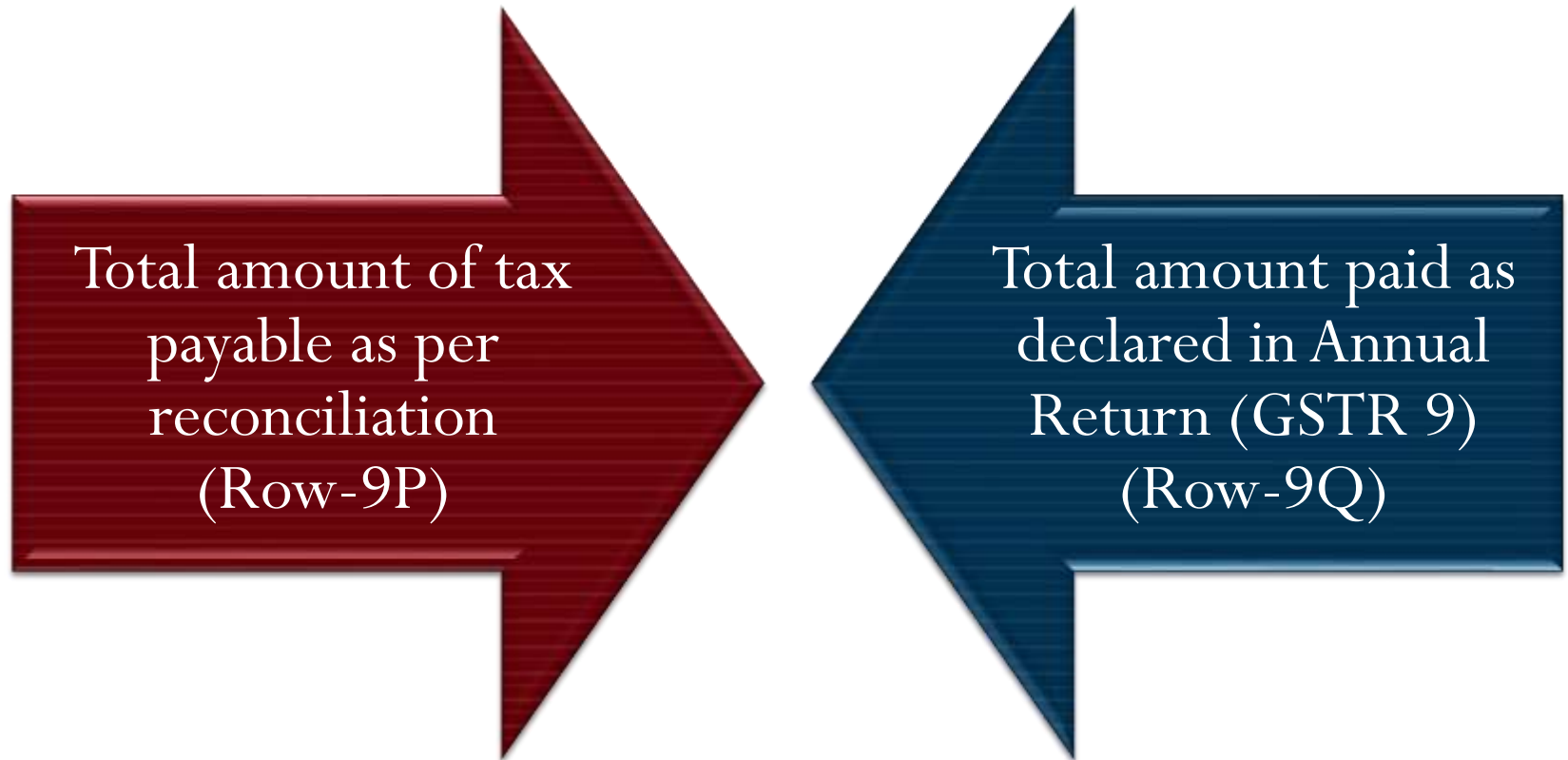
Taxable turnover as per adjustments (Row-7E)

# Reconciliation of Tax Paid

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## GSTR-9C- Part-A: III- Reconciliation of rate wise liability and amount payable thereon



