



AUDIT UNDER GST FY 2018-19 PERSPECTIVE

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Independence

- The Devil's Financial Dictionary – Jason Zweig
- **AUDITOR**, *n* In Latin, “one who hears”; in English, also one who obeys. All too often, accountants approve a company's financial statements exactly as the company's management wishes them to be presented.

It is well to remember that **annual reports nowadays are generally designed to build up stockholder goodwill.**

It is important to **go beyond them to the underlying facts.** Like any other sales tool, they are prone to put a corporation's “**best foot forward**”. They seldom present balanced and complete discussions of the **real problems and difficulties** of the business.

Often they are too optimistic.

PHILIP FISHER

Agenda

Legal provisions

Basic structure of the FORM GSTR – 9C

Intricacies of the FORM GSTR – 9C

Certification - issues & solutions

Workflow

Documentation

Issues

LEGAL PROVISIONS

Self- assessment regime

- Sec. 59 of the CGST Act, 2017
 - Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39.
- Sec. 44 of the CGST Act, 2017
 - (1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year :
 - (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.

GSTR – 9C related provisions

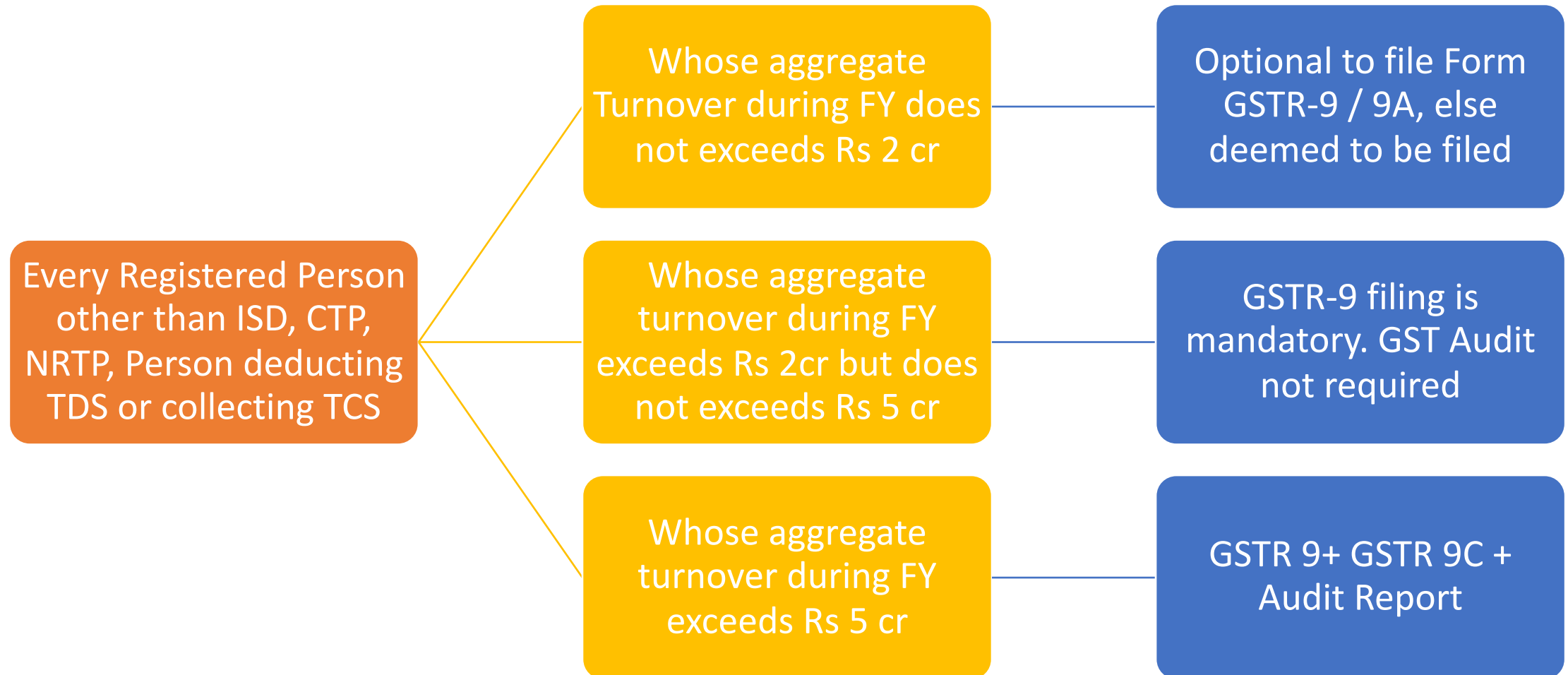
Sec. 35(5)

