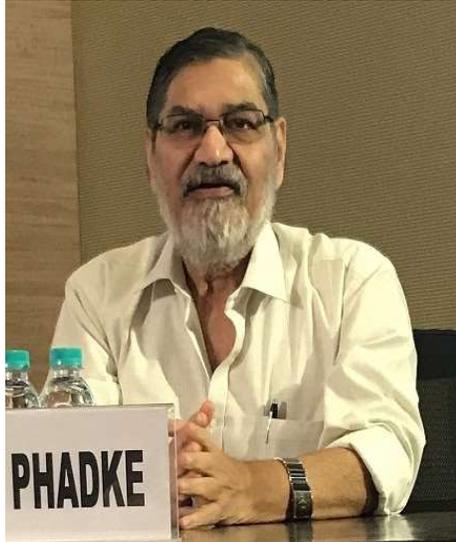


## ***PROVISIONS OF & PREPARATION FOR GST ANNUAL RETURN & AUDIT***



***DILIP PHADKE***

Chartered Accountant

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e-mail: phadke1952@gmail.com

### ***Things to be done before 20/10/2018***

#### **Pending ITC to be availed before filing GSTR-3B of Sept '18:**

Sec. 16 (4) provides that ITC on the invoices raised during July 2017 to March 2018 (17-18) can be availed by the RTP On or before the due date of furnishing the return for the month of September 2018 i.e. 20-10-2018 (unless extended),

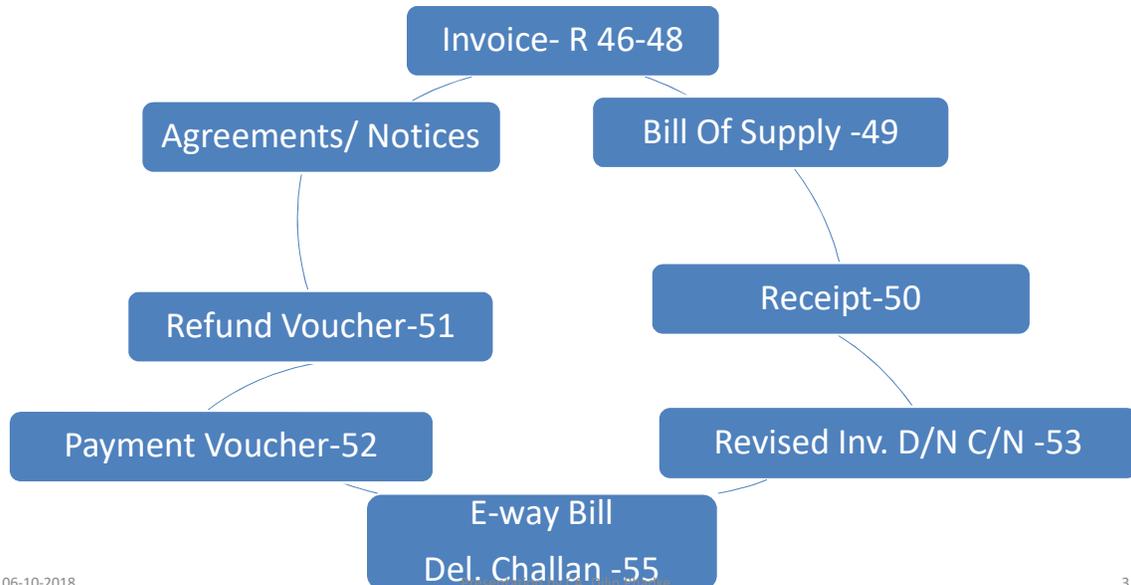
#### **a. Reconciliation of ITC availed in GSTR-3B with the books:**

There may be instances where due to human/system error, the ITC has not been availed in GSTR-3B. Such invoices are required to be traced so that the ITC can be availed within the time frame.

#### **b. Reco. of ITC availed in GSTR-3B with ITC as per GSTR-2A:**

Presently, there is no requirement to file GSTR 2 or verify GSTR 2A return. However, there may be many reasons for difference between credit availed under GSTR-3B & credit appearing under GSTR-2A.

## GST Documents Rule 46 To 55



06-10-2018

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### ***New Provision of rule 36(2)***

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document, and the relevant information, as contained in the said document, is furnished in FORMGSTR-2 by such person:

“Provided that if the said document does not contain all the specified particulars but contains the details of

- 1) the amount of tax charged,
- 2) description of goods or services,
- 3) total value of supply of goods or services or both,
- 4) **GSTIN of the supplier and recipient** and
- 5) place of supply in case of inter-State supply,

Input tax credit may be availed by such registered person.”.

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### ***Things to be done before 20/10/2018***

**i)** There may be cases where vendor has sent the invoice which the company has not received at all. In such cases, the company is required to follow up with the vendor and get the invoices and then avail ITC within the time.

