



**Seminar–GST Platform**

**21<sup>st</sup> July,2018**

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**FACULTY OF ICAI ON GST**

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**Finalization of  
Books & Accounts  
GST Audit**



## **Overview of session**

**Finalization of Books & Accounts**

**GST Audit**

**Q&A**

# Challenges in Finalization of Books of Accounts FY 2017-18

- ❖ Year divided between old and new regime
- ❖ No Pending balance of Old liabilities
- ❖ Transitional entries to be reviewed properly – Special focus on C/F balance , stock as on 30 June, Job Work etc.
- ❖ Anti-profiteering – Benefit to be pass on
- ❖ Cannot Contradict own Statutory Report, Tax Audit Report and GST Audit Report
- ❖ GST Refund – Recoverability to be check
- ❖ Capital Expenditure charged in P&L



## Finalization of Books of Accounts Cont...

- ❖ Eligible ITC Reco with GSTR 2A
- ❖ Ineligible ITC to be reversed with Interest
- ❖ RCM Sec 9(4) applicability
- ❖ Credit Note – GST Impact
- ❖ Supply against LUT
- ❖ Show Cause Notice
- ❖ Reversal of Common credit in case of Taxable and Exempt supply



# Major Challenges - Finalization of Books of Accounts

RECONCILIATION – GST RETURNS & A/C BOOKS

VALUATION- RELATED PARTY

ADVANCES

RECORDS & DOCUMENTS

CAPITAL GOODS

RCM

ITC

# **INPUT TAX CREDIT – ISSUES ?**

**CHECK – ELIGIBLE & UNELIGIBLE ITC**

**RECONCILIATION WITH GSTR 2A**

**REVERSAL OF ITC -NON PAYMENT WITH IN 180 DAYS**

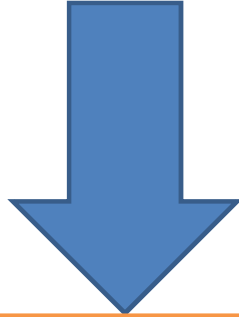
**REVERSAL OF ITC – COMMON CREDIT / EXEMPT SUPPLY**

**REVSRSAL OF ITC w.r.t CREDIT NOTE**



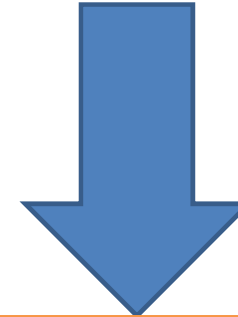
# INPUT TAX CREDIT – ISSUES ?

## RECONCILIATION BOOKS *Vs* GSTR-3B *Vs* GSTR-2A



**SHORT ITC AVAILED IN GSTR-3B  
COMPARED TO BOOKS & GSTR 2A**

.....  
**CREDIT AVAILABLE TILL SEP,18 GSTR 3B OR  
FILLING OF ANNUAL RETURN – WHICH EVER  
IS EARLIER (FOR FY 2017-18)**

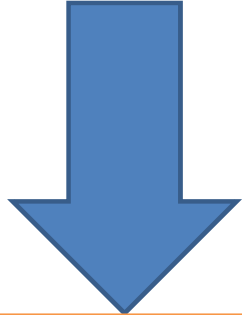


**EXCESS ITC AVAILED IN GSTR-3B  
COMPARED TO BOOKS & GSTR 2A**

.....  
**REVERSED CREDIT WITH INTEREST @ 24%**

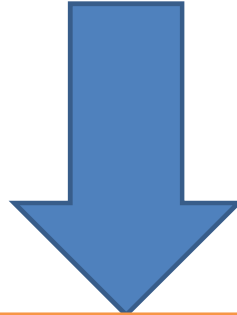
# INPUT TAX CREDIT – ISSUES ?

## REVSRSAL OF CREDIT FOR NON PAYMENT OF CONSIDERATION WITH 180 DAYS – (Sec 16(2) R-37)



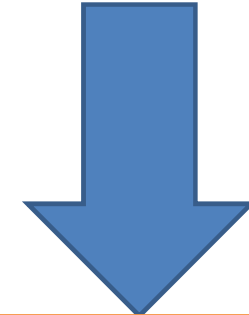
### Reversal of credit if consideration not paid

- .....
- with in 180 days
  - from date of invoice
  - With interest @ 18%



### Re-eligible for ITC- consideration paid after reversal

- ITC can be reclaimed
- interest will not reversed
- Limitation period not applicable



### Consideration paid partial

- .....
- Proportionate ITC allowed



# INPUT TAX CREDIT (INPUT & CAPITAL GOODS) – ISSUES ?

**REVERSAL OF ITC – TAXABLE & EXEMPT SUPPLY– (Sec 17(1) to (4) R-42 & 43)**



**TAXABLE SUPPLY /  
ZERO RATED SUPPLY**



**FULL ITC ELIGIBLE**



**EXEMPT SUPPLY/ NON  
BUSINESS USE**



**ITC NOT ELIGIBLE**



**PARTLY -TAXABLE &  
EXEMPT SUPPLY**

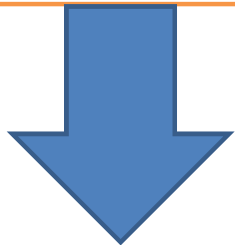


**PROPORTIONATE  
ITC ALLOWED**

**5% COMMON CREDIT REVERSAL –FOR NON BUSINESS USE**

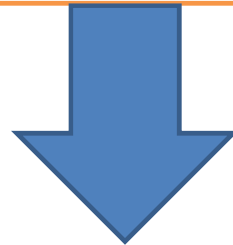
# INPUT TAX CREDIT – APPORTIONMENT OF ITC- CAPITAL GOODS

