

## **GSTR-9, GSTR 9A & GSTR-9C: Important things to be considered**

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### **Important things to be considered before GSTR-9,9A Returns and Reconciliation Statement in GSTR-9C for the A.Y.2018-19 under GST Law**

(1) Important Documents:

(i) **Copy of the GST Registration Certificate:** You have to refer about incorporation of Business Addresses, Godown addresses, Branch addresses within the State and Out of States which belongs to same PAN number holder and cross check details of application form uploaded at the time of migration or applied for fresh registration from GSTIN Site with your clients user i. d. and password of regular taxable persons.

(ii) If your client is a composition dealer you have to verify GSR registration certificate and application for composition.

(iii) Obtain Copy of Income Tax Return for the financial year 2016-17 filed before I.T. Authority along with Annexures.

(iv) Copy of Bank account /Accounts and cross check with PAN Number about to know how many bank accounts has been maintained through Indian Bank site.

(v) Obtain Books of accounts either manual, computer etc., along with other records like branch accounts with in the State and Out of States, Godown registers etc.,

(vi) Obtain copies of **"TAX INVOICES"** along with Purchase Orders ( In case of Companies, Partnership firms). If it is a company obtain copy of the Memorandum and Articles of Association, If it is a partnership firm obtain copy of the Partnership Deed.

(vii) Obtain copies of other State GSTIN certificates and verify such certificate details with GSTIN about whether he has incorporated all the branches or not within the State and out of State.

(viii) Obtain Copies of VAT Returns, CST Returns, Services Tax Returns and Central Excise Returns for the tax periods April,2017 to June'2017 of H.O and Branch offices.

(ix) Obtain Copies of GSTR-3B, GSTR-1, GSTR-2A, GSTR-4 and GSTR-6, etc., for the tax periods from July'2017 to March'2018.

(x) Obtain list of salaried employees for the above mentioned period along with Labour registration certificate, salary slips etc.,

(xi) Obtain copy of the “ Rental Agreement/s of Principal Place of business premises, Godowns, Branches etc., verify with GSTIN registration certificate whether they shown all the business addresses in GSTIN Registration Certificate of places of business of your client.

(xii) Obtain details about immovable properties shown in balance sheet for the financial year 2017-18 and also ask them about if any assets omitted in Balance Sheet for the above mentioned period.

(xiii) Obtain details about if he has any other part time business like LIC agent, Real-estate commission business, Photo stat business, Sim card agencies , collection agent business, or worked as an agent or Commission agent to any taxable person or company etc.,

(xiv) Obtain details about vehicles like travel car business, Tour operator business, Lorry transport business etc., for the above period and also check with Aadhar Card/ PAN Card through Transport Department site.

(xv) Obtain import and export licenses and verify what are the commodities that are incorporated in DGFT application and what are the commodities that are imported or exported or check whether import or export of goods or services.

(xvi) Obtain if your client is having manufacturing activity then check with about Job work issues and such job worker is having GSTIN registration or not. If job worker is not having registration under GST Law, you have to check whether he has incorporated such Job work addresses in your client GSTIN registration certificate.

(xvii) If your client is having import or export of goods or services or both , then you have to obtain Import invoice, Bill of Entry, IGST paid or not and obtain LUT copy . If he is having export activities of goods or services then obtain Export Invoice, other documents like Bill of Lading, BRC copy etc.,

(xviii) If your client is having export activities of goods or services obtain the details of refund claim details for the tax periods from July'2017 to March'2018 along with copies of RFD-01,2,3,4, etc., and work about total eligible refund out of which how much refund he has received and how much refund is due form the department for the above period. If any variations are identified during the audit, note in audit report and discuss with your client.

(xix) If your client is having branches with in the State or out of State then check whether he is having registration as Input Service Distributor under GST Law. If he is having branches, then check about distribution of ITC branch wise transaction and relevant ITC claim and expenses etc ., and also check about passing the entries in the respective branch books of accounts and GSTR 3B and GSTR-1 etc., for the above period.

