



**All India Chartered Accountants' Society
&
CFO WORLD**



GOODS AND SERVICE TAX EXPERT STUDY GROUP

Meeting 7 (6th April 2019)

**Major Amendments w.e.f. 01st April 2019 in GST
and GST Annual Return and GST Audit**



GST Annual Compliances

GSTR 9	Annual Return	GSTR 9 should be filed by the regular taxpayers filing GSTR 1, and GSTR 3B, even in case of Nil Return.
GSTR 9A	Annual Return for Composition Tax Payer	GSTR 9A should be filed by the persons registered under composition scheme under GST.
GSTR 9B	Annual Return for E-Commerce Operator	GSTR 9B: GSTR 9B should be filed by the e-commerce operators who have filed GSTR 8 during the financial year.
GSTR 9C	GST Audit Report	GSTR 9C should be filed by the taxpayers whose annual turnover exceeds Rs.2 crores during the financial year.

Note:

- FORM GSTR-1 and FORM GSTR-3B for FY 17-18 must be filed before filing this Annual Return.
- Additional Liability not declared earlier can be declared in this return.
- ITC unclaimed during the FY 17-18 cannot be claimed in this return.

Critical Issue with respect to Annual Return



Segregation of ITC claimed

1. The ITC claimed in GSTR-3B must be bifurcated for the reporting purposes as
 - inputs,
 - input services and
 - capital goods.
1. This was never a requirement in the GSTR-3B filed. A proper system of accounting for each transaction as capital goods, services and goods will help.
2. We can bifurcate the input from input ledger on the basis of :
 - **Capital goods** that can be pick from Fixed Assets Register.
 - **Input** can be pick from purchase register or stock register.
 - All expenses debit in P&L need scrutiny whether it is **Input Service or Inputs**.

Critical Issue - GSTR-9C

Segregation of ITC claimed



2. The expenses and ITC availed must be also bifurcated as per the audited Financial Statement.
 - Purchase
 - 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
 - Any Other Expenses or etc
1. This was never a requirement in the GSTR-3B filed.
2. We need to bifurcate expenses on the basis of State/ UT . So, that ITC can be match with our GSTR-3B.
3. The expenses should be for 9 months.

Critical Issues with respect to Annual Return



Supply received from composition taxpayers

3. This is an additional requirement in the annual return to report the details regarding supplies received from composition taxpayers.
1. This was never a requirement in the GSTR-3B filed.
 1. For Future: A proper system of accounting for each transaction is needed where all the supplies received should be classified as Unregistered Supplier, Composition supplier and Regular supplier.
 2. For Past: We need take the list of vendors / suppliers and identify which of them are registered under composition.
2. Once we have the list of such suppliers we can identify the supplies made by them by taking sum of Credits in Vendor Ledger from Trial. (Caution: JV & Adjustment entries need to be considered)

Critical Issues with respect to Annual Return



List of HSN for the inward supplies

4. This is a requirement in the annual return to report the HSN wise summary of inward supplies having taxable value of 10% or more of total inward supplies.
1. This is an additional requirement in the annual return whereas the periodic returns like GSTR 3B never asked for these details.
2. We should identify and extract the HSN wise summary of those inward supplies which in value independently account for 10 % or more of the total value of inward supplies, from the purchase register at the earliest to file error-free annual return.
3. We can obtain these details from the expenses we bifurcate earlier and identify those expenses which account for 10% or more of the total value of Inward supplies. Then, we can show this HSN wise details as asked in GSTR-9.

Critical Issues with respect to Annual Return

Amendments declared in returns of April to **March 2019**.

5. **Transactions for the Previous FY declared in returns of April 2018 to ~~September 2018~~ March 2019.**
1. The tax payer need to prepare summary of all the amendments made by him so he reconcile it with GSTR- 1.
 2. The amount reported in table 10 and 11 also going to be auto populated in Table 5Q (**Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)** of GSTR 9C .