**FIXED LIFE OF  
CAPITAL GOODS**



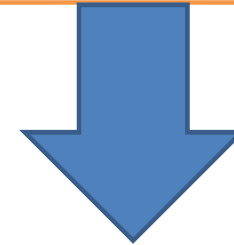
**60 MONTHS  
or  
5 YEAR**

**AVAILMENT OF  
ITC**



**FULL CREDIT ON  
PURCHASE  
(NO CONDITION  
OF PUT TO USE)**

**REVSRSAL OF ITC  
FOR PARTLY USED  
IN TAXABLE &  
EXEMPT**



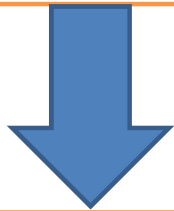
**PROPORTIONATE  
OF MONTHLY  
CREDIT**



# RCM – ISSUES ?

## RCM ON SPECIFIED GOODS & SERVICES

Sec- 9(3) -CGST & 5(3) IGST

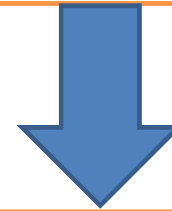


No exemption – RCM compulsory payable



## RCM ON UNREGISTERED SUPPLIES

Sec- 9(4) -CGST & 5(4) IGST



Exemption from 13 Oct,2017 to 30 sep,2018

# COMPULSORY RCM – APPLICABLE ?

## GOODS

- Cashew nuts –shelled or peeled
- Tendu Leaves
- Tobacco Leaves
- Silk Yarn
- Raw Cotton
- Lottery

## SERVICES

- Goods Transport Agency
- Advocates / Lawyers
- Sponsorship
- Import of Services
- Vessel Freight – Import
- Insurance Agent
- Recovery Agent
- Director of company
- Government – Specified e.g. Rent
- Arbitral Tribunal



# RECORDS & DOCUMENTS ?

**TAX INVOICE**

**BILL OF SUPPLY**

**DELIVERY CHALLAN**

**DEBIT NOTE**

**EWB**

**CREDIT NOTE**

**REVISED /  
SUPPLEMENTARY INVOICE**

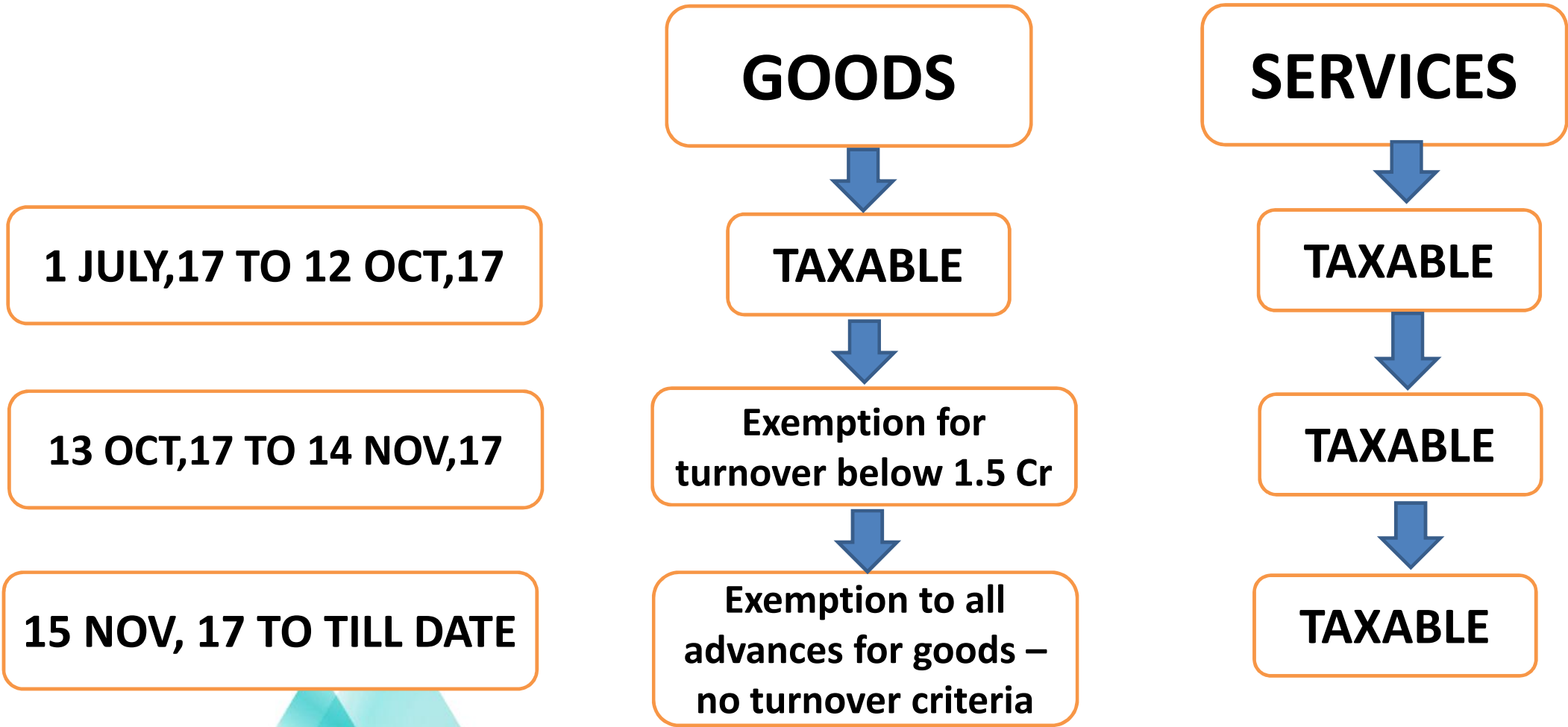
**RECEIPT VOUCHER**

**REFUND VOUCHER**

**SELF INVOICE**

**PAYMENT VOUCHER**

# ADVANCES – TAX TREATMENT ?



# VALUATION – RELATED PARTY (RULE 28)

## OPTION -1 (RULE -28)

OPEN MARKET VALUE

LIKE KIND / QUALITY

APPLY RULE 30 & 31

## OPTION -2

90% OF THE AMOUNT  
CHARGED BY RELATED  
PERSON FROM  
CUSTOMER  
(UNRELATED)

## OPTION -3

**CONDITION**  
RECEIPEINT IS ELIGIBLE  
FOR FULL CREDIT

INVOICE VALUE –  
DEEMED AS OPEN  
MARKET VALUE



# RECONCILIATIONS ?

OUTWARD SUPPLY AS  
PER RETURN WITH  
BOOKS

GST PAYABLE (RATE-WISE)  
WITH RETURNS

ITC LEDGER WITH BOOKS

GSTR 2A WITH GSTR 3B

**RECO**

GSTR 3B WITH BOOKS

RCM LIABILITY WITH P&L  
EXPENSEA

ADVANCES RECD  
WITH LIABILITY

ADVANCE ADJUSTED  
WITH LIABILITY

REFUND ELIGIBLE &  
CLAIMED

CASH LEDGER WITH  
BOOKS



## Overview of GST Audit

- ❖ Section 2(13) – Audit Means
- ❖ Section 35 (5) – Audit of A/c by Chartered / Cost Accountant
- ❖ Section 65 – Audit by Tax Authorities
- ❖ Section 66- Special Audit
- ❖ Rule 80 (3) Annual Return with Audited A/c with Reco statements
- ❖ Form 9A – Annual Return Composition
- ❖ Form 9B – Annual statement- e-commerce operator
- ❖ Form 9C – Annual Return with Audited Accounts & Reco
- ❖ Form 9D – Statement of Particulars



**AUDIT  
BY  
TAX AUTHORITIES  
U/S 65 (1)**



# Audit by Tax Authorities

## Power to Conduct Audit U/S 65(1)

- The Commissioner or any other officer authorized by him may undertake Audit
- Through **general or Specific order**
- For Financial year or Multiples thereof [rule 101]

### General Order

- on the basis of pre-defined parameters for audit

### Special Order

- a particular person may be required to be audited in the context of certain transactions/class of transactions
- At Place of Business of registered person or in their office
- Registered person shall be informed by notice not less than 15 working days (ADT01)
- Complete within 3 Months from Date of Commencement – Extended 6 Months



# Audit by Tax Authorities

## Power to Conduct Audit U/S 65(1) – Cont...

- Commencement mean the date on which called documents made available by registered person
- Registered person will provide necessary facility to verify books
- Provide required information for timely completion.
- Report within 30 days to registered person about the finding and obligations and reason
- If finding is tax short paid etc. officer may issue SCN U/S 73 or 74



**SPECIAL AUDIT  
U/S 66**



# Special Audit

## ❖ When to be ordered

- During any stage of scrutiny, enquiry, investigation or any other Proceeding
- Officer not below the rank of AC, may if he is of opinion that
  - value declared is not correct or
  - Credit availed is not within normal limit,
- with prior approval of Commissioner
- Issue directions for Audit in **ADT-03**

## ❖ Who can conduct Special Audit ? [Sec -66(1)]

- ✓ Chartered Accountant or Cost Accountant
- ✓ As may be **nominated by Commissioner.**



# Special Audit

## ❖ Time period for submission of Audit Report?

### ➤ Within 90 days

Chartered Accountant or Cost Accountant required to submit to AC

Report duly signed and certified

➤ For sufficient reasons, **extension of another 90 days allowed on an** application by registered person or CA/ CWA

➤ Findings to be communicated in **Form GST ADT-04**



# Special Audit

## ❖ **Special Audit – Key Aspects**

- Can be **Conducted in addition to other Audit**
- Principal of Natural justice to be followed –**Opportunity of being heard**
- **Expenses of Audit to be determined & paid by Commissioner**
- **Proper Officer may initiate proceedings u/s 73 or 74 if audit report reveals - Tax not paid/ Short paid/ Excess ITC Claimed/ Excess Refund claimed**
- **Provisions of Special Audit under GST are broadly similar to Excise and Service Tax audit**





**GST ANNUAL AUDIT  
U/S 35 (5)+ Rule 80(3)**



# Reporting of GST Audit

- Truth or fairness of financial statement; or
- Truth or correctness of financial statement; or
- Correctness, Completeness and accuracy of GST returns filed, discharge of tax liability and compliances.