**ii)** ITC on bank charges have not been taken as invoice may not be received from Bank. In such cases, the company is required to follow up with the bank and get the invoices and then avail ITC within the time.

**iii)** There have been instances where GSTIN number was not provided to the vendors initially resulting in issuance of invoice as B2C. In such cases, the company must get the invoices amended from the vendor as B2B before availing the ITC and assure that the vendor rectifies the same in his GSTR-1 not later than GSTR-1 for the month of Sept. 2018.

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### ***Things to be done before 20/10/2018***

#### **c. ITC available on distribution by ISD:**

All the recipient units are required to avail the ISD credit based on the invoices issued by ISD. It is advised that all such ITC distributed on ISD invoices issued in July 2017 to March 2018, shall be availed on or before due date of Sept 2018 return.

#### **d. D/N issued during 2018-19 by vendor for invoices issued in 2017-18:**

Sec.16 (4) ITC on debit note issued by vendor during the. 2018-19 pertaining to invoices raised in 2017-18 has to be availed before due date of filing GSTR-3B for the month of Sept.18. Therefore, the company has to evaluate all the debit notes issued during the period up to 30-09-2018 pertaining to the original invoices issued during the period 17-18. **D/N, C/N by purchaser?**

e.g. ITC on D/N issued in July'18 against the original invoice pertaining to March'18 has to be availed on or before due date of Sept 2018 return.

06-10-2018

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### ***Things to be done before 30/10/2018***

#### **1) Invoice pertaining to FY 2017-18 missed in GSTR 1:**

The invoice may be added in GSTR 1 along with invoices of Sept. 2018 in Table 4 with original date. If the tax pertaining to invoice is also not paid, the same may be added to taxable value and tax of the month of Sept.18 and pay the tax along with interest from due date of payment of tax till date of actual payment.

In Annual return format i.e. GSTR 9 have no facility to add these type of missing invoices but the most suitable disclosure may be in Part V, Point 10.

#### **2) B2B Invoice details wrongly entered in GSTR 1 –some fields are wrongly mentioned.**

- Error in GSTIN e.g. a) Invoice is in name of Mr. X but in GSTR 1 is shown in of Mr. Y, b) Error in taxable value, c) Error in tax rate, etc.,
- These details may be modified in Table 9A, 9B, 9C of GSTR 1.
- The same may be disclosed in Part V, Point 10 or 11 in GSTR 9.

06-10-2018

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### ***Things to be done before 30/10/2018***

#### **3) B2B invoice entered as B2C**

- In January 2018 if a B2B invoice entered as B2C in GSTR 1
- To rectify this error add the invoice details in GSTR 1 of Sept.18 along with Sept.18- B2B invoices and
- amend the B2C supplies of Jan.18 using Table 10 of GSTR 1.
- To correct B2C details of January 2018:
  - Step 1 – Select the financial year and month (2017-18 & Jan., this case)
  - Step 2 – Amount of B2C supplies disclosed in Jan.18 return will appear.
  - Step 3 – Reduce the B2C amount with the taxable value as per B2B invoice.
- If the invoice is already declared in GSTR 3B correctly, the liability is not affected and the same needs not be disclosed anywhere in GSTR 9.

06-10-2018

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### ***Things to be done before 30/10/2018***

#### **B2C Intra-state supplies entered as Inter-state –**

If B2C supplies to a dealer from the state of Maharashtra (Intra state) entered as B2C supplies of Karnataka (inter-state), the same may be rectified using Table 10 of GSTR 1. However, if the same error is also made in GSTR 3B also, the liability may be affected since IGST is paid instead of CGST+SGST. This can be rectified by paying CGST+SGST and claiming refund of IGST.

The same needs to be disclosed in Part V, Point 10 of GSTR 9.

#### **B2C Inter-State supplies wrongly entered as different state–**

If B2C supplies made to Andhra Pradesh was entered as B2C supplies to Telangana by a supplier; the tax liability doesn't change but the state mentioned is wrong. This also doesn't affect the liability but the wrong details needs to be rectified for correct disclosure.

06-10-2018

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### ***Things to be kept ready for annual return 9 (31/12/18)***

**Details to be given as per returns filed (July17 to Mar18 & April18 to Sept. 18 for 17/18 also to be considered for rectification) – Compilation?**

4) Details of **advances inward & outward supplies** on which tax is payable as declared in returns filed during F.Y.

5) **Outward supplies** on which tax is not payable

6) **Details of ITC in the returns** - Inputs, Capital goods & Input services, Trans1 & Trans2 credit & other credits If any

7) Details of ITC **reversed & Ineligible ITC**

8) **Reconciliation** of ITC as per 2A & 3B

9) Details of **taxes, interest, late fees & penalty** paid

10-14) **Transactions of 17/18 declared in 18/19** (Up to Sept. 2018)

16) **Supplies received from composition dealers, deemed supply – job work u/s 143 & sale on approval.**

17-18) **HSN wise summary of outward supply & Inward supply –**  
UQC, QTY, Taxable value, Tax rate and tax

06-10-2018

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PART	PARTICULARS ( Form 9)	REMARKS
<b>Part I</b>	<b>- Basic details</b>	Name , F.Y. ,GSTIN
<b>Part II</b>	<b>- Details of Outward supplies / Inward supplies</b>	Heading
<b>4</b>	<b>Details of advances inward &amp; outward supplies on which tax is payable as declared in returns filed during F.Y.</b>	Heading
A TO F	Outward supplies to rd/urd/export/deemed export/ advances recd. not adj.	Give details of Taxable value CGST SGST IGST CESS
G	inward supply liable for RCM	
<b>H</b>	<b>Total of A to G</b>	
I to L	D/N - C/N- Amendments + & Amendments -	
<b>M</b>	<b>Total of I to L</b>	
<b>N</b>	<b>Total of supplies &amp; adv. On which tax is payable H + M</b>	
<b>5</b>	<b>Outward supplies on which tax is not payable</b>	
A to F	Export & SEZ W/O Tax payment, Exempt, Nil rated & Non gst Supplies	
G	Total of A To F	
H To K	D/N, C/N , Amendments for above (A to F)	
<b>L</b>	<b>Total Of H to K</b>	

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PART	PARTICULARS ( Form 9)	REMARKS
M	Total T/o on which tax is not to be paid	Taxable value
N	Total Turnover = $4N + 5M - 4G$	CGST,SGST, IGST CESS
<b>PART III</b>	<b>ITC declared in F.Y.</b>	<b>Heading</b>
<b>6</b>	<b>Details of ITC in the returns</b>	
A	Total as per <b>3B of ITC availed</b> for 17/18 as per returns	<b>Auto populated</b>
B to H	Inward supplies from r/d, urd, from r/d liable to RCM, Import of G & S, ISD Cr. & ITC reclaimed	Give details CGST SGST IGST CESS
I	Total of B to H	
J	Difference I-A	
K to M	Trans1 & trans2 credit with other credits If any	
N	Total of K to M	
O	Total ITC I + N	

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PART	PARTICULARS ( Form 9)	REMARKS
8	Other ITC related information	
A	<b>ITC as per 2A</b> - (Table 3 & 5 thereof)	Auto populated
B & C	ITC on inward supplies as per 6 & ITC on RCM	Auto populated
D	Difference A- B & C	
E	<b>ITC Not availed</b>	
F	<b>ITC not eligible</b>	
G	IGST paid on zero rated	
H	IGST credit availed on Imports (6E)	Auto populated
I	Differenece =	
J	<b>ITC available but not availed</b> on import of goods (Equal to I)	
K	<b>Total ITC lapsed in 17/18</b> (E+ F+ J)	Auto populated

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PART	PARTICULARS ( Form 9)	REMARKS
<b>PART IV</b>	<b>Details of Taxes Paid by cash &amp; ITC</b>	
9	Row 96 to 104 - Tax payable and paid by cash & use of ITC	Tax, late fee,
<b>PART V</b>	<b>Transactions of 17/18 declared in 18/19 Sept.</b>	
10	Tax increased through Amendments	Taxable value
11	Decrease in Tax through Amendments	& Type of tax
12	Reversal of ITC availed during previous fin. year	Type of tax
13	ITC availed for the previous financial year	
14	Differential Tax Paid as per 10 & 11	Payable/paid
<b>PART VI</b>	<b>OTHER INFORMATION</b>	
<b>15</b>	<b>Particulars of Refund &amp; Demands</b>	
A to D	Refund claimed, sanctioned, rejected & pending	Type of Tax
E to G	Taxes demanded - paid pending	Tax, Int, fees

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PART	PARTICULARS	REMARKS																																				
16	Information of purchases from composition & deemed supplies u/s 143 & goods sent on approval																																					
A TO C	Give taxable Value and tax of each type																																					
17	HSN wise outward supplies (See table below)																																					
18	HSN wise Inward supplies (See table below)																																					
	<table border="1"> <thead> <tr> <th>17</th> <th colspan="8">HSN Wise Summary of outward supplies</th> </tr> <tr> <th>HSN Code</th> <th>UQC</th> <th>Total Quantity</th> <th>Taxable Value</th> <th>Rate of Tax</th> <th>Central Tax</th> <th>State Tax / UT Tax</th> <th>Integrated Tax</th> <th>Cess</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	17	HSN Wise Summary of outward supplