

GST Perspective in Statutory and Tax Audit

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Ashu Dalmia

GSTIndia.biz

info@gstindia.biz

Reporting Requirements

-ITR

-Tax Audit Report

-Audit Report under Company Act



ITR-6-PART A-OI

5	<u>Amounts not credited to the profit and loss account, being</u>		
	a	the items falling within the scope of section 28	5a
	b	The proforma credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax, <u>or refund of GST</u>, where such credits, drawbacks or refunds are admitted as due by the authorities concerned	5b
	c	escalation claims accepted during the previous year	5c
	d	Any other item of income	5d
	e	Capital receipt, if any	5e
	f	Total of amounts not credited to profit and loss account (5a+5b+5c+5d+5e)	

ITR-6-PART A-OI

12	Amount of credit outstanding in the accounts in respect of		
a	Union Excise Duty	12a	
b	Service tax	12b	
c	VAT/sales tax	12c	
d	<u>Central Goods & Service Tax (CGST)</u>	12d	<u>Amounts payable at end of period need to be reported here</u>
e	<u>State Goods & Services Tax (SGST)</u>	12e	
f	<u>Integrated Goods & Services Tax (IGST)</u>	12f	
g	<u>Union Territory Goods & Services Tax (UTGST)</u>	12g	
h	Any other tax	12h	
i	Total amount outstanding (total of 12a to 12d)		

ITR-6-SCHEDULE GST

INFORMATION REGARDING TURNOVER/GROSS RECEIPT REPORTED FOR GST

Sl.No.	GSTIN No.(s)	Annual Value of Outward Supplies as per the GST Returns Filed
1		
2		
3		
4		



FORM 3CD-Part A-Sr No 4

Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, goods and service tax, customs duty, etc. if yes, please furnish the registration number or GST number or any other identification number allotted for the same

Form 3CD-PART-A –SR NO 27(a)

Amount of Central Value Added Tax credits /Input Tax Credit availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Central Value Added Tax credits /Input Tax Credit (ITC) in the accounts:

CENVAT/ITC	Amount	Treatment in Profit & Loss Accounts
Opening Balance		
Credit Availed		
Credit Utilized		
Closing/Outstanding Balance		

Tax Audit Reports

Form3CA

In case of a person carrying business or profession whose accounts are required to be audited under any other law.

Form3CB

- In case of a person carrying business or profession whose accounts are required to be audited under any other law.
- Person whose accounts are required to be audited under any other law but whose accounting year is different from the financial year.

FORM 3CA-Relevant Extract

- I/we report that the statutory audit of M/s.....was conducted by me/us/M/s..... in pursuance of the provisions of the.....Act, and I/we annex hereto a copy of my/our/their audit report dated.....along with a copy of each of the audited profit and loss accounts, audited balance sheet and other documents.
- 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.3 CD are true and correct subject to the following observations/qualifications, if any.....

FORM 3CB-Relevant Extract

- I/we have **examined** the balance sheet as on,
- I/we **certify** that the balance sheet and the profit and loss/income and expenditure account are in agreement with the books of account maintained at the head office at.....and.....branches.
- 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.
- In my/our opinion and to the best of my/our information and according to the explanations given to me/us, the said accounts, read with notes thereon, if any, **give a true and fair view** in case of Balance Sheet and P&L Accounts.
- 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.3 CD are true and correct** subject to following observations/qualifications, if any

Companies Act,2013 Section-143(2): Powers and Duties of Auditors and Auditing Standards

The auditor shall make a report to the members of the company on the accounts examined by him and on every financial statements which are required by or under this Act to be laid before the company in general meeting and the report shall after taking into account the provisions of this Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of this Act or any rules made thereunder or under any order made under sub-section (11) and to the best of his information and knowledge, the said accounts, financial statements give a true and fair view of the state of the company's affairs as at the end of its financial year and profit or loss and cash flow for the year and such other matters as may prescribed.

Companies Act,2013-Section 147(2): Punishment for Contravention

If an auditor of a company contravenes any of the provisions of section 139,section 143 ,section 144 or section 145 the auditor shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees or four times the remuneration of the auditor, whichever is less

Provided that if an auditor has contravened such provisions knowingly or will fully with the intention to deceive the company or its shareholders or creditors or tax authorities, he shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less.