**Registered person's (assessee) responsibility to submit documents prescribed and not that of auditor**



# Format 9C – Audit Report

## Form GST 9C GST Audit Report

**(See Section 35 (5) and Section 44 (2) of the Central Goods and Services Tax Act, 2017 read with Rule 80 of the Central Goods and Services Tax Rules, 2017)**

1. I/We report that the audit for the year ended 31st March, 20 of .....(Name and Address of the registered dealer) having registration number GSTIN ..... was conducted by me/us M/s. ....  
(Name and address of Chartered Accountants / Cost Accountant) under Section 35 (5) and Section 44 (2) of the Central/ State Goods and Services Tax Act, 2017 read with Rule 80 of the Central/ State Goods and Services Tax Rules, 2017.

2. Maintenance of the books of accounts, records under the GST laws and the financial statements are the responsibility of the registered person. My/Our responsibility is to express a view on the correctness, completeness and accuracy of the returns filed by the registered person based on our audit conducted in accordance with the provisions of Section 35 (5) and Section 44 (2) of the Central Goods and Services Tax Act, 2017.



## Format 9C – Audit Report Cont.....

3. I/We have conducted our audit in accordance with the Standards on Auditing (SA) generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the said accounts, records and statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in this audit report. I/We believe that my/our audit provides a reasonable basis for our opinion.

4. The financial statements of the registered person for the year ended March 31, 20... have been audited by M/s....., Chartered Accountants, which have been relied upon by us for the purposes of our audit.

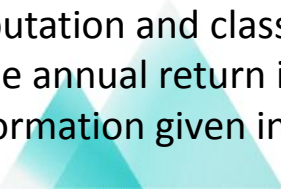
**Subject to my/our observations and comments about non-compliance, short comings and deficiencies in the returns filed by the registered person, as given in the attached report**

(a) **the books of account** and other related records and registers maintained by the registered person are **sufficient for the verification of the correctness, completeness and accuracy** of the returns filed for the year;

(b) the **annual return** filed by the registered person reflects a **true picture** of all the transactions effected during the year that need to be reported;



# Format 9C – Audit Report Cont....

- (c) the aggregate of **outward supplies** declared in the **annual return** include all the outward supplies effected during the year;
  - (d) the aggregate of **inward supplies** declared in the **annual return** include all the inwards supplies effected during the year;
  - (e) the transactions included / excluded from the **value of supply are in accordance with the provisions of the law**;
  - (f) the adjustment to the **outward supplies** and **taxes is based on the entries made in the books of account** maintained for the year;
  - (g) the adjustment to the **inward supplies** and **taxes is based on the entries made in the books of account** maintained for the year;
  - (h) the **exemptions and abatements** claimed in the annual return are in conformity with the provisions of the law;
  - (i) the amount of **credits determined as ineligible** in accordance with the provisions of the law have been **disallowed in the annual return**;
  - (j) the classification of **outward supplies, rate of tax applicable** and computation of output tax and net tax payable as shown in the annual return is correct;
  - (k) the computation and classification of inward supplies, the amount of input tax paid and deductions of input tax credit claimed in the annual return is correct and in conformity with the provisions of law; and
  - (l) other information given in the return is correct and complete.
- 

# Turnover

- ❑ Sec. 35(5), “Every registered person whose turnover during a financial year exceeds prescribed limit shall get his accounts audited”.
- ❑ Rule 80(3), “Every registered person whose aggregate turnover during a financial year exceeds two crore rupees shall get his accounts audited”.
- ❑ Section 35(5) speaks of ‘turnover’ while rule 80(3) speaks of ‘aggregate turnover’. Confusion as to computation of prescribed turnover limit for assessee having multiple registrations?