# GSTR-9C- Part-A: III- Reconciliation of rate wise liability and amount payable thereon

Pt. III	Reconciliation of tax paid					
9	Reconciliation of rate wise liability and amount payable thereon					
			Tax payable			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicable
	1	2	3	4	5	6
A	5%					
B	5% (RC)					
C	12%					
D	12% (RC)					
E	18%					
F	18% (RC)					
G	28%					
H	28% (RC)					
I	3%					
J	0.25%					
K	0.10%					
L	Interest					
M	Late Fee					
N	Penalty					
O	Others					
P	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Un-reconciled payment of amount				PT 1	

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# GSTR-9C- Part-A: III- Reconciliation of rate wise liability and amount payable thereon

10	Reasons for un-reconciled payment of amount					
A	Reason 1	<<Text>>				
B	Reason 2	<<Text>>				
C	Reason 3	<<Text>>				
11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
			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
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					
	Others (please specify)					

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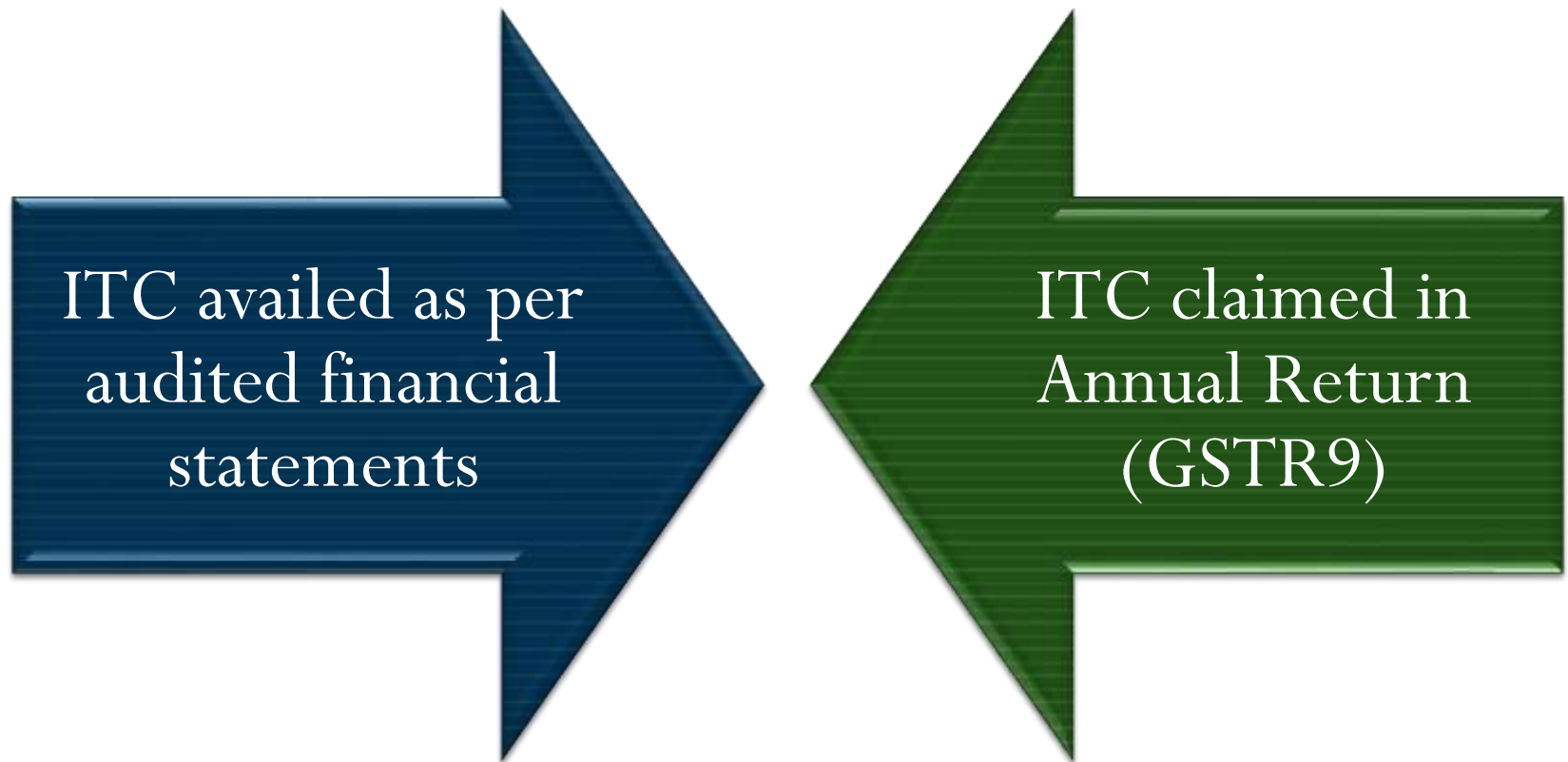
# Input Tax Credit