SA-700-Forming an Opinion and Reporting on the Financial Statements

As per SA 700 the objectives of the auditor are:

To form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and To express clearly that opinion through a written report.

Auditor's Responsibilities for the Audit of the Financial Statements:

the auditor's report shall State that the objectives of the auditor are to:

.....

Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error

.....

Independent Auditor's Report



Opinion

We have audited the accompanying Financial Statements of _____PRIVATE Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Financial Statements”).

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid **Financial Statements** give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and **give a true and fair view** in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, (“AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Key Audit Matters (KAM) (IF DESIRED)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Other Information



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Management's Responsibility for the Financial Statements

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. **Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.** Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls

Auditor's Responsibilities for the Audit of the Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

Auditor's Responsibilities for the Audit of the Financial Statements

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation
- Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

Auditor's Responsibilities for the Audit of the Financial Statements

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Financial Statements

- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication (Delete this paragraph if NO KAM)

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report agree with the relevant books of account.
- In our opinion, the aforesaid financial statements comply with the AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

Report on Other Legal and Regulatory Requirements

- On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to financial statements.
- With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

Report on Other Legal and Regulatory Requirements

- The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements
- The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

BS-Asset Side

<u>Non-Current Assets</u>	Amounts as at Mar 31, 2019
(a) Property, plant and Equipments	
(b) Non-current investments	
(c) Deferred Tax Assets (net)	
(d) Long-term loans and advances	
(e) Other non-current assets	
<u>Current Assets</u>	
(a) Current investments	
(b) Inventories	
(c) Trade Receivables	
(d) Cash and cash equivalents	
(e) Short-term loans and advances	
(f) Other Current Assets	GST Receivables (CGST, SGST & IGST)

BS-Liability Side

<u>Shareholders funds</u>	Amounts as at Mar 31, 2019
(a) Share Capital	
(b) Reserves and surplus	
(c) Money received against share warrants	
<u>Share application money pending allotment</u>	
<u>Non-current liabilities</u>	
(a) Long-term borrowings	
(b) Deferred tax liabilities (Net)	
(c) Other Long term liabilities	
(d) Long-term provisions	
<u>Current Liabilities</u>	
(a) Short-term borrowings	
(b) Trade payables	
(c) Other current liabilities	GST Payables (CGST, SGST & IGST)
(d) Short-term provisions	

Which Auditor is primary Responsible to Report for Non-Compliance of GST?

- **GST Auditor**
- **Statutory Auditor/Tax Auditor**

Standard on Auditing (SA) 250 (Revised) Consideration of Laws and Regulations in an Audit of Financial Statements

The auditor shall obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements.....



Applicable Standards on Auditing



SA-200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing

To enable an auditor to express his opinion on the financial statements.

where **reasonable assurance** - which is defined as a **high, but not absolute**, level of assurance - cannot be obtained and a qualified opinion in the auditor's report is insufficient for the purpose of reporting to the intended users of the financial statements, the SAs require that the auditor disclaim an opinion or withdraw from the engagement, if withdrawal is legally permitted.

Terms of Engagement-SA 210

(a) The objective and scope of the audit of the financial statements;(Read it GSTR 9C)

(b) The responsibilities of the auditor;

(c) The responsibilities of management;

Evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor;
and

Evidence that the audit was planned and performed in accordance with SAs and applicable legal and regulatory requirements.

SA-315- Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment

Inherent Risk- Entity+ Environment
Control Risk-Controls

Substantive procedures will be dependent upon level of risk assessed.

SA 320, Materiality in Planning and Performing an Audit

Materiality: Misstatement including omission are material if they can influence the economic decision of the user.

Quantitative materiality may depend upon:

- Revenue
- Profit After Tax
- Operating Exp
- Long Term Borrowing
- Fixed Asset
- Current Asset

Audit Evidence –SA 500-Reliability of Audit Evidence

- The reliability of audit evidence is increased when it is obtained from **independent sources outside the entity**.
- The reliability of audit evidence that is generated internally is increased when the **related controls**, including those over its preparation and maintenance, imposed by the entity **are effective**.
- Audit evidence **obtained directly by the auditor** (for example, observation of the application of a control) is more reliable than audit evidence obtained indirectly or by inference (for example, inquiry about the application of a control).
- Audit **evidence in documentary form, whether paper, electronic, or other medium**, is more reliable than evidence obtained orally (for example, a contemporaneously written record of a meeting is more reliable than a subsequent oral representation of the matters discussed).
- Audit evidence **provided by original documents** is more reliable than audit evidence provided by photocopies or facsimiles, or documents that have been filmed, digitised or otherwise transformed into electronic form, the reliability of which may depend on the controls over their preparation and maintenance.