Table No.	Particular	Source & Table No.
10	Supplies / tax declared through amendments + (Net of debit Notes)	GSTR 1 : 9A, 9B, 9C
11	Supplies / tax declared through amendments - (Net of credit Notes)	GSTR 1 : 9A, 9B, 9C
12	Reversal of ITC availed during previous financial year	GSTR 3B: 4(B)
13	ITC availed for the previous financial year	GSTR 3B: 4(B)

Documents Required for GST Audit



SL No	Points to be checked	Document Required
1	Month wise turnover, sales Return details for the period July 2017 to March 2018	Sales Book, Sales Return ledger
2	Month wise purchase details of both goods and services for the period July 2017 to March 2018	Purchase book, Fixed Asset Register , Input Ledgers
3	Monthly/Quarterly (wherever applicable) GSTR-3B & GSTR-1 returns.	GSTR-3B & GSTR-1
4	Any record prepared for Ineligible ITC claimed to be reversed (Section17(5))	Purchase and Expenses Ledger
5	Any record prepared for Reversal of ITC as per Rule 42 & 43	Input Ledgers
6	Details of Transition credit claimed through TRAN-I & TRAN-II	TRAN-I & TRAN II (GST PORTAL)
7	Input Tax credit availed through ISD	Electronic Credit Ledger
8	Details of Outward supplies & Tax liabilities pertaining to the period upto March 2018 but declared in return for the period April 2018 to September 2018.	Amendments in GSTR-1
9	Details of purchases from Supplier under composition scheme.	Vendor Master
10	Details of deemed supply under Schedule I of CGST Act 2017	Any Inter branch stock transfer details ,

Documents Required for GST Audit



SL No	Points to be checked	Document Required
11	Details of any Demand initiated ,Refund claimed ,Refund Rejected , Refund still pending , Demand still pending.	Correspondence from Department , GST RFD-01
12	Details of any goods sent on approval basis not returned.	Any schedule prepared for the same
13	Consolidated HSN wise details of outward supplies as per GSTR-1	GSTR-1
14	Consolidated HSN wise summary of Inward Supplies as per books.	Purchase data
15	Invoice wise details of Purchase made and payment made thereon ,for determining reversal of ITC as per Rule 37	Monthly Creditors ageing report

Audit Plan



Checklist for GST Audit

1. Introduction :

- Obtain Understanding of Business, accounting and operating procedures of the Company.
- Revenue Pattern and related output GST liabilities.

2. Compliances :

- Reconciliation of regular GST returns i.e. GSTR3B, GSTR-1 with books of account of the company.
- Reconciliation of GSTR-2A with Books of the company and also reconcile it with Input Tax Credit claim by company in GSTR-3B.

3. Accounting issues :

- As per section 35 of the CGST Act, every registered person shall keep & maintain, at the place of business mentioned in the certificate of Registration records of-
 - Inward & outward supply of Goods & services
 - Input tax credit availed
 - Output tax payable & paid
 - Others particulars prescribed.

Audit Plan



Checklist for GST Audit

4. Transitional Issues :

- Transitional Arrangements for transferring Input Tax Credit from the VAT to GST structure.
- Transferring the common inputs to various related branches/ H.O. by being registered as Input Service Distributor.

5. Determination of Nature of Tax :

- Identification of nature of supply as goods or services
- Determination of Place of Supply and in-turn determination of intra-state/ interstate supply.
- Identification of related HSN Code (Harmonized System of Nomenclature Code)

6. Registration :

- Review whether registration has been taken in each state from which company makes supply of goods and services
- Review whether all place of business from which company makes supply of goods & services other than Principal place of business within the same state added as additional place of business in respective state GST registration.

Audit Plan



Checklist for GST Audit

7. **Applicability of Input / Output :**

- Input Credit on the inward supplies
- Reverse charge on Inward Supplies

8. **Analyzing of Input Tax credit :**

- Identification of reversal of input Tax Credit As per Rule 42 and Rule 43 of CGST Rules, 2017.
- Payments should be done within maximum 180 days from the date of invoice to avoid the loss of Input tax credit (under the 2nd Proviso of section 16 (2) of CGST).

9. **Procedure for Analyzing of Input Tax Credit :**

- Determining of the nature of supply and checking whether the same is covered in the ineligible items for taking credit as per Section 17(5) of CGST Act, 2017.
- As per section 16 of CGST Act, the credit of the supplies can be taken only if the following conditions are satisfied:
 - The recipient is in the possession of valid tax invoice, debit note or other prescribed document.
 - The recipient has received the goods/ services

Thank You

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