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

Rule 80(3)

- Every registered person whose aggregate turnover during a financial year exceeds 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.
- 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

GSTR – 9 & GSTR – 9C



Scope of GSTR – 9C

- 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;
- Whether the said definition will apply to GSTR-9C ?

Scope as per press release

h) **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.



Role of GSTR – 9 vis-à-vis GSTR – 9C

- GSTR – 9
 - Outward side – based on actuals
 - Inward side – based on GSTR – 3B
- GSTR – 9C
 - A bridge between the books and GSTR - 9

Importance

Sec. 73(10)

- The proper officer shall issue the order under subsection (9) within three years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.

Sec. 74(10)

- The proper officer shall issue the order under subsection (9) within a period of five years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.

Importance

- Explanation 2 to Section 74 —
- For the purposes of this Act, the expression “suppression” shall mean
- non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder,
- or failure to furnish any information on being asked for, in writing, by the proper officer.

Due date

- For FY 2018-19 extended till 30th September, 2020 (ref. Notification No. 41/2020-C.T., dated 5-5-2020)

Exception

- Exemption to foreign airlines from furnishing reconciliation statement in Form GSTR-9C (ref. Notification No. 9/2020-C.T., dated 16-3-2020)
- However a statement of receipts and payments for the financial year in respect of its Indian Business operations, duly authenticated by a practicing Chartered Accountant in India or a firm or a Limited Liability Partnership of practicing Chartered Accountants in India is to be submitted for each GSTIN by the 30th September of the year succeeding the financial year.

Penalty/Late fees for non-filing

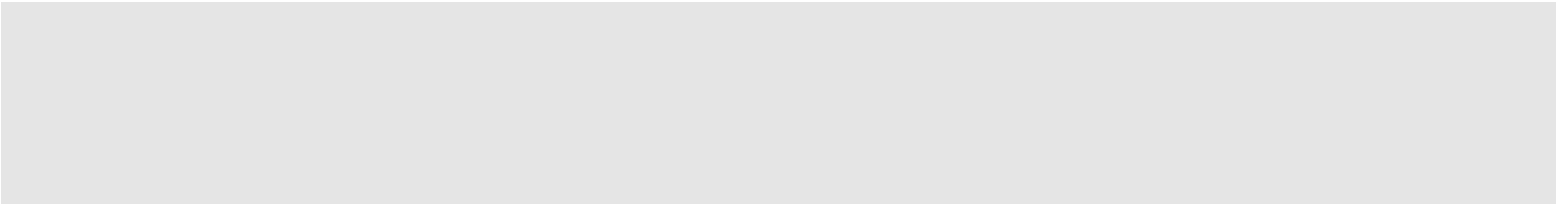
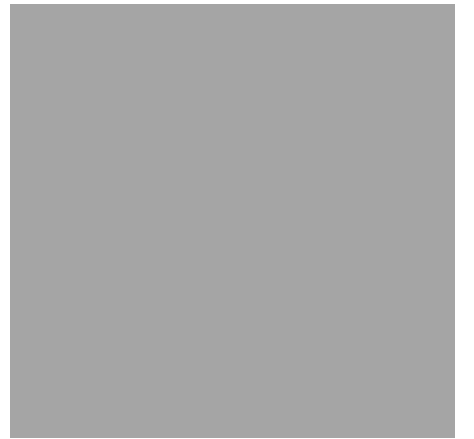
Late fees not separately provided.

Residual penalty u/s 125 (upto INR 25,000).

Issuance of notice ??

What if no additional tax is found payable ?