# Turnover Issues?

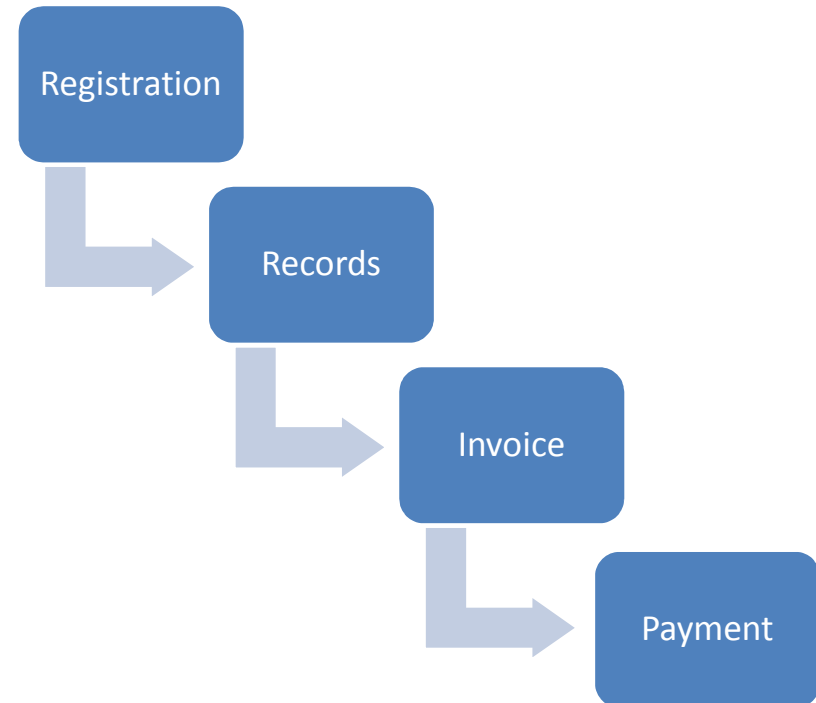
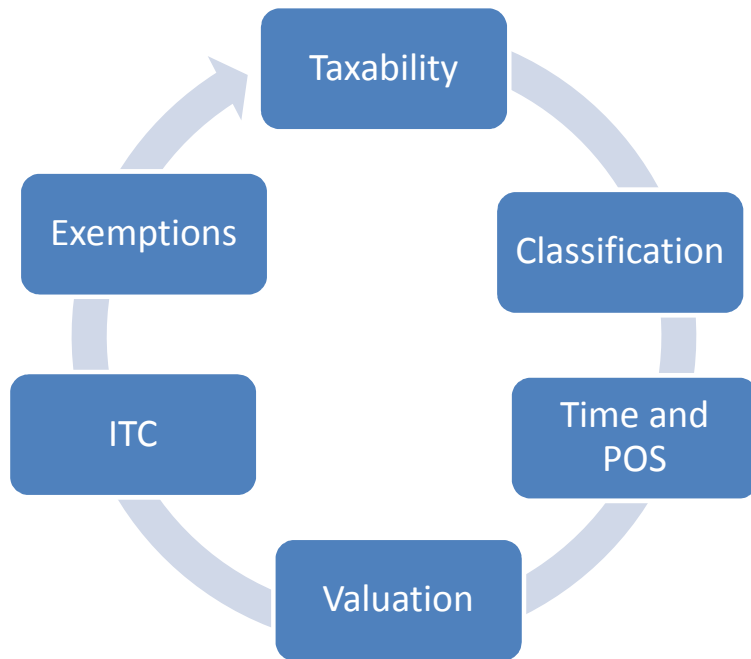
- ❑ Turnover should be as per GST returns.
- ❑ Inter state branch transfers do not form part of turnover as per accounts. However, it is a supply for GST and is included in the turnover declared in GST returns.
- ❑ Rule 32 prescribes presumptive valuation of following suppliers and hence turnover as per their accounts would be much higher than turnover as per GST returns:
  - Forex dealers and money changers
  - Air travel agents
  - Life insurance companies
  - Dealers in second hand goods

**It appears that turnover declared in GST returns is to be considered for deciding threshold limit of audit.**

**The books turnover will have to be ignored.**



# SCOPE of GST AUDIT





# GST AUDITOR Vs STATUTORY AUDITOR

❑ **Companies Act, 2013 Vs CGST Act Vs Income Tax Act**

❑ **Whether statutory auditors can be appointed as GST auditors ?**

There is neither a ban under GST legislation nor under CA regulations. The restrictions for appointment of statutory auditor where fee for other services are more than the statutory audit fee is not applicable GST auditors. (Chapter IX of ICAI Guidelines).

❑ **Whether assessee can appoint joint auditors to conduct GST audit ?**

There is neither a ban in GST legislation nor under CA regulations. All joint auditors will have to sign audit report. If the auditors have different opinion, they should issue separate audit report



## GST AUDITOR Vs STATUTORY AUDITOR – Cont..

**Companies Act, 2013 Vs CGST Act Vs Income Tax Act**

**Whether assessee has to appoint different auditors for his different registration or he can appoint single auditor for all its registrations ?**

Yes, It is at the discretion of the assessee.


**Whether registration as GST Consultant is mandatory to Act as GST Auditor?**

Not Compulsory

**A chartered accountant should not accept the GST audit of a person to whom he is indebted for more than Rs. 10,000/- (Chapter X of ICAI Guidelines)**



# DOCUMENTATION

- ❑ Obtain **board resolution** and appointment letter by officer of the company duly authorised by board.
  - ❑ In case of **non corporate assessee**, obtain **appointment letter** duly signed by proprietor, partner or any person authorised by the assessee.
  - ❑ **Appointment letter**
    - ✓ Objective and scope of engagement,
    - ✓ Responsibility of the appointee,
    - ✓ Responsibility of assessee (Appointing person).
    - ✓ Agreeing to provide unrestricted to records, documentation and information requested and required in connection with audit,
    - ✓ Professional fees for assignment
    - ✓ Communication to previous auditor.
    - ✓ Formal acceptance of appointment
- 

# Pre audit exercise

- Understanding the organization and business setup of the client
- Understanding the nature of business of the client
- Past history of litigation in indirect tax by client
- Listing out the GST issues common for industry / trade / business in which client deals
- Client specific GST issues

