



Bhartiya Vitta Salahkar Samiti



Goods & Services Tax

Central Goods & Services Tax Act, 2017

**“Auditor’s Comment on
Correctness of Outward Supplies”**

BVSS, New Delhi

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Auditor's Comment on Correctness of Outward Supplies

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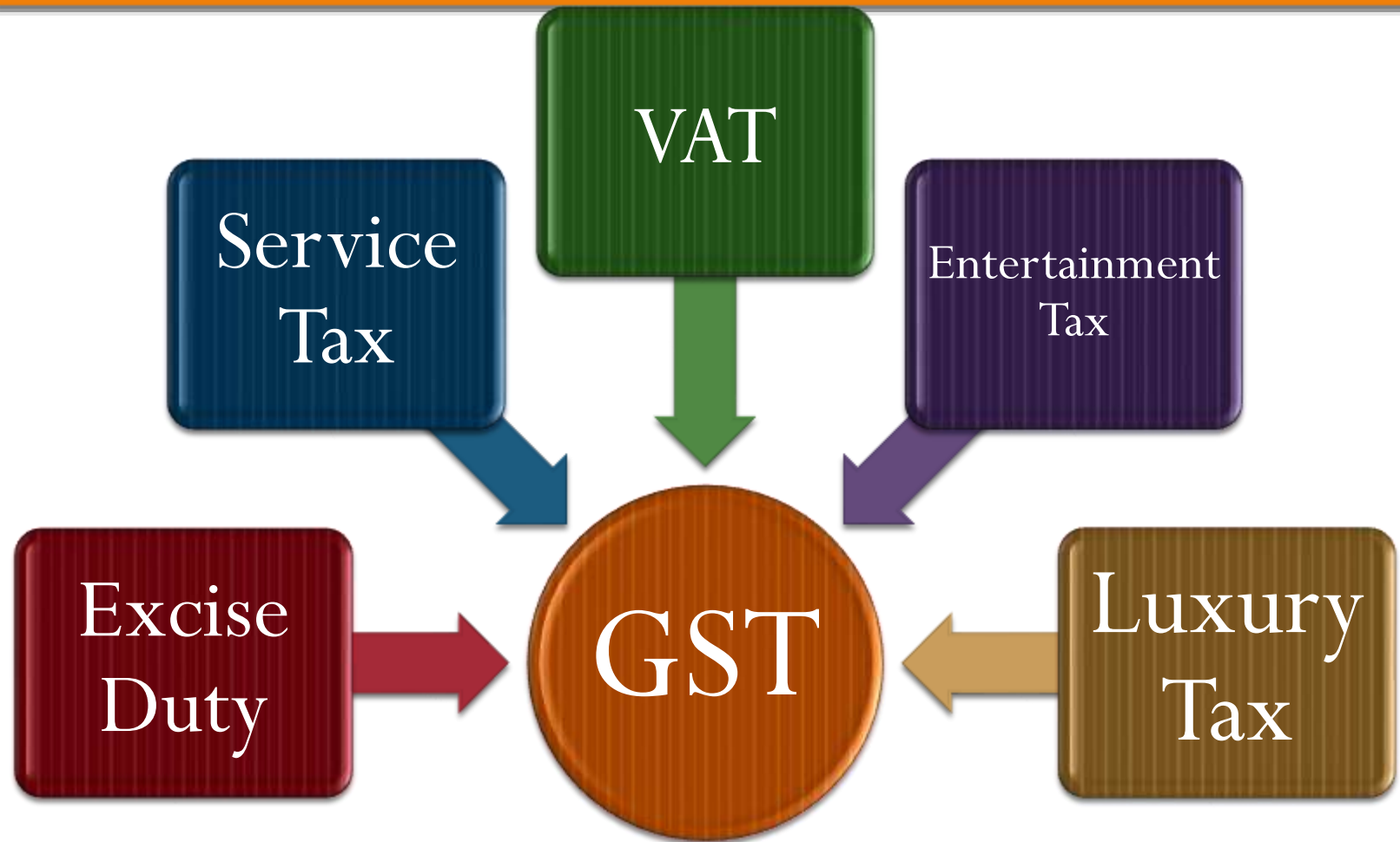
New Life 

 **Old Life**

“Supply”