BASIC STRUCTURE OF GSTP – 9C



Basic structure

Part A –
Reconciliation
Statement with
recommendation
of additional
liability on
account of non-
reconciliation

Is your total turnover correct ?
Is your taxable turnover correct ?
Is your output tax payable correct ?
Is your input tax credit correct as compared to the ledgers ?
Is your input tax credit correct as compared to heads of expenditure ?

Part B –
Certification sub-
divided into I. &
II.

Record keeping
Particulars in GSTR – 9C are “true and fair” – Scope ??

INTRICACIES OF FORM GSTR-9C

Relaxations

- Notification No 56/2019- Central Tax dated 14.11.2019
- Reporting about “True and Fair” to be done instead of “True and Correct”
- Cash Flow Statement made Optional
- Consolidated reporting of all adjustments from 5B to 5N can be done in Row 5O
- Reporting in Table 12 (B & C) & 14 made Optional

PART - I

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>>

- To be filed GSTIN-wise.
- What if the taxpayer is not liable for audit under any Act but is still required to file GSTR-9C ??

PART – II TABLE 5

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)			Whether revenue from operations or total income ?? Multi-state entities ??
B	Unbilled revenue at the beginning of Financial Year	(+)		Unbilled/unadjusted advance whether as on 01.04.17 Or 01.07.17 ??
C	Unadjusted advances at the end of the Financial Year	(+)		
D	Deemed Supply under Schedule I	(+)		Schedule – I ??
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(+)		Is it possible ??
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)		Difference between trade discounts and CN referred in J ??
G	Turnover from April 2017 to June 2017	(-)		How to verify ??
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	(-)		Financial credit notes as well as ineligible credit notes ??

PART – II TABLE 5

K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)		Tax payable only by DTA ??
L	Turnover for the period under composition scheme	(-)		GSTR-9A ??
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)		Sec. 15 read with Rules 27 to 33.
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)		Rule 34
O	Adjustments in turnover due to reasons not listed above	(+/-)		Residual adjustments vs. un-reconciled turnover in R ??
P	Annual turnover after adjustments as above		<Auto>	
Q	Turnover as declared in Annual Return (GSTR 9)			Can be derived from 5N, 10 & 11 of GSTR-9
R	Un-Reconciled turnover (Q - P)		AT1	

PART – 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>>

PART – II TABLE 7 & 8

7	Reconciliation of Taxable Turnover	
A	Annual turnover after adjustments (from 5P above)	<Auto>
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	
C	Zero rated supplies without payment of tax	
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	
E	Taxable turnover as per adjustments above (A-B-C-D)	<Auto>
F	Taxable turnover as per liability declared in Annual Return (GSTR 9)	
G	Unreconciled taxable turnover (F-E)	AT 2
8	Reasons for Un - Reconciled difference in taxable turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Table (4N – 4G) + (10-11) of GSTR 9 shall be declared here

PART – III TABLE 9

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 applicabl e
	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	

What to report here ??

Table 9, 10 & 11

PART – III TABLE 10

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

PART – III TABLE 11

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)					

PART – IV TABLE 12 & 13

Pt.	Reconciliation of Input Tax Credit (ITC)		
IV			
12	Reconciliation of Net Input Tax Credit (ITC)		
A	ITC availed as per audited Annual Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from books of accounts)		
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)	
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)	
D	ITC availed as per audited financial statements or books of account		<Auto>
E	ITC claimed in Annual Return (GSTR 9)		
F	Un-reconciled ITC		ITC 1
13	Reasons for un-reconciled difference in ITC		
A	Reason 1	<<Text>>	
B	Reason 2	<<Text>>	
C	Reason 3	<<Text>>	

ITC declared in Table 7J of GSTR-9

PART – IV TABLE 14

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			
O	Capital goods			
P	Any other expense 1			
Q	Any other expense 2			
R	Total amount of eligible ITC availed			<<Auto>>
S	ITC claimed in Annual Return (GSTR9)			
T	Un-reconciled ITC			ITC 2

Table 7J may be used.

PART – IV TABLE 15 & 16

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	

PART - V

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

What is the scope of auditor for the said headings ??

VERIFICATION CLAUSE - AUDITOR



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.