Analytical Procedures-SA 520

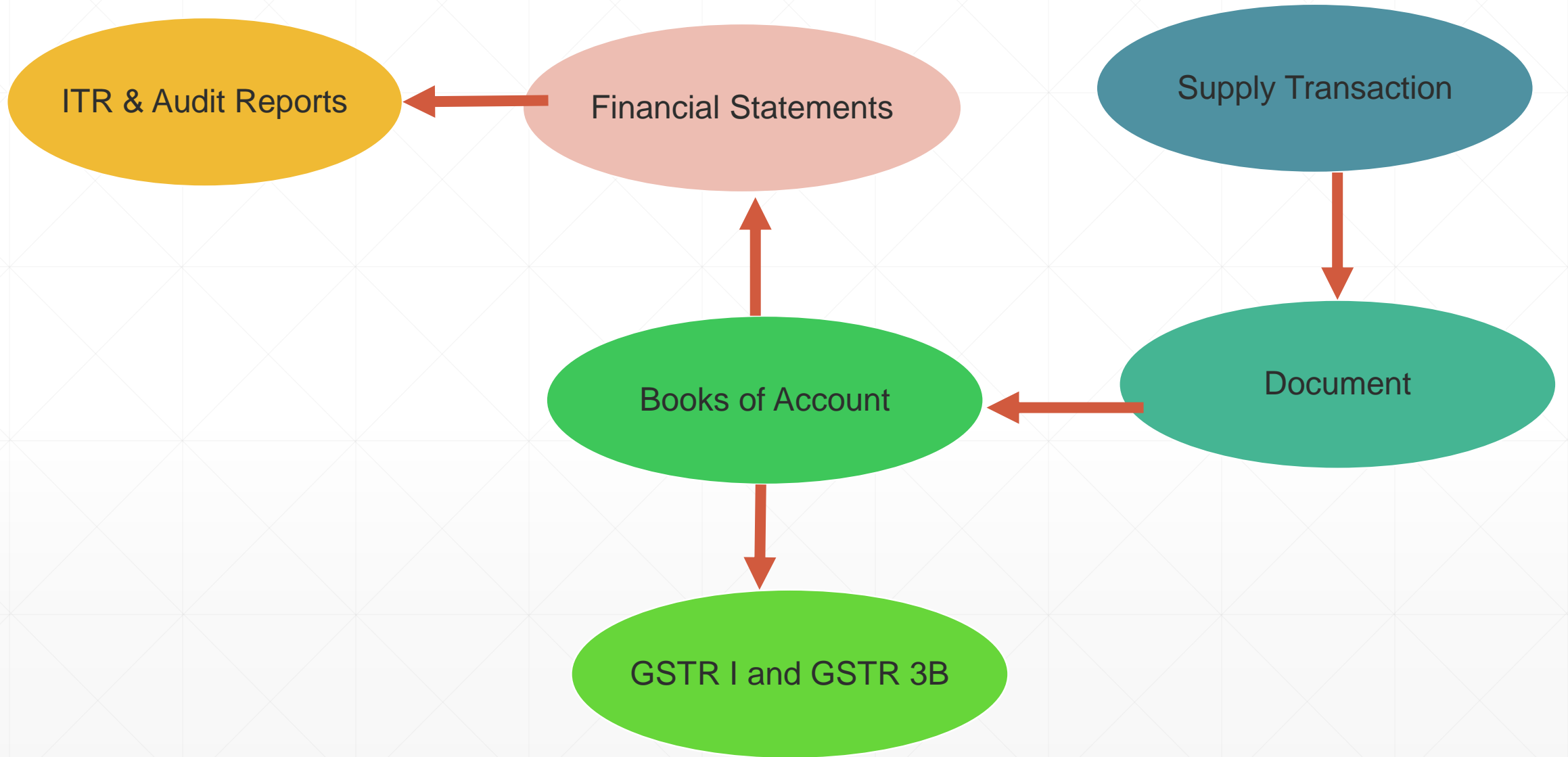
This Standard on Auditing (SA) deals with the auditor's use of analytical procedures as substantive procedures (“substantive analytical procedures”), and as procedures near the end of the audit that assist the auditor when forming an overall conclusion on the financial statements (Here Read it for GSTR 9C).