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Existing Law Vs GST



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GST- Tax on Supply

Supply

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graph TD; Supply[Supply] --- Sale[Sale]; Sale --- Service[Service]; Sale --- Manufacture[Manufacture]; Sale --- WorksContract[Works Contract];
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Sale

Service

Manufacture

Works
Contract

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Meaning and Scope of Supply

Section-7

Supply Includes

(a) Supply of
Goods and/or
Services

(b) Importation
of Service

(c) Specified in
Schedule-I (Without
Consideration)

Activities to be
treated as supply of
goods/ services
(Schedule-II)

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“Supply”

Sec.7(1)(a)



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“Goods”

Sec.2(52)

- “goods” means
- every kind of movable property
- other than money and securities
- but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

“Services”

Sec.2(102)

- “services” means
- anything other than goods, money and securities
- but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;



Proposed GSTR-9D

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Types of “Supply”

- Whether the following supplies effected by the registered person have been considered in returns (if any)?
- (a) Sale
- (b) Transfer
- (c) Barter
- (d) Exchange
- (e) License
- (f) Rental
- (g) Lease
- (h) Disposal (including disposal of business asset as per Schedule I)
- (i) Other services
- (j) Any other supplies (please specify)

Correctness of the Returns

- (2) Whether non-taxable supplies have been reported in the return?
- (3) Whether it is ensured that transactions of the following natures have not been reported in the return?
 - a) Transactions covered under Schedule III of the Act
 - b) Transactions not covered by definition of supplies

Composite or Mixed Supply

- (3) Whether the tax liability for composite and mixed supply has been determined in accordance with Section 8 of the CGST Act, 2017?
- If no, specify reasons / instances.

Liability under RCM- Sec.9(3)

- (4) Details of inward supply of notified goods/services **liable to tax under reverse charge mechanism** u/s 9(3) of the CGST Act, read with Section 5(3) of the IGST Act, on which tax has not been remitted.

Liability under RCM- Sec.9(4)

- (5) Details of inward supply of taxable goods/services effected from unregistered persons liable to tax under reverse charge mechanism u/s 9(4) of the CGST Act, read with Section 5(4) of the IGST Act, on which tax has not been remitted.

Exemption Notifications

- 6 (a) Whether any exemption notifications or special orders under the Act **are applicable to the registered person?** Provide summary of such supplies
- (b) Specify cases of non-compliance with the attached conditions.
- (c) Provide instances where the registered person, despite being eligible to avail the benefit of any exemptions, has failed to claim the same
- (d) Whether **classification of outward supplies / inward supplies** liable to tax under reverse charge mechanism is in accordance with Schedules / Notifications / Circulars, etc. If not, provide details? Disclose the details where the Supplier has offered the tax instead of the recipient.

Conditions of 'Export'

- (7) Whether the registered person availing option to supply for export without payment of integrated tax has paid the tax along with interest on failure to:
 - a) Export goods within 3 months (or a further period allowed by the Commissioner) from the date of issue of invoice
 - b) Receive payment in convertible foreign exchange within 1 year (or a further period allowed by the Commissioner) from the date of issue of invoice
- If not, please indicate the amount of tax payable along with the taxable value

e-way Bill

- (8) Whether e-waybills are applicable in case of movement of goods caused by the registered person during the period under audit? If yes, whether all the movements have been made using proper e-waybills?