CGST - SGST - IGST

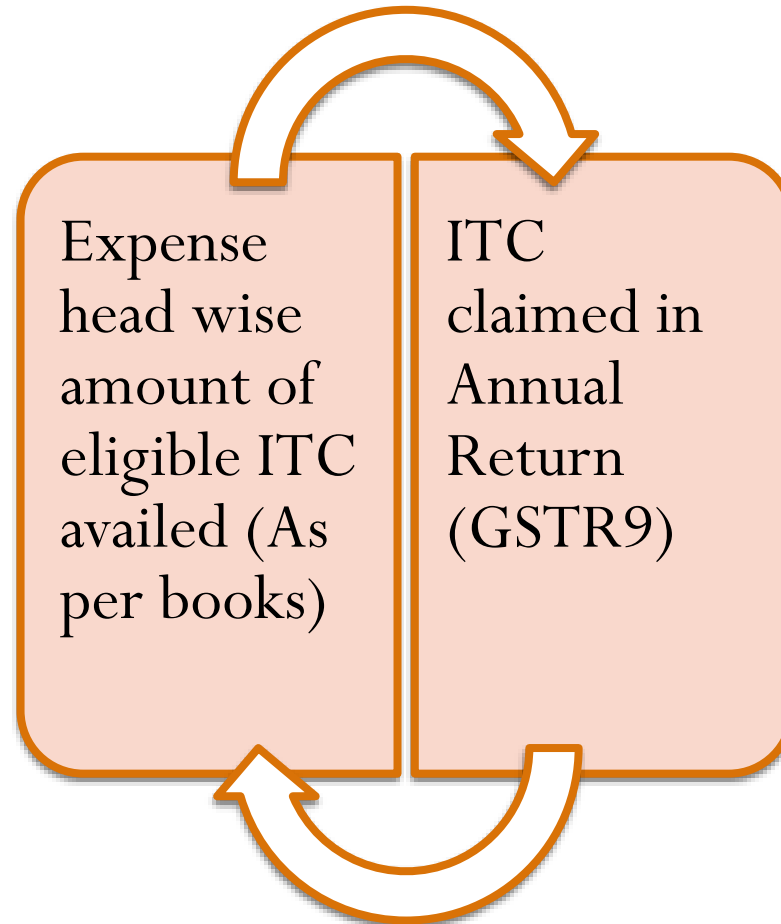
**Reconciliation of Input Tax Credit**

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# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit



# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit



# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit

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)		
	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	
	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	
	ITC availed as per audited financial statements or books of account		<Auto>
	ITC claimed in Annual Return (GSTR9)		
	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>>	

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# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit

14	Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account			
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
	1	2	3	4
A	Purchases			
B	Freight / Carriage			
C	Power and Fuel			
D	Imported goods (Including received from SEZs)			
E	Rent and Insurance			
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
G	Royalties			
H	Employees' Cost (Salaries, wages, Bonus etc.)			
I	Conveyance charges			
J	Bank Charges			
K	Entertainment charges			
L	Stationery Expenses (including postage etc.)			
M	Repair and Maintenance			
N	Other Miscellaneous expenses			