## **(2) Verification Part from the records:**

### **(a) TAX INVOICES/ Bill of Supply :**

**(i) Place of Supply:** You have to verify “ PLACE OF SUPPLY” on the Tax Invoices. Because most of the taxpayers are not following to fill up place of supply coloum in the TAX INVOICE. As per GST Law,2017 Place of supply is most important aspect to fix appropriate tax rate under appropriate Act (IGST,CGST,SGST/UTGST/CESS Laws).

**(ii) Time of Supply:** You have to verify “ Time of Supply” on the Tax Invoice” Because most of the tax payers are not followed to fill up “TIME OF SUPPLY” coloum in the TAX INVOICE. As per GST Law,2017 **Time of Supply** also important aspect to claim of ITC as per Sec.16 ,17 and 18 of CGST Law,2017.

**(iii) Classification of goods or services:** You have to check about classification aspect. Because it is also most important area for verification. Most of the tax payers are not having knowledge about ‘Classification of goods or services. Whatever transactions made by them whether such transaction comes either supply of goods or supply of services under GST Law. Most of the accountants are not verifying “tax Invoice”about what is the rate of tax applied by his client on such supply and also not having knowledge on theory of Classification and not verified before preparation of books of accounts about what is the rate of tax attract on such supply of goods or services under GST Law,2017. Classification of Goods or Services is most important aspect because the rate of tax on such transaction is depending upon the classification. Normally dealers and accountants both are not having an experience in classification because GST Law is new act.

So, we have to verify each and every transaction of your client with Tax Invoice and relevant documents like E way bill, Delivery Challan, Bill of Lading etc., (Here with I am providing my notes on theory of classification for better understanding as per law).

**(iv) Advances received against supply of services:**This is also an important area for verification under GST Law, Because such advances are taxable under section 9(4) of GST Law,2017. In my observation most of the tax payers are not paying tax on advances received “**against supply of Services**”. They are having an impression that section 9(4) of CGST Law suspended from 13.10.2017. But Sec.9 (4) suspended on advances received against supply of goods only not services. Especially works contractors are not paying taxes on advances received against supply of services. Especially Works Contract services, they are not paid GST Tax on the above mentioned receipts under RCM under GST aw,2017.

**(v) Tax payable under Reverse Charge Mechanism as per Sec.9(3) of CGST Act,2017:** This area is also an most important under GST Law. Because as per Sec.9 (3) of CGST Law,2017. GST Tax is applicable on inward supply of goods from unregistered persons by registered taxable person as per Notification No. 12/2017 Dated. 28.07.2017 like GTA, Legal charges paid to an advocate, Sponsorship services, Director Services, Insurance Agent Services, Recovery Agent Services, transfer or pertaining the use or enjoyment of a copy right. Further Notification No.4/2017 dt. 28<sup>th</sup> June ‘2017, these following inward supply of goods (Purchase from URD) made from un-registered taxable persons are liable to tax under Sec.9(3) of GST Law,2017. Like Cashew nuts(not shell or peeled), Tobacco leaves, Silk Yarn, Raw Cotton, Supply of Lottery and nay used, Seized and confiscated goods, vehicles , waste and scrap etc .,purchased form the Government department.

**(vi) Rental Income received on any commercial immovable property :** This chapter is most important because it is new concept under GST law. So, you have to check your clients bank account, Postal Pass books etc., about any income received on commercial properties, vacant land , Any flats were given to run Government offices, Private offices, Educational Institutions from Degree and above, Agricultural land given for commercial crop and received yearly income etc.,

**(vii) Form Tran-1,Tran-II under GST Law:** You have to verify the details relating to closing stock as on date of 30.06.2017 as per books of accounts and compare with TRAN-1 filed by your client. You have to verify opening stock as on date of 01.04.2017 as per Income Tax Return filed before I.T Authorities along with Books of accounts closed as on 31.03.2017. Prepare closing stock statement as per below formula:

Opening Stock of goods as on 01.04.2017 as per I.T. return : XXXXX

Add: Purchases from 1<sup>st</sup> April,2017 to 30<sup>th</sup> June'2017 as per books: XXXXX

Total Stock as on 30.06.2017 : XXXXXX

Less: Put to sale : XXXXXX

Closing Stock Value as on 30.06.2017 : XXXXXX

Sales from 01.04.2017 to 30.06.2017 : XXXXXXXXXXXXXXXX

Less: Latest G.P . as per Latest I.T. return: XXXXXXXXXXXXXXXX

(Formula: Total Sales\*Rate of G.P. \_\_\_\_\_

100+ Rate of G.P \_\_\_\_\_

Put to Sale will be arrive based on the above formula: XXXXXXXXXXXXXXXX

So, Now you have to verify stock value as per books of accounts and compare with TRAN-1 filed by your client.

### **Profit & Loss Account Items:**

**1. Opening Stock:** We have to obtain previously filed Income Tax Return and verify the closing stock value adopted in Profit and Loss Account and Balance Sheet as on 31.3.2017 and compare with “ Physical Stock Register” and General Ledger, observe if there is any difference and rectify in the books of accounts and GSTR-1 and GSTR 3B on or before Sept'2018 and prepare in excel sheet such omissions and additions for the period 01.07.2017 to 31.03.2018 but rectified in subsequently tax period or Sept'2018 GSTR-1,GSTR-3B mention it in your notes on accounts and discuss with management and report in appropriate coloum in GSTR-9 and 9C .

**2. Purchases (a):** We have to obtain Original Tax Invoices and verify 100% Tax Invoices for the tax periods from **April'2017 to June'2017** for claim of ITC and compare with VAT 200 returns and Ledger of the VAT department. (Available in APVAT official Site) and confirm about ITC credit balance for the month of June'2017 and compare with TRANS-1 filed by your client and also noted date of filing of TRAN-1,TRAN-2 and whether passed entries in the books of accounts are not, if passed kidney verify TRAN-1.

**3. Inward Supply of goods (Purchases) (b)**: We have to obtain 100% tax invoices and verify Place of Supply, Time of Supply, Classification of HSN Code and whether he can apply correct rate of tax or not and under concerned Acts based on place of supply, like IGST,CGST,SGST and UTGST Acts or not for the tax period from 1<sup>st</sup>July,2017 to 31<sup>st</sup> March,2018.

If any mistake is observed mention in your notes on accounts and discuss with the management and rectify and correct it before prepare Profit & Loss Account.

**4. Inward supply of Goods Return (Purchase Returns)**: We have to verify books of accounts and observe that your client's return. Some of the goods to the supplier and whether he received any Credit note or Tax Invoice with GST or not and mention in your notes on accounts and discuss with management and rectify such mistakes and pass necessary entries in the books of accounts and finalize Profit and Loss Account. You have to verify whether your client is reversed ITC claim on such goods returned or not and also verify whether he has received TAX Invoice for such return goods because as per GST Law TAX invoice shall be raised by supplier only, recipient has no right to raise any TAX invoice for such return goods.

**5. Claim of Input Tax on inward supply of Goods (Purchases)**: We have to obtain and verify 100% Tax Invoices and whether he can claim ITC as per Law or not and whether he can revert ITC as per Sec.17& 18 of the CGST Act,2017 with GSTR-3B return for the tax periods from July'2017 to March'2018 and also with the books of accounts about passing of respective entries or not.

If we identify any omissions note in our notes on accounts and discuss with the management and rectify such mistakes and pass necessary entries in the books of accounts then prepare Profit and Loss Account.