Interplay between GSTR-9 and 9C

VERIFICATION CLAUSE - SUPPLIER

- I hereby solemnly affirm and declare that I am uploading the reconciliation statement in **FORM GSTR-9C** prepared and duly signed by the Auditor and nothing has been tampered or altered by me in the statement. I am also uploading other statements, as applicable, including financial statement, profit and loss account and balance sheet etc.



PART-B - CERTIFICATION

- Sub-part – I
 - Certification in cases where the reconciliation statement (FORM GSTR-9C) is drawn up by the person who had conducted the audit.
- Sub-part – 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.

Basic structure of Part – B (sub-part I)

Para No.	Content
1	<p>I/we have examined the—</p> <p>(a) balance sheet as on</p> <p>(b) the *profit and loss account/income and expenditure account for the period beginning fromto ending on, and</p> <p>(c) the cash flow statement for the period beginning fromto ending on, — attached herewith, of M/s (Name), (Address),(GSTIN).</p>
2	<p>Based on our audit I/we report that the said registered person—</p> <p>*has maintained the books of accounts, records and documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder</p> <p>*has not maintained the following accounts/records/documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 and the rules/notifications made/issued thereunder:</p> <ol style="list-style-type: none">1.2.3.

Basic structure of Part – B (sub-part I)

Para No.	Content
3	<p>(a) *I/we report the following observations/ comments / discrepancies / inconsistencies; if any:</p> <p>.....</p> <p>.....</p> <p>(b) *I/we further report that, -</p> <p>(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.</p> <p>(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.</p> <p>(C) I/we certify that the balance sheet, the *profit and loss/income and expenditure account and the cash flow Statement are *in agreement/not in agreement with the books of account maintained at the Principal place of business atand **additional place of business within the State.</p>
4	<p>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.</p>

Basic structure of Part – B (sub-part I)

Para No.	Content
5	<p>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:</p> <p>(a).....</p> <p>(b).....</p> <p>(c).....</p>

Basic structure of Part – B (sub-part II)

Para No.	Content
1	<p>*I/we report that the audit of the books of accounts and the financial statements of M/s. (Name and address of the assessee with GSTIN) was conducted by M/s. (full name and address of auditor along with status), bearing membership number in pursuance of the provisions of theAct, and *I/we annex hereto a copy of their audit report dated along with a copy of each of :-</p> <p>(a) balance sheet as on</p> <p>(b) the *profit and loss account/income and expenditure account for the period beginning fromto ending on,</p> <p>(c) the cash flow statement for the period beginning fromto ending on, and (d) documents declared by the said Act to be part of, or annexed to, the *profit and loss account/income and expenditure account and balance sheet.</p>
2/4/5	Same as that in sub-part I.
3	Not contained

Observations, qualifications & remarks

- Related to:
 - Scope
 - Books of accounts, records and documents
 - Reconciliation aspects
 - Other issues

Observations, qualifications & remarks – related to scope

- Advisable to put the scope as understood.
- Illustrative –
 - “Based on the provisions of law as contained u/s 35(5) of the CGST Act, 2017 read with Sec. 44(2) of the said Act along with the press note dated _____, the scope of certification is limited to the reconciliation of values as declared in the annual return with the audited financial statements.”

Observations,
qualifications &
remarks –
related to books
of accounts,
records and
documents

- What are 'books of accounts' ?
- What are 'records' ?
- What are 'documents' ?

Observations, qualifications & remarks – related to books of accounts, records and documents

- ‘Books of accounts’ not defined in the Act
- Meaning of ‘books of accounts’ & ‘records’ to be deciphered from Chapter VIII
 - Chapter VIII of the CGST Act, 2017 contains provisions related to accounts and records
 - SECTION 35 - Accounts and other records
 - SECTION 36 - Period of retention of accounts

Observations, qualifications & remarks – related to books of accounts, records and documents

- Sec. 35(1) - Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of —
 - (a) production or manufacture of goods;
 - (b) inward and outward supply of goods or services or both;
 - (c) stock of goods;
 - (d) input tax credit availed;
 - (e) output tax payable and paid; and
 - (f) such other particulars as may be prescribed
- Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business :
- Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed

Observations,
qualifications &
remarks –
related to books
of accounts,
records and
documents