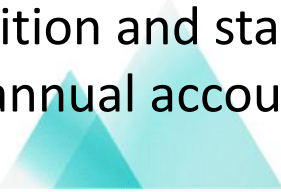


# AUDIT PLANNING

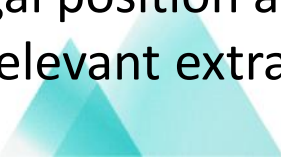
- Risk assessment
- Areas to be covered under audit
- Composition of audit team (right mix of seniors and juniors)
- Responsibility allocation
- Estimate manpower requirements
- Scheduling and time allocation
- Extent of test checking and sample size
- Compilation of general as well as client specific checklist




# COLLECTION OF INFORMATION

- Notes on nature of business.
  - GST Registration Certificates for all locations.
  - List of associate concerns and related parties.
  - Details of supplies made without consideration to associate concerns, related parties, branches / entities in other state.
  - Details of dealings with associated concerns and related parties (including overseas parties) even if dealing with them is without monetary consideration.
  - GST implementation report, if any.
  - List of the accounts and records maintained by the auditee.
  - Details of software used by the auditee.
  - Details of outward supplies without consideration.
  - Legal position and stand taken by client.
  - Audited annual accounts.
- 

## COLLECTION OF INFORMATION – Cont..

- Important contracts /agreements with customers /vendors/ business associates etc.
  - User ID and password for GSTN common portal, if possible.
  - Sample invoices for all streams of revenue.
  - Sample invoices of major inputs, capital goods and input services on which ITC is claimed.
  - Any notices or communication received from the departments.
  - Copy of show cause notices (if any) received and replies thereto.
  - Copy of adjudication orders / appeal orders (if any) received.
  - ERA / CERA audit observations if such audit is conducted.
  - Copy of written opinions, if any, obtained on GST issues.
  - List of legal position and stands taken by the auditee in its GST matters.
  - Copy of relevant extract of internal auditors report on GST compliances.
- 

# VERIFICATION

- Verification of tax payable on outward supply.
  - Verification of tax payable under RCM on inward Supplies.
  - Verification of Input tax credit.
  - Verification of payments.
  - Amendments in registration.
  - Issue of tax invoices, credit notes and debit notes as per section 31 to 34
  - Maintenance of accounts and records as per section 35 and 36 of the Act.
  - Whether claim of refund is as per section 54 and 55 of the Act.
  - Liabilities in following special cases: Transfer of business, Amalgamation or merger of the company, Cessation of business.
  - Transitional credits in the first year i.e. F.Y. 2017-18.
  - Compliance with Section 143 relating to jobwork.
  - Compliance of Section 20 of the Act relating to Input service distributor.
  - Section 171 in respect of anti-profiteering.
- 



# REPORTING

- Put appropriate disclaimers and caveats in report where auditor is not in a position to verify certain details or documents which might have impact on GST liability of auditee.
- Obtain detailed representation letter from auditee covering explanations, affirmations, confirmations given by them in course of audit.
- Ensure that report is issued in the prescribed form duly signed and sealed in the manner prescribed by ICAI.



# CHALLENGES

- Draft of audit report is not yet in public domain and hence a great challenge to prepare client and own organisation for the audit.
- Computation of turnover limit for eligibility for audit.
- First quarter of the year – VAT Audit, wherever applicable and for next 3 quarters GST audit.
- Lack of clarity in the GST law.
- Frequent changes in the law, issuance of more than 300 notifications.
- Failure of the matching concept.
- Complex procedural compliance under GST.
- Reliability of the audit software is not tested.
- Absence of mandatory records in most cases.
- High volume of procedural lapses and non-compliances by the assesseees, incorrect documents.



# GST Audit Provisions –Sec 35(5)+Rule 80(3)

- Every **Registered person**
- whose **aggregate turnover during a FY exceeds the prescribed limit** (INR 2 Crores)
- shall get his accounts audited
- by a CA or ICWA and
- shall submit
  - a copy of the audited annual accounts,
  - the reconciliation statement under Sec 44(2) in **GSTR-9C**
  - and
  - such other documents in such form and manner as may be prescribed



# Other Legal Provision GST Audit

## Aggregate Turnover Sec 2(6)

- Aggregate Turnover means
- the aggregate value of
  - ✓ all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis)
    - ✓ Exempt supplies [**Includes Non Taxable Supplies ?**]
    - ✓ Exports of goods or services or both and
    - ✓ Inter-State supplies [**Inter-State Stock Transfers?**]
- of persons having the same Permanent Account Number
- to be computed on all India basis but
  - ✓ excludes central tax, State tax, Union territory tax, integrated tax and cess;



# Who is liable to file Annual Return under GST

All Registered person to file Annual return u/s 44(1)

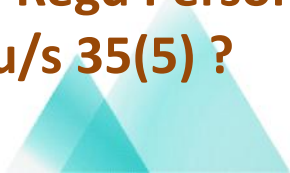
## ➤ Excludes

- ISD
- Person paying tax under Sec 51 [TDS]
- E-Commerce Operator [Sec 52]
- Casual Taxable Person
- Non Resident taxable person

## ➤ Due Date

To be Filed on or before the thirty-first day of December following the end of such financial year

Whether Regd Person not Eligible to File Annual Return will be required to get GST Audit u/s 35(5) ?