**6. Credit and Debit Notes**: We have to obtain 100% original Credit and Debit Notes from 01.07.2017 to 31.03.2018 and verify narration of the credit note and debit notes and purpose of the raising of credit and debit notes by supplier and obtain any written agreement or document regarding Discounts, Incentives etc.,

Because some of the discounts and incentives are taxable under GST and liable to GST Tax if they are not paid. We have to prepare notes on accounts and mention in our notes and inform the management and pass necessary entries and try to make payment along with Interest to avoid penalties imposed at the time of audit conducted by the GST Officials.

**7. Advance Received or Advance payments from 01.07.2017 to 12.10.2017,against supply of goods**: We have to verify books of accounts with bank accounts and Advance Voucher or P.O. copies and whether any advance is received against supply of goods or services from 01.07.2017 to 12.10.2017 because your client is liable to pay GST Tax on advances received against supply of goods or services under GST Law and verify whether he applied correct rate of Tax or not on advances received as per appropriate Acts, like IGST,CGST,SGST and UTGST. If they are not paid, mention the same in your notes and inform to management and try to make payment along with Interest.

**8. Advance Received by Works Contractor:** We have to verify books of accounts with bank accounts about any advances received towards mobilization advance or advance for payment against R A R Bill from 01.07.2017 to 31.03.2018 because your client is liable to pay GST tax on advances received against RA Bill or mobilization advance etc., and verify whether he applied correct rate of tax r not on such advances received as per appropriate Acts, like IGST,CGST,SGST and UTGST Acts. If he is not paid, mention the same in your notes and inform to management and try to make payment along with interest.

**9. Loading and Unloading Charges:** We have to verify 100% vouchers with GSTR-3B and GSTR-1 returns in this regard because **RCM is applicable under Sec.9(4) of the CGST Act,2017** from 01.07.2017 to 12.10.2017. If he is not paid you have to mentioned in your notes on accounts and inform to the management and make payment along with Interest and mention it in

“ Annual Return”.

**10. Freight Charges paid on inward supply of goods :** We have to obtain LR's ,RR and Consignment notes and verify 100% voucher with GSTR-3B and GSTR-1 returns in this regard because **RCM is applicable under Sec.9(3) of the CGST Act,2017** verify from 01.07.2017 to 31.03.2018 . If he is not paid you have to mention in your notes on accounts and inform to the management and make payment along with Interest and mentioned in “ Annual Return”.

**11. Out ward Supply of goods (Sales) :** We have to obtain 100% “ Tax Invoices” in respect of Place of Supply, Time of Supply, Whether he has mentioned appropriate classification HSN Code for goods or services or both and he has to apply correct rate of Tax as per concerned Acts based on place of supply as per GST Law,2017 or not. If any mistake is observed mention in your notes and discuss with the management and pay the tax to the government under concerned Acts, like IGST,CGST,SGST and UTGST Acts . Verify if your client has received any interest from his recipients for late payment of amounts against supply of goods or services. Because as per GST Law, Such Interest amount will be considered as part of consideration ( part of Value of supply) and liable to GST Tax. Regarding rate of tax , Your client on which invoice he has received interest and what is the rate of tax applied in that TAX INVOICE, such rate is applicable on interest component and also supplier has to raise invoice along with Interest and mentioned full details. So, you have to note such issues in your report.

**12. Handling Charges paid on inward supply of goods :** We have to verify books of accounts and 100% vouchers regarding payment of handling charges for the period 01.07.2017 to 12.10.2017 because RCM is applicable on such expenses under Sec.9(4) of the CGST Act,2017 , If he is not paid tax for the above mentioned period you have to mentioned in your notes on accounts and inform to the management and try to make payment along with Interest .

**13. Supply of good on credit basis:** We have to verify 100% tax invoices with books of accounts and bank accounts and find whether your client has received consideration on his supplies from the recipient with 180 days from the date of invoices. If not received whether he has to inform to recipient to reversal of ITC on particular Tax Invoice and also he can reverse of Tax payment made under appropriate GST Acts after 181 days in GSTR-3B and GSTR-1 and whether he has uploaded or not.

If he is not reversed you have to mention in your notes and inform to the management and try to pass reversal entries and if any interest is liable try to remit to the government authorities along with Interest.