Detention of Goods

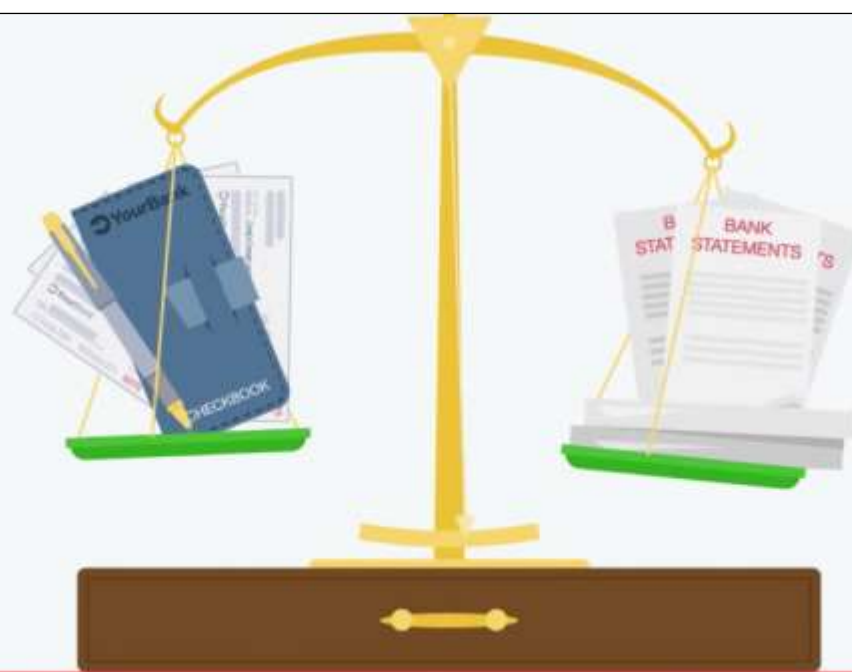
- (9) Whether any goods have been subject matter of detention/seizure or confiscation as per Section 129 and 130 of the CGST Act 2017 on which any tax, interest or penalty has been determined as payable as per the order of the proper officer?
- If yes, whether the said liability has been discharged?

Time of Supply

- (1) Specify instances where tax has not been paid in accordance with Section 12 / 13 read with Section 31 of the CGST Act, 2017
- (2) Whether there was a change in rate of tax on the goods or services or both supplied during the year? Provide details where the effect of the change has not been provided same in all cases.
- (3) Details of supply of services where the supply ceased prior to completion, and no tax has been discharged thereon.
- (4) Details of supply of goods on 'sale on approval basis' exceeding the time limit of 6 months and not offered to tax.

Place of Supply

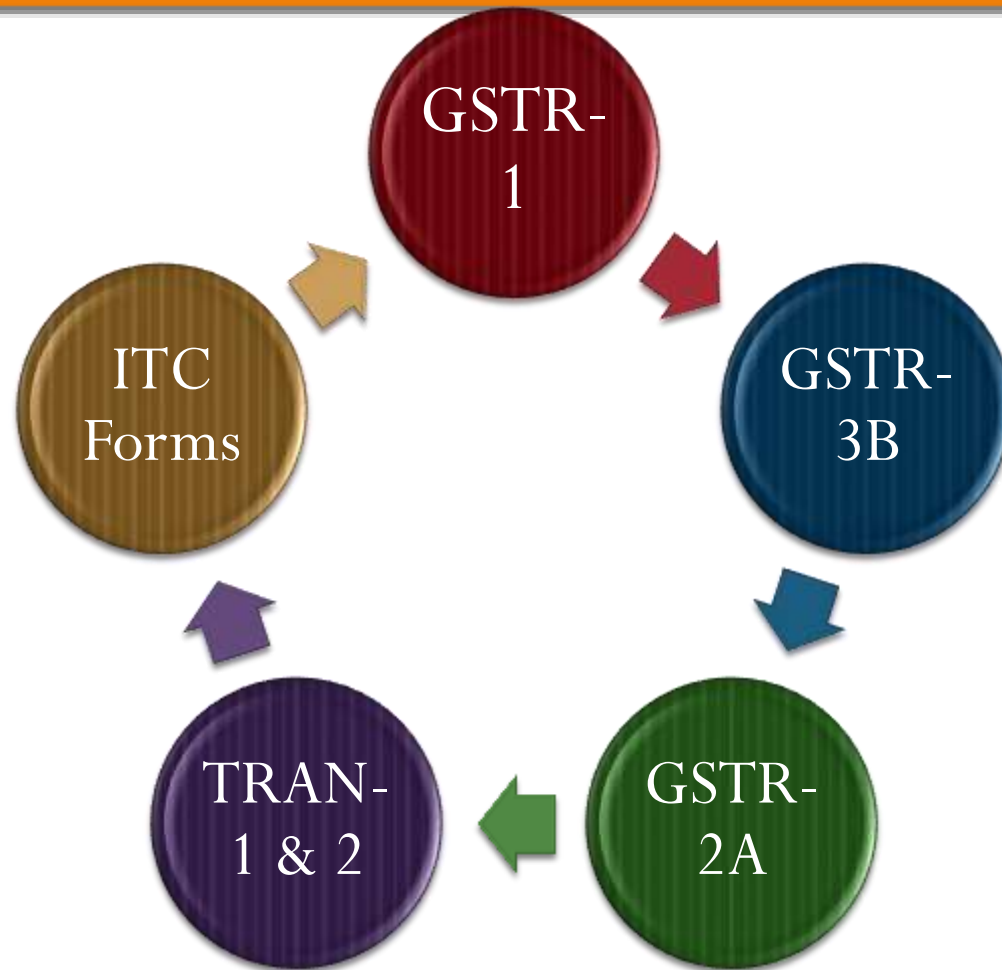
- (1) Specify instances where the registered person has not determined the place of supply in terms of Section 10 – 13 of the IGST Act, 2017.
- (2) Basis of identification of location of recipient, in case of supply of services if Place of Supply determined u/s 12(2) or 13(2) of the IGST Act, 2017