- CHAPTER VII of CGST Rules, 2017
 - Rule 56 - Maintenance of accounts by registered persons
 - Rule 57 - Generation and maintenance of electronic records

Observations, qualifications & remarks – related to books of accounts, records and documents

- Rule 56 – True and correct account to be maintained of (illustrative) –
 - Goods or services imported or exported
 - Supplies attracting payment of tax on reverse charge
 - Goods received and supplied – containing particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof
 - Separate account of advances received, paid and adjustments
 - Details of tax payable, tax collected and paid, input tax, input tax credit claimed
 - Names and complete addresses of suppliers
 - Names and complete addresses of the persons to whom he has supplied
 - Complete address of the premises where goods are stored
 - Monthly production accounts showing quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.
 - Quantitative details of goods used in the provision of services, details of input services utilised and the services supplied
 - Works contractor to maintain separate accounts related to the works contract
 - Agent to maintained records of goods and services received/supplied
 - Carrier and C & F agent to maintain records of goods handled

Observations, qualifications & remarks – related to books of accounts, records and documents

- Rule 56(8)
 - Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter, the correct entry shall be recorded and where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained
- Rule 56(15)
 - The records under the provisions of this Chapter may be maintained in electronic form and the record so maintained shall be authenticated by means of a digital signature.

Observations, qualifications & remarks – related to books of accounts, records and documents

- Rule 57 – Deals with:
 - Electronic back-up of records

Observations, qualifications & remarks – related to books of accounts, records and documents

- Sec. 35(2)
 - Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed
- Rule 58 - Records to be maintained by owner or operator of godown or warehouse and transporters
 - Requirement of obtaining unique enrolment number
 - Records related to goods transported, delivered and stored in transit to be maintained by transporter.
 - Records related to receipt, dispatch, movement and disposal of goods to be maintained by the owner or operator of a warehouse or godown.
 - Identified storage of goods item-wise and owner-wise.

Observations, qualifications & remarks – related to books of accounts, records and documents

- Sec. 36
 - Every registered person required to keep and maintain books of account or other records in accordance with the provisions of sub-section (1) of section 35 shall retain them until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records :
 - Provided that a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

Observations, qualifications & remarks – related to books of accounts, records and documents

- What are the 'documents' ?
- Tax invoice – Sec. 31(1)/(2) read with Rule 46
 - Time limits – Sec. 31 read with Rule 47
 - Manner of issuing the invoice – Rule 48
 - Special cases – Rule 54 (e.g. GTA)
- Bill of supply – Sec. 31(3)(c) read with Rule 49
 - Invoice-cum-bill of supply – Rule 46A
- Receipt voucher – Sec. 31(3)(d) read with Rule 50
- Refund voucher – Sec. 31(3)(e) read with Rule 51
- Invoice under RCM – Sec. 31(3)(f)
- Payment voucher under RCM – Sec. 31(3)(g) read with Rule 52
- Credit notes/debit notes – Sec. 34 read with Rule 53
- Delivery challan – Rule 55
- E-way bill – Sec. 68 read with Rule 138

Observations, qualifications & remarks – related to books of accounts, records and documents

- Nature of observations (illustrative) –
 - “Maintenance of books of accounts, records and documents is the primary responsibility of the management. Our responsibility is to express an opinion on the sufficiency of the same to draw the reconciliation statement. As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the taxpayer has maintained books of accounts, records and documents as required by the IGST/CGST/⟨<>>GST Act, 2017 except”
 - “On an overall basis the taxpayer has maintained books of accounts, records and documents which in our opinion are sufficient to draw true and fair reconciliation statement.”
 - “The books of accounts, records and documents not maintained are in our opinion not material to the reconciliation statement.”
 - “Additional place not declared but the supplies received/made from the said place are taken into consideration in the reconciliation statement.”

Observations, qualifications & remarks – related to books of accounts, records and documents

- Nature of qualifications (illustrative) –
 - “Maintenance of books of accounts, records and documents is the primary responsibility of the management. Our responsibility is to express an opinion on the sufficiency of the same to draw the reconciliation statement. As per the information and explanation given to us and on the basis of our examination of records of the taxpayer, the taxpayer has maintained books of accounts, records and documents as required by the IGST/CGST/⟨⟨⟩⟩GST Act, 2017 except”
 - “We have therefore refrained from stating and certifying the details under Table _____ on account of the non-maintenance of the referred records and documents.”