**14. Rent paid on business premises or godown** : We have to verify from the books of account about payment of rent on business premises or godown to the owner (Supplier ) whether he has raised invoice for rent on business premises or godown with GST tax or not . If supplier has not raised invoice with GST Tax, recipient has to prepare tax invoice for rent paid and GST tax under RCM from 01.07.2017 to 12.10.2017 as per Sec.9(4) of the CGST Act,2017. You have to mention it in notes on accounts and inform to the management and try to make payment for that period along with Interest.

**15. Advertisement Charges**: We have to verify from the books of accounts about payment of any advertisement charges , if he is having advertisement charges invoice without GST ,under that circumstances he has to pay GST Tax on RCM under Sec.9(4) of CGST Act ,2017 from 01.07.2017 to 12.10.2017 and raise tax invoice for that expenses and make payment along with Interest to the government in appropriate Acts like IGST, CGST, SGST and UTGST Acts.

**16. Salaries to out sourcing employees**: We have to verify from the books of accounts about this expense , if he paid any salaries to out sourcing employees with out labour rolls then he has to pay GST Tax on that payments under RCM as per Sec.9(4) of CGST Act,2017 from 01.07.2017 to 12.10.2017. Under that circumstances you have to mention in your notes on accounts and inform to the management and raise tax invoice for that payments and pay tax along with Interest to the Government under appropriate Acts like IGST,CGST,SGST and UTGST Acts.

**17. ITC claim on capital goods**: We have to verify books of accounts about depreciation charged with or without tax component. If he has claimed ITC on that capital goods then verify depreciation account in the Balance Sheet whether depreciation calculated on tax component or not. If he has to calculate depreciation on tax component then you have to advice to revert ITC claim and pay ITC claim amount along with Interest to the government under appropriate acts like IGST,CGST,SGST and UTGST Acts.

**18. Inputs purchased and used in manufactured of exempted goods , On Free Supplies and taxable goods**: We have to verify in the books of accounts along with manufacturing accounts or production accounts and verify ITC claim and observe that ITC relating to exempted goods reversed or not.

If he has claimed total ITC on purchase of Inputs then you have to instruct to reversal of ITC to the extent of exempted goods and mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate acts like IGST,CGST,SGST and UTGST Acts.

**19. Vehicles, Computers, Laptops etc., purchased and booked in business accounts but used for personal**: We have to verify in the books of accounts and ITC account and if observed any ITC claim in the books of accounts then you have to instruct him for reversal of ITC to the extent of personal use and pass accounting entries in the books of accounts and make the payment to the government along with Interest under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**20. Convenience charges paid:** We have to verify about this payments in the books of accounts and observed if any expenses incurred under this head of account then verify whether he has paid GST on RCM or not for the period 01.07.2017 to 12.10.2017. If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**21. Job Work and Labour charges:** We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST on RCM or not for the period 01.07.2017 to 12.10.2017 under GST Law.. If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**22. Sales promotion and business promotion expenses:**We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST are not under RCM as per Sec.9(4) of the CGST Act,2017 for the period 01.07.2017 to 12.10.2017.. If he is not paid then mention it in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**23. Bank charges and Service charges recovered by the bank:** We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST under RCM or not for the period 01.07.2017 to 12.10.2017 under Sec9(4) of the GST Law.. If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**24. Payment to advocate fee:** We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST TAX on Payment to advocate under RCM or not under Sec.9(3) of the GST Law. If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**25. Commission paid :**We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST on RCM or not for the period 01.07.2017 to 12.10.2017 under Sec.9(4). If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**26. Payment to sponsorship fee:** We have to verify about this payments in the books of accounts and observe if any expenses incurred under this head of account then verify whether he has paid GST on RCM under Sec.9(3) of the GST Law or not for the period 01.07.2017 to 31.03.2018.If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.