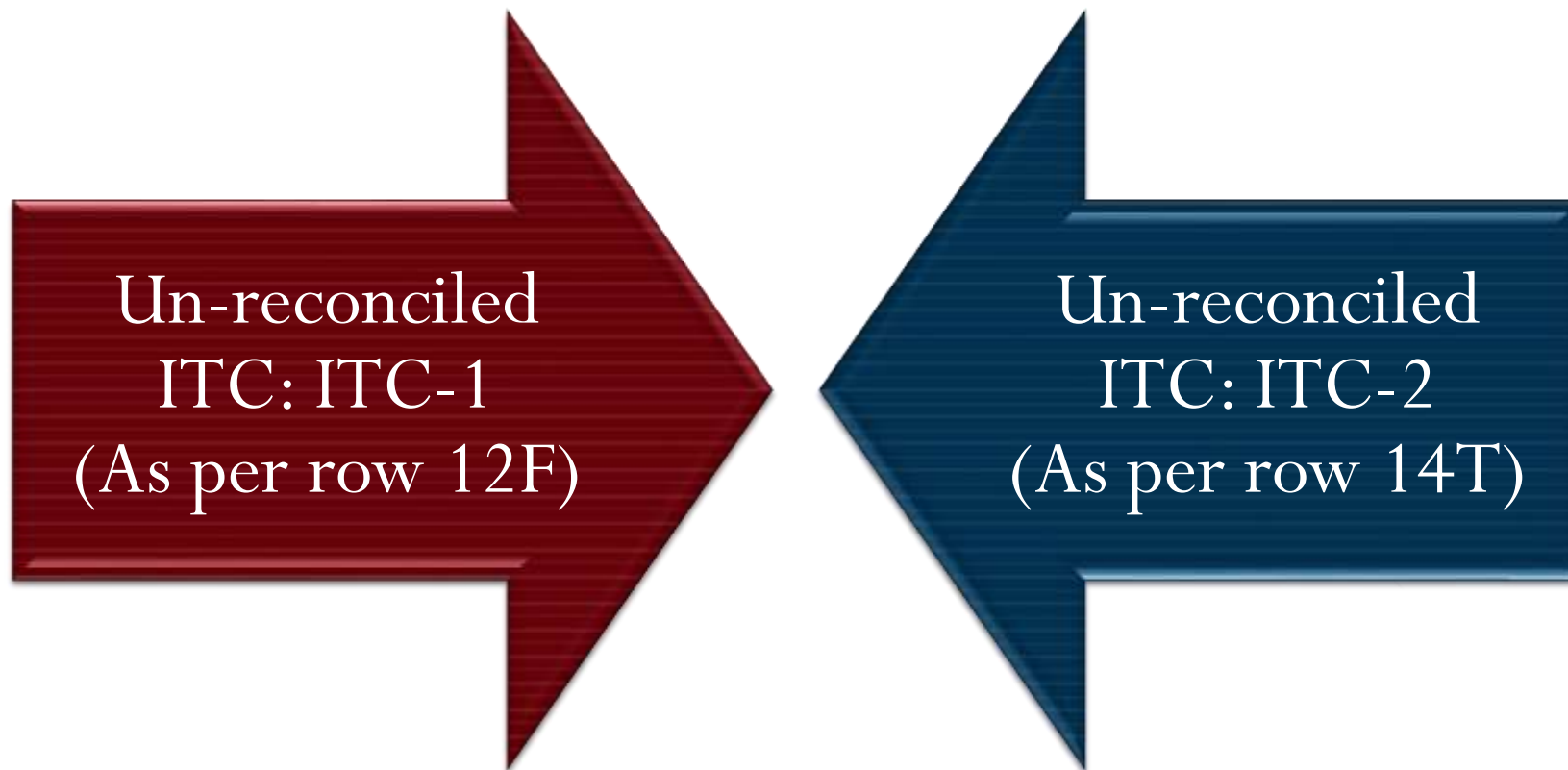
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# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit

O P Q R S T	Capital goods			
	Any other expense 1			
	Any other expense 2			
	Total amount of eligible ITC availed			<<Auto>>
	ITC claimed in Annual Return (GSTR9)			
	Un-reconciled ITC			ITC 2
15	Reasons for un - reconciled difference in ITC			
A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		
16	Tax payable on un-reconciled difference in ITC (due to reasons specified in 13 and 15 above)			
	Description	Amount Payable		
	Central Tax			
	State/UT Tax			
	Integrated Tax			
	Cess			
	Interest			
	Penalty			

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# GSTR-9C- Part-A: IV- Reconciliation of Input Tax Credit







## Auditor's Recommendations

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# GSTR-9C- Part-A:

## Additional Amount Payable under Audit

Additional Tax  
Payable but not paid  
due to difference in  
Turnover or Tax  
(Table-11)



Tax payable on un-  
reconciled difference  
in ITC (Table-16)



Auditor's  
recommendation  
on additional  
Liability due to  
non-reconciliation  
(Part-V)

# GSTR-9C- Part-A: V- Auditor's recommendation on additional Liability due to non-reconciliation

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation					
			To be paid through Cash			
	Description	Value	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%					
	Input Tax Credit					
	Interest					
	Late Fee					
	Penalty					
	Any other amount paid for supplies not included in Annual Return					

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# GSTR-9C- Part-A: V- Auditor's recommendation on additional Liability due to non-reconciliation

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

Verification:

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

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

Place: .....

Name of the signatory .....

Membership No.....

Date: .....

Full address .....

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*Thank You*

vaswanirohit@hotmail.com #9212005163

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