Observations, qualifications & remarks – related to reconciliation

- Relaxations for FY 2017-18 & 18-19
- Notification No. 56/2019 – Central Tax dt. 14.11.2019

Table	Relaxation
5B to 5N	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
12B & 12C	For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this Table.
14	For FY 2017-18 and 2018-19, the registered person shall have an option to not fill this Table.

- “True & fair” in Part B vis-à-vis “True & correct” in Part A.

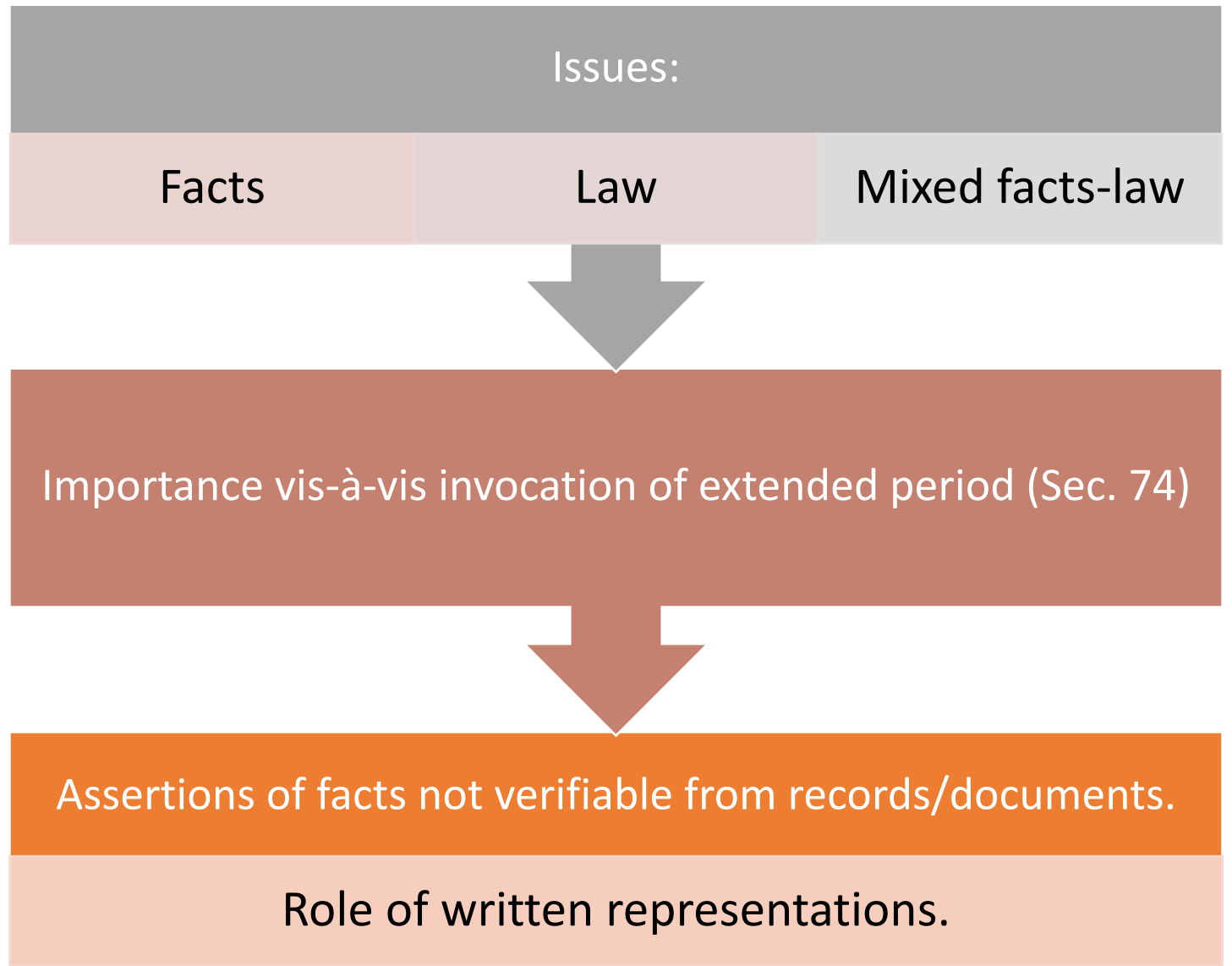
Observations, qualifications & remarks – related to reconciliation