**27. Free Gifts to employees or partners etc.,** We have to verify about this payments in the books of accounts and observed if any expenses incurred under this head of account then verify whether he has paid GST under Sec.9(4) of the GST Law as RCM or not for the period 01.07.2017 to 12.10.2017. If he is not paid then mention in your notes on accounts and inform to the management and try to make payment along with Interest to the government under appropriate Acts like IGST,CGST, SGST and UTGST Acts.

**28. Penalties or Interest on delayed payment of taxes:** We have to verify about this expenditure in the books of accounts and deny as an expenditure as per Income tax Act,1962 because any penalty or interest paid on violation of act is not permitted as business expenditure.

**29. Obtain creditors and debtors ledger accounts relating business or profession taxable person :** We have to obtain ledger copies of creditors and debtors relating to business and compare with books of accounts and observe if there is any difference then mention in your notes on accounts and inform to the management and rectify such omissions and finalize profit & loss account.

**30. Verification of E way Bills for movement of goods:**We have to verify E way Bills generation for movement of goods for Intra-State and Inter-State Movement of goods with quantity details, taxable value and tax component , GSTIN numbers of Supplier and Recipient etc., with inward and out ward details etc., with ledger accounts of the client. Verify during the period of July'2017 to March'2018 whether your client has paid any penalties against violation of Act on the above subject ,such penalties are reported in your GSTR- 9 and 9C.

**31. If the client is a service provider like Contractor for Civil works, Repair and maintains etc.,:** We have to verify the terms and conditions of the agreement, P.O copies and verify RA bills raised by your client and supply of goods or services and verify classification of SC codes and applicable rate of taxes and eligibility of ITC claim on Capital Goods like machinery, earth moving equipment etc., and inputs purchased etc. Verify if invoices rose in the month as per terms and conditions of the contract and whether he has received any mobilization advances from the recipient for the period from 01.07.2017 to 31.03.2018 and charged GST tax on such advances and paid to the appropriate department as per GST Law. Verify invoices details for place of supply, time of supply and classification SAC code and applicable rate of tax etc., properly as per GST Law.

32. Finally Prepare consolidate GSTR -9 return for the tax period July'2017 to March '2018 with verification of GSTR-3B and GSTR-1, GSTR-2A,GSTR-4 etc., returns and compare with I.T. Return for the Financial Year 2017-18 and books of accounts. If there is any changes or omissions or additions or difference or mismatch of the invoices for purchase or sale or purchase/sale returns or credit and debit notes etc., you have to prepare GSTR-9 and 9C under GST Law,2017

**33. Method of calculation of Closing Stock:**

Consider opening Stock as per Books of Account and Rs.

Income Tax Return for the financial Year 2016-17 : XXXXXXXXXXXXXXXXXXXXXXXX

Add. Purchases from April'2017 to June'2017 : XXXXXXXXXXXXXXXXXXXXXXXX

(Verify figures with Original Tax Invoices ) \_\_\_\_\_

Less : Any discounts received relating to stocks only) : XXXXXXXXXXXXXXXXXXXXXXXX

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Total Stocks as per Books of Accounts : XXXXXXXXXXXXXXXXXXXXXXXX

Less: Put Sale ( Purchase Cost of goods sold for the above period) : XXXXXXXXXXXXXXXXXXXXXXXX

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Closing Stock for the tax period April'17 to June'17 : XXXXXXXXXXXXXXXXXXXXXXXX

As per Books.

(verify with physical Stocks ).

Rs.

Considered Sales from April'2017 to June'2017 : XXXXXXXXXXXXXXXXXXXXXXXX

Less .G.P as per Profit & Loss Account for the financial Year 16-17 , : XXXXXXXXXXXXXXXXXXXXXXXX

( Formula Sales \* Rate of G.P/100+ Rate of G.P ) \_\_\_\_\_

Purchase of Value of goods sold for the period April'2017 to June "2017 (considered as PUT TO SALE) : XXXXXXXXXXXXXXXXXXXXXXXX

**THANK YOU**