Reconciliation of Supply

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GST Returns Vs Books of Accounts

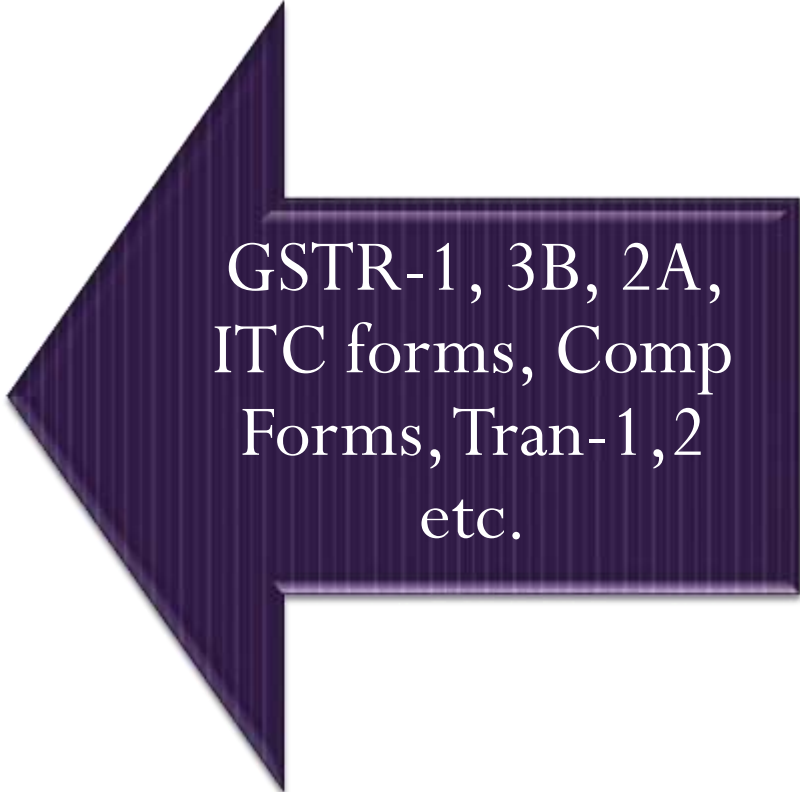


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Reconciliation of Books of Accounts with GST Returns