- In *my/our opinion and to the best of *my/our information and according to examination of books of account including other relevant documents and explanations given to *me/us, the particulars given in the said Form No.9C are true and correct subject to the following observations/qualifications, if any:

Observations, qualifications & remarks – related to reconciliation

Part A	Table	Type of reconciliation
II - Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)	5	Reconciliation of Gross Turnover
	7	Reconciliation of Taxable Turnover
III - Reconciliation of tax paid	9	Reconciliation of rate wise liability and amount payable thereon
IV - Reconciliation of Net Input Tax Credit (ITC)	12	Reconciliation of ITC declared in GSTR – 9 with ITC availed as per audited Annual Financial Statement
	14	Reconciliation of ITC declared in GSTR – 9 with ITC availed on expenses as per audited Annual Financial Statement or books of account

Observations,
qualifications &
remarks –
related to
reconciliation



Observations, qualifications & remarks – related to reconciliation

- SA 580 - Written Representations as Audit Evidence
- Written representations – A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.
- Audit evidence is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based.
- Although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management's responsibilities, or about specific assertions.

Observations, qualifications & remarks – related to reconciliation

- Basic written representations required –
- It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement.
 - GSTR – 9C engagement to clearly specify the scope.
- All transactions have been recorded and are reflected in the financial statements/records maintained as per law.
- Management's responsibilities shall be described in the written representations.
- The written representations shall be in the form of a representation letter addressed to the auditor.
- If written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter.
- If management does not provide one or more of the requested written representations, the auditor shall discuss with the management and take appropriate action by way of observation/qualification.

Observations, qualifications & remarks – related to reconciliation

Table	Particulars	Remarks
5A	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)	Process of internal derivation. Management representation on the internal derivation. Management representation on the State-wise trial balance/separate records.
5B	Unbilled revenue at the beginning of Financial Year	Management representation on the completion of supply (especially of services).
5C	Unadjusted advances at the end of the Financial Year	Management representation on whether the receipt is in nature of advance or deposit.
5D	Deemed Supply under Schedule I	Management representation on the records maintained for intra-entity transactions and transactions with related parties.
5F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	Management representation on the discount policy (especially oral) pursuant to which the discounts are granted.
5M	Adjustments in turnover under section 15 and rules thereunder	Management representation on barter/related party transactions/open market value.

Observations, qualifications & remarks – related to reconciliation

Table	Particulars	Remarks
7B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	Management representation for supplies where exemption is based on end-use (pure services to Govt./Local Authority/Govt. entity, residential dwelling for use as residence, declared tariff, road transportation other than GTA, etc.).
7C	Zero rated supplies without payment of tax	Management representation related to services supplied to SEZ/exports.
9	Reconciliation of rate wise liability and amount payable thereon	Management representation on end-use based classifications.

Observations, qualifications & remarks – related to reconciliation

Table	Particulars	Remarks
12A	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)	Process of internal derivation. Management representation on the internal derivation. Management representation on the State-wise trial balance/separate records.
14	Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account	Management representations related to “eligible ITC” (e.g. Sec. 17(5) - foundation, Rule 42/43)