What is link between GSTR 1,3B,GSTR Books of Account, Financials & Audit Reports?



Sequence of Activity



Reconciliations

Books of Account

Financial Statements

Records and Documents as
per GST law

GST Returns

ITR & Form 3CD

Reconciliation & Compliance

Outward
Supply

Output Tax

Inward
Supply

Input tax

Taxes Paid

Few Suggestive Reconciliations



Reconciliation/Compilation Sheet of State turnover with Audited Financial statement

Accounting Code	Name of Account	Head of Financial Statement where the amount is clubbed	Value of GSTIN 1	Value of GSTIN 2	Total



Reconciliation of Sales and Services reported in Financial statements with figure of Output Supply reported in return in 3B and GSTR 1

Month	Total Taxable Supply as per Books of Account	Total Taxable Supply as per GSTR 3B	Total taxable Supply as per GSTR-1	Difference	Reason for difference	Correct Supply for the Month	Rectification done in which Form (GSTR1/GSTR 3B/Both)	Month of Rectification/ Correct Month to which Supply pertains

Out Put Tax payable reconciliation

Month	Value of Outward Taxable supply	Add: Net Taxable Advances received (Closing Balance - Opening)	Value of taxable Inward Supplies (payable as recipient)	Total Value on which tax is payable	CGST	SGST	IGST	Cess	Total Tax payable



Reconciliation of ITC claimed-GSTR 3B

Month	Value of Inward Supply	IGST	CGST	SGST	Forward Charge/Reverse Charge/Imports/Others	Total ITC availed	Less: Reversed	Net Availed



Reconciliation of ITC claimed Books

Month	Value of Inward Supply	IGST	CGST	SGST	Forward Charge/Reverse Charge/Imports/Others	Total ITC availed	Less: Reversed	Net Availed



Summary of GSTR 3B filed during the year

Month	ARN of GSTR 3B	Date of filing	Due date of filing	Delay in number of days	Late fee Payable	Late fees Paid	Difference



Summary of GSTR 1 filed during the year

Month	ARN of GSTR 1	Date of filing	Due date of filing	Delay in number of days	Late fee Payable	Late fees Paid	Difference