## Relevant Legal Provisions – Sec 44(2)

Every Registered person

- who is required to get his accounts audited as per Sec 35(5) shall furnish, electronically
  - **the annual return as per 44(1)**
  - Copy of the **audited annual accounts and**
  - **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.



# Annual Audit Report

## ANNUAL AUDIT

Reconciliation  
Statement –  
GST  
Audit Report  
[GSTR-9C]

GST Audit  
Form [  
GSTR-9D]

No Form Notified till date

Draft Forms made by ICAI send to Govt for approval

## Relevant Legal Provisions – Sec 44(2)

Classification

HSN Classifications – Tax Rate

ITC

Eligible & Ineligible – ITC Reversal

Reconciliation

Books & Accounts and GST Return

Valuations

Valuation in case of Related person

Frequent changes

Notifications, Circulars to be complied



## Maintenance of Accounts & Records- Sec 35(1) + Rule 56

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—

- Production or Manufacture of goods ( Quantitative details);
- Provision of Services ( Inputs Services & Services Supplied)
- Inward and outward supply of goods or services or both;
- Stock of goods-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
- Input tax credit availed;
- Output tax payable and paid; and
- Goods or services imported or exported
- Supplies attracting RCM along with Relevant documents
- Advance Received & Paid along with Adjustments
- Complete Supplier & Customer Master
- List of all Additional Place of Business & Other Warehouses

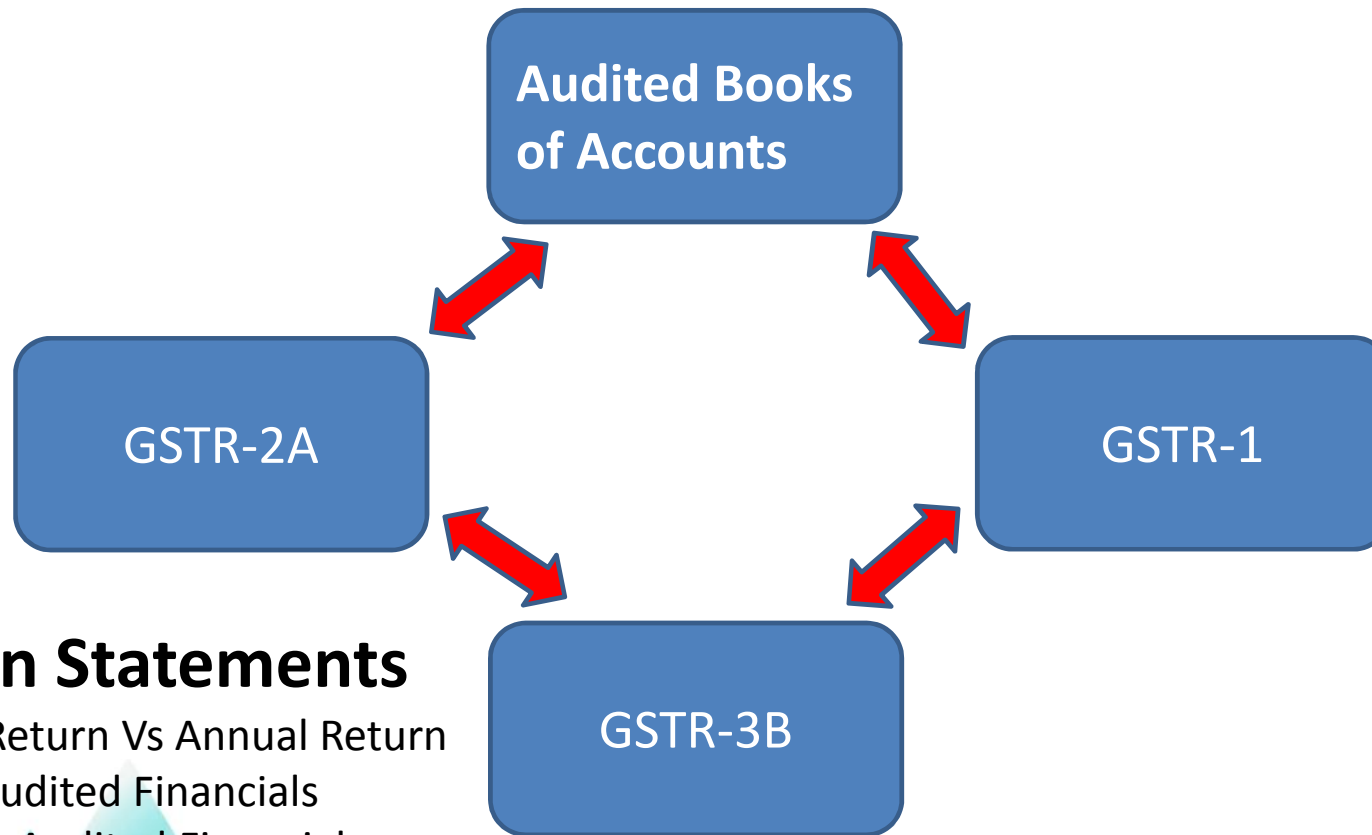
## Maintenance of Accounts & Records- Sec 35(1) + Rule 56

**All Books of Account to be maintained at Principal place of business and relevant records at additional places of business**

- No entry in registers, accounts and documents to **be erased, effaced** or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation
- Each volume of books of account maintained manually by the registered person shall be **serially numbered.**
- Unless proved otherwise, if **any documents, registers, or any books of account belonging to a registered person are found at any premises other than those mentioned in the certificate of registration**, they shall be presumed to be maintained by the said registered person.