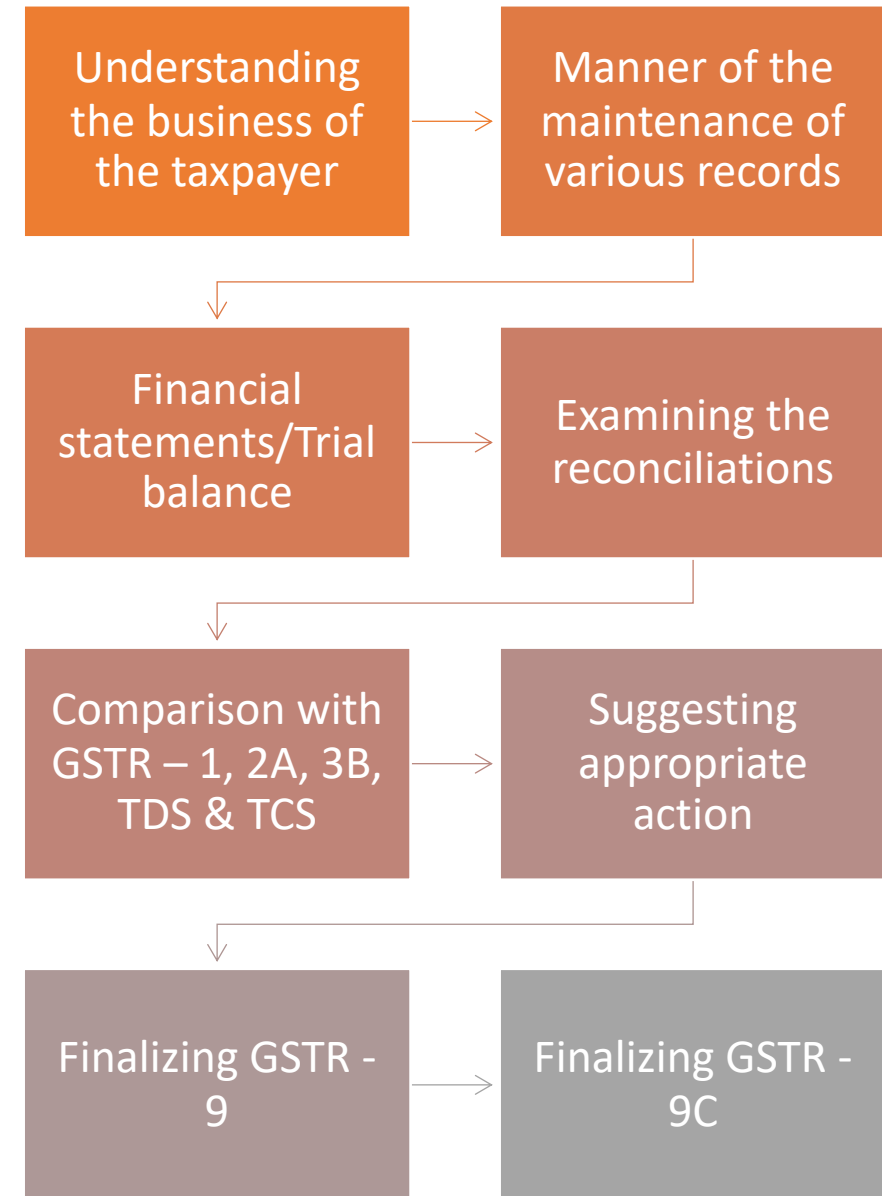
Observations, qualifications & remarks – related to reconciliation

- General observation –
 - Reconciliation statement verified as true & correct based on sampling.
- Specific observations/qualifications/remarks –
 - Law points (e.g. Sec. 50 (interest), Sec. 16 (180-days, time limits, wrong heads, RCM))?
 - Bogus transactions ?
 - Recasting of the books ?
 - Retrospective amendments ?
 - Court rulings ?
 - Revision of the GSTR – 9C ?



WORKFLOW

Workflow





DOCUMENTATION

DOCUMENTATION



Engagement letter



Reconciliation working with all supporting's



Comparison working of GSTR – 9 with GSTR – 1, 2A & 3B



Management representations

OTHER ISSUES

E-way bill & GSTR – 9C

E-Way Bill was made applicable with effect from 1-4-2018.

Reconciliation may be sought between E-way bill data and the figures reported in GSTR – 9/9C.

Discrepancies to be examined (outward + inward) which may be on account of:

- Type of Transaction ?
- Monetary Value?

Issue of generating E-way bill reports ? (up to 1 year)

Truth Is Always Like Oil In Water; No
Matter How Much Of Water You Add, It
Always Floats On Top..!

THANKS !!

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