Documents under GST

Tax Invoice

Bill of Supply

Invoice Cum
Bill of Supply

Challan

Debit Note

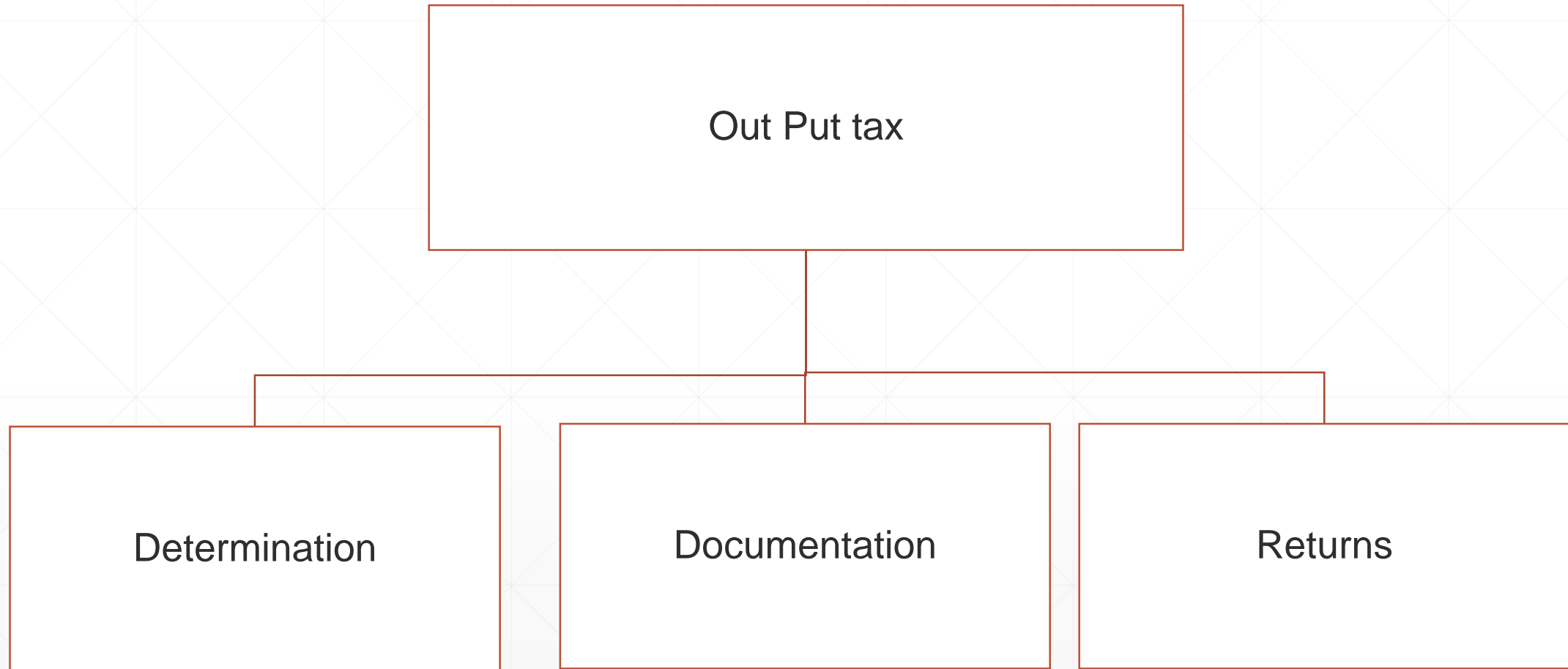
Credit Note

Receipt Voucher

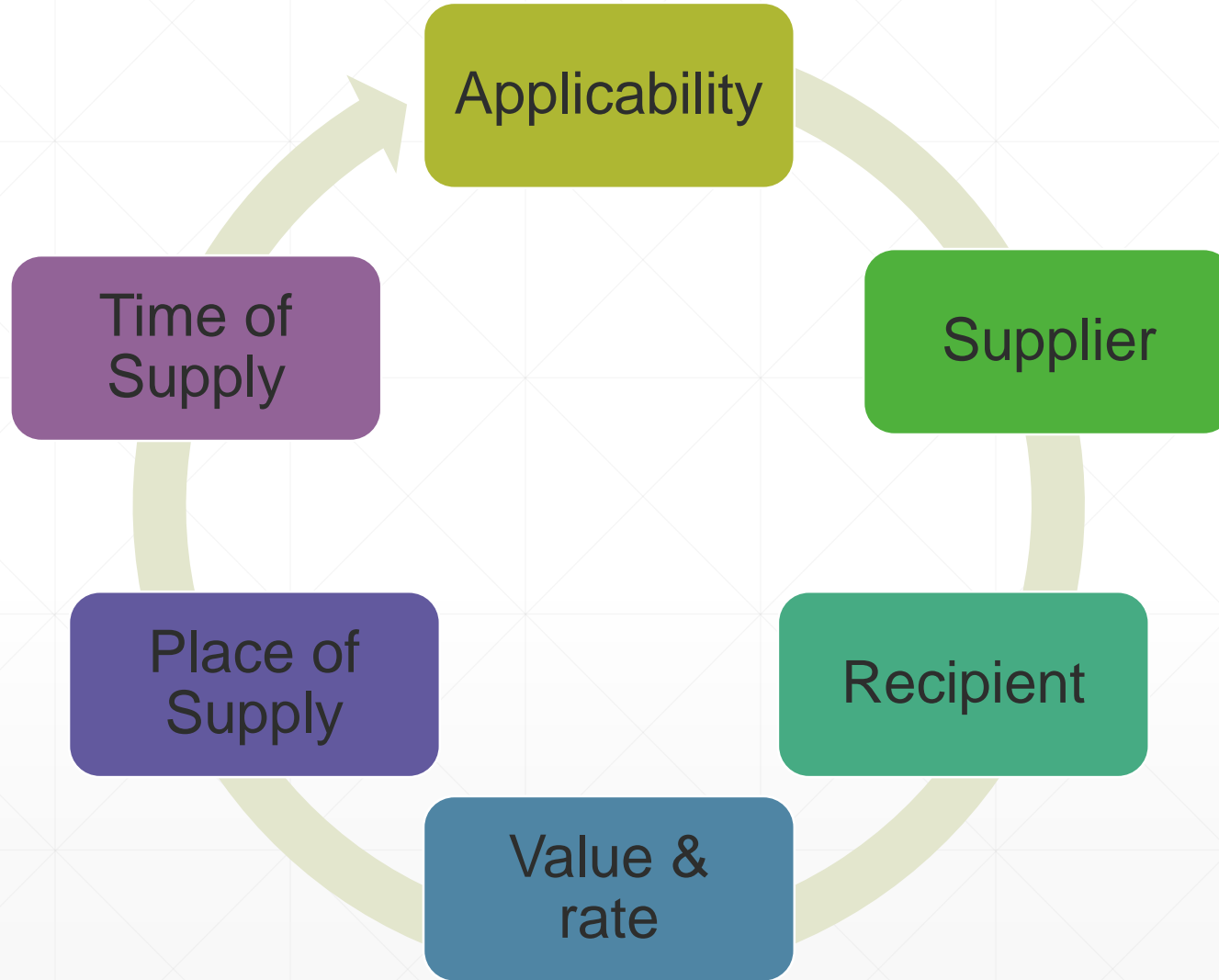
Payment
Voucher

Refund Voucher

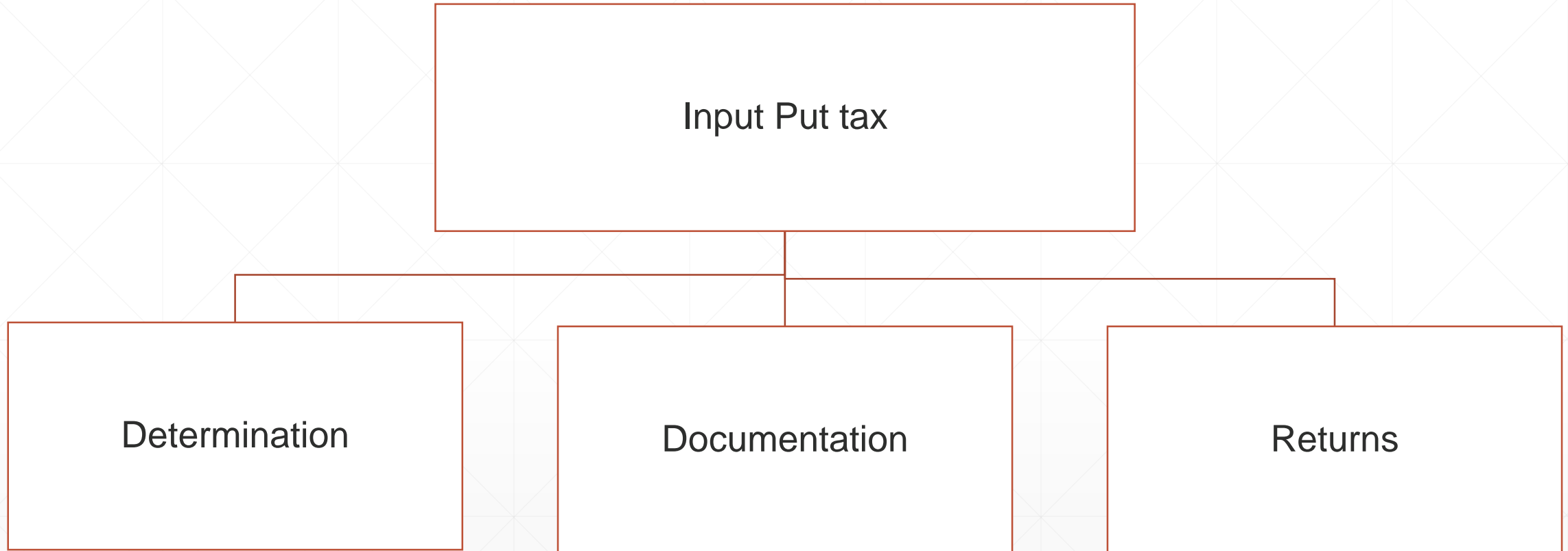
Pointers for Output Tax



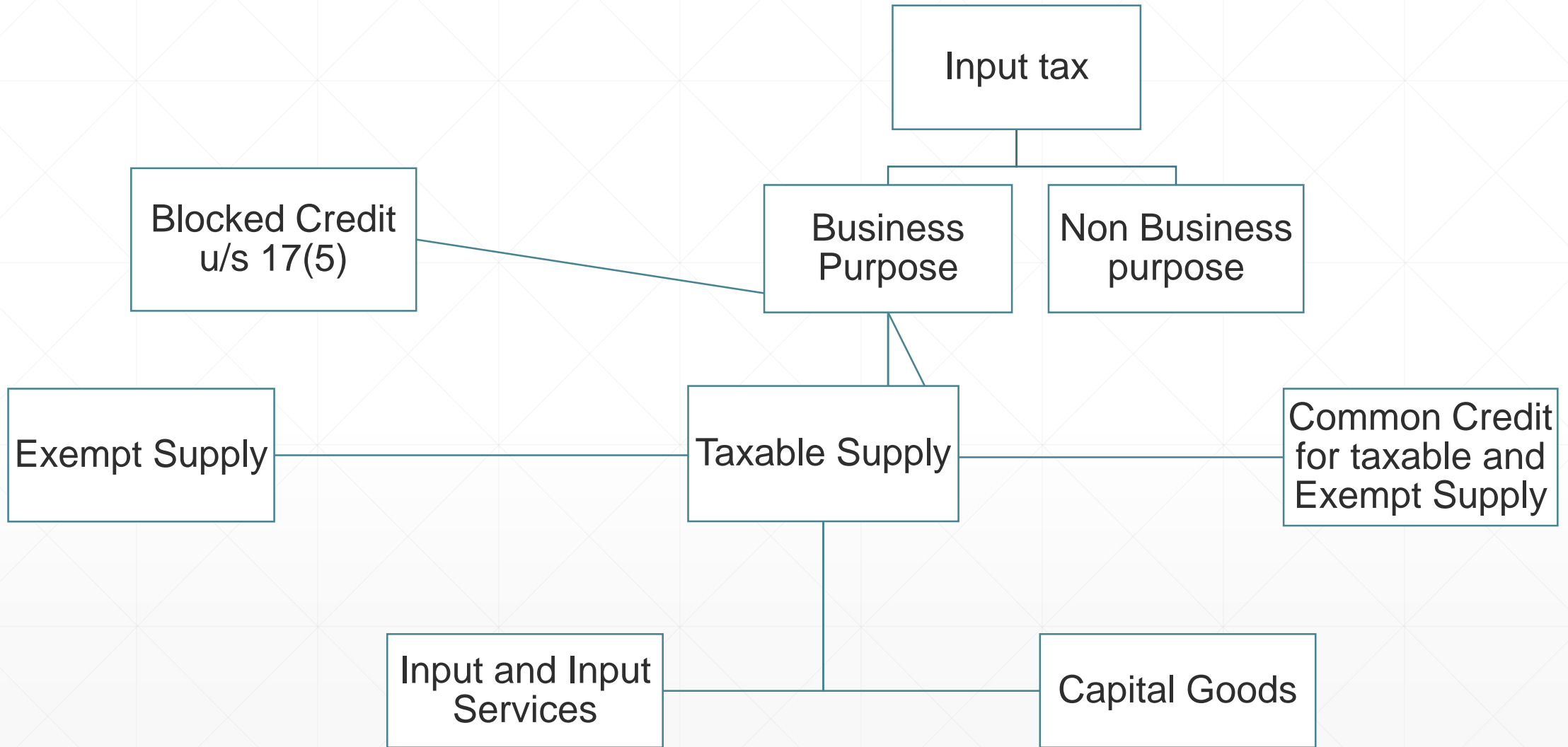
Out put Tax-Determination



Pointers for Input Tax



ITC



Audit Pointers

- ✓ Registration
- ✓ Invoicing
- ✓ Place of Supply
- ✓ Domestic/Export Supply
- ✓ Invoicing
- ✓ Reimbursement

- ✓ ITC
- ✓ Discounts
- ✓ Credit Notes
- ✓ Documents
- ✓ Valuation



Few other review

- **2A Reconciliation**
- **Imports-ice-gate Reconciliation**
- **E-way Bill Reconciliation**
- **On Line ledgers**
- **Inter Branch Transactions**
- **Refunds**



Thank you



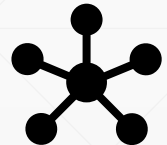
ashu.dalmia@ada.org.in



203, Arunachal Building, Barakhamba Road, Connaught Place
New Delhi-110001



+91-11-23312707, 45014968, +91-9810893243



<https://www.gstindia.biz/>