# Reconciliations



## Reconciliation Statements

- Between Monthly Return Vs Annual Return
- Annual Return Vs Audited Financials
- Monthly Returns Vs Audited Financials

# Matching of data in 3B and GSTR-1

Sr. No	Particular	Point No in 3B	Point No in GSTR-1
1	Outward taxable supplies other than zero rated, Nil rated and Exempted	3.1a	4, 5, 7 + 9, 10
2	Zero Rated Supplies	3.1b	6
3	Nil rated and exempted Supplies	3.1c	8
4	Non-GST Outward supplies	3.1e	



# Matching of data in 3B and GSTR-1

Sr. No	Particular	Point No in 3B	Point No in GSTR-1
1	<b>ITC Available</b>		
	<b>-Import of goods</b>	4A(1)	IEC Gate
2	<b>-Import of Services</b>	4A(2)	3.1d of Form-3B
4	<b>Inward Supplies liable to RCM</b>	4A(3)	[Inward supplies liable reverse charge]
	<b>Inward Supplies from ISD</b>	4A(4)	GSTR -2A [ISD]
	<b>All other ITC excluding ineligible</b>	4A(5)	GSTR -2A
	<b>Ineligible ITC</b>	4(D)	



# Reconciliation of Income with Books

	<b>Total Credits in statement of profit and loss</b>	XXX
Less	Not Goods / Not Services - Eg. Dividend Income	XXX
Less	Sch III Items which is not a Supply eg : Land & Building etc	XXX
Less	April 2017 - June 2017 Supplies	XXX
Less	Receipts Not in the Course of Business	XXX
Add	Sch I Supplies like Branch Transfer not in books, but supply as per GST Law	XXX
Add	Receipts capitalized but taxable to GST XXX	XXX
Less	Profit on Sale of Capital Goods	XXX
Add	Taxable Value of Supply of Capital Goods	XXX
Add	Advance received during the Current Period [if liable to GST as per TOS]	XXX
Less	Advance of earlier period adjusted during the Current period	XXX
Less	Closing Unbilled revenue recognised - But Time of Supply did not arise	XXX
Add	Opening unbilled revenue (Billed during the period/Time of supply falls in the month)	XXX
	<b>Total Value in GSTR 1</b>	XXX

# Reconciliation of Expenses with 2A

	Total debits in statement of profit and loss	XXX
Less	Schedule III items (Ex: Salary expense)	XXX
Less	Depreciation and Amortization	XXX
Less	Accrued expenses and month end provisions, not credited to party account	XXX
Add	Invoices recd and adjusted for Expenses provision made earlier	XXX
Add	Capital Expenses	XXX
Add	Advance paid to unregistered dealers -Expenses Not Booked	XXX
Less	Purchases booked for URD Advances paid in earlier periods	XXX
	Total Taxable value in GSTR 2	XXX



# Reconciliation - Other

## Taxes

- Tax Payable, Tax Paid, Interest, Late penalty etc

## Refunds

- Claimed, Sanctioned, Rejected , Under Process

## Ineligible ITC

## Calculation of ITC Reversal

- on account of Exempted/ Non Business

## Transactions with Related entities/ Distinct person





# Auditor's Reconciliation Statement

Sr. No	Particular	Amt as per Returns	Amt as per Audit	Difference
1	2	3	4	5
A	Output tax payable (including interest, fee, penalty and other levies) under the GST Acts-			
	(a) CGST Act			
	(b) SGST/ UTGST Act			
	(c) IGST Act			
	(d) GST Compensation Cess Act			
B	Input Tax Credit eligible claimed under the GST Acts-			
	(a) CGST Act			
	(b) SGST/ UTGST Act			
	(c) IGST Act			
	(d) GST Compensation Cess Act			

# Auditor's Reconciliation Statement

Sr. No	Particular	Amt as per Returns	Amt as per Audit	Difference
1	2	3	4	5
C	Input Tax Credit ineligible disclosed under the GST Acts-			
	(a) CGST Act			
	(b) SGST/ UTGST Act			
	(c) IGST Act			
	(d) GST Compensation Cess Act			
	[D]			
D	Net tax payable under the GST Acts -			
	(a) CGST Act			
	(b) SGST/ UTGST Act			
	(c) IGST Act			
	(d) GST Compensation Cess Act			
E	Any Other Item ( Plz Specify)			



## Auditor's Attention required

- Engagement Letter with the Auditee
- Representation Letter with the Management
- Recent Updates in Audit
- Proper Staff with Technical Competence
- Continuous Evaluation of Knowledge
- Proper Software
- Discussion on various issues and conclusions thereof



## Other Points

- Whether Annual Return and Reconciliation / audit report to be filed electronically?
- Month-wise GST returns summary from GST Portal?**
- Whether persons not required to file annual return would be required to GST Audit?
- Turnover for Financial Year Vs Proportionate Turnover for 9 months
- Turnover u/s 35(5) Vs Aggregate Turnover u/r 80





# Q&A



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