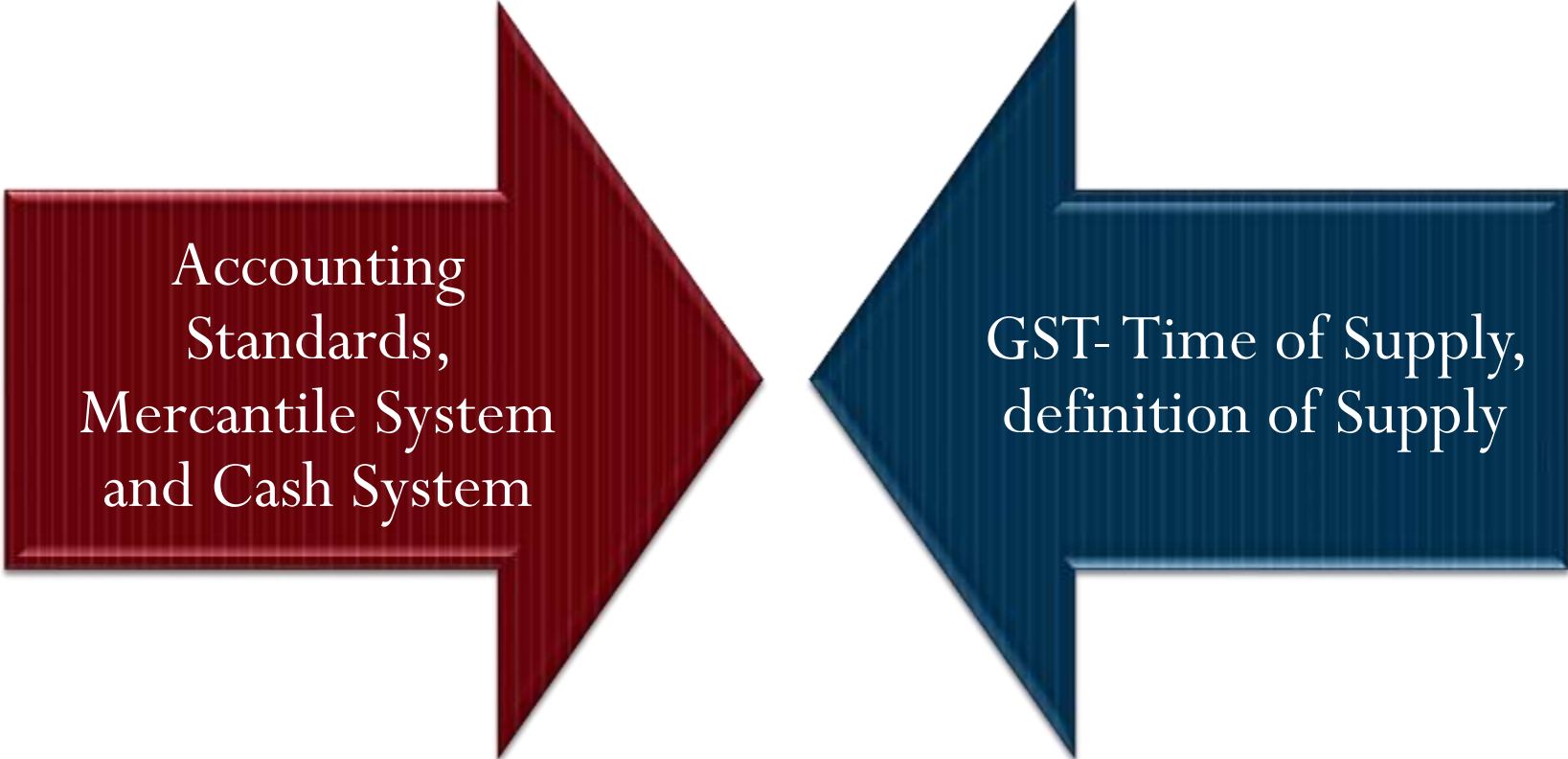
Books of Accounts,
Balance Sheet,
Profit & Loss A/c



GSTR-1, 3B, 2A,
ITC forms, Comp
Forms, Tran-1,2
etc.

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Method of Accounting followed:

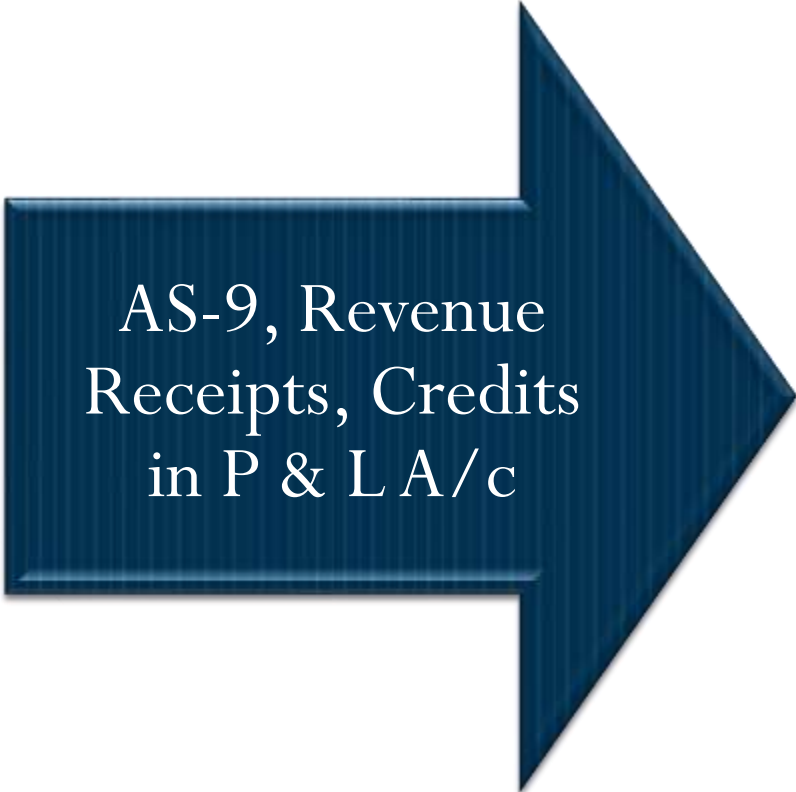


Accounting
Standards,
Mercantile System
and Cash System


GST- Time of Supply,
definition of Supply

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Revenue Recognition



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



Supply may include
revenue as well as
capital Transactions

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Revenue Recognition

Transaction between
distinct persons



Capital account
Transactions



State Wise Turnover

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Revenue Recognition

Turnover as per GST and as per Books of Accounts



Transitional Credit



Reimbursement of Expenses treated as Supply

Reconciliation of Taxable Outward Supply

- Amount as per financials (Profit & Loss Account)

- Revenue from operations
- Other Income

- (-) Negative Adjustments

- Revenue/Other Income pertaining to other registered/distinct persons
- Revenue items on which output GST is not payable (Zero rated without payment of tax, Export and supplies to SEZ, Deemed exports, Liable to tax under reverse charge mechanism, Wholly Exempt Supplies, Partly Exempt Supplies (exempt portion), Non-GST supplies, Not a supply as per Schedule III or the definition of supply)

Reconciliation of Taxable Outward Supply

- Amount as per financials- P & L A/c (in the State)

(+) Positive Additions

- Sale of capital assets
- Unearned revenue (advances)
- (Section-15) Taxes, duties, cess etc levied under other laws charged by supplier
- Amount incurred by recipient but liable to be paid by supplier
- Interest, late fee or penalty for delayed payment of consideration
- Incidental expenses charged by the supplier

Reconciliation of Taxable Outward Supply

- **Schedule I**
- Write off and disposal of business assets without consideration, if GST credit was availed
- Supply of goods / services by <<GSTIN>> to related persons / distinct persons:
 - (i) To employees (excluding gifts per employee upto Rs.50,000)
 - (ii) To distinct persons having same PAN
 - (iii) To other related persons
- Goods dispatched by GSTIN to agents to the extent sale is not made / recognised
- Any other (please specify)

Reconciliation of Taxable Outward Supply

- (-) Negative Adjustments
- Unbilled revenue (*Considering the provisions of Section 13(2) of the CGST Act, 2017*)
- Revenue by way of supplies made through agents where tax paid in PY upon initial dispatch
- Revenue omitted to be declared in the Annual Return
- Revenue against which Time of Supply has occurred in the previous year
- Any other (please specify)

Amount as per Annual Return (in a State)

Proposed GSTR-9C: Summary of the Additional Tax Liability

6. Summary of the additional tax liability or additional payment as determined by the auditor for the year are as follows:

Summary of the Additional Tax Liability: Reconciliation of Outward Supplies

Sl. No.	Particulars	Amount as per annual return (in Rs.)	Correct amount determined in audit as per accounts (in Rs.)	Difference (in Rs.)	Annexures “A”
(1)	(2)	(3)	(4)	(5)	(6)
1	Net outward supplies of goods and services after considering then return of such supplies in respect of which output tax is payable (specify separately Zero rated supplies and exports on which IGST is paid)				

Summary of the Additional Tax Liability: Reconciliation of Output Tax Payable

Sl. No.	Particulars	Amount as per annual return (in Rs.)	Correct amount determined in audit as per accounts (in Rs.)	Difference (in Rs.)	Annexures “B”
(1)	(2)	(3)	(4)	(5)	(6)
2	Output tax payable (specify separately interest, fee, penalty and other levies) on the above mentioned outward supplies under the GST Acts- (a) CGST Act, (b) SGST/ UTGST Act, (c) IGST Act, (d) GST Compensation Cess Act				

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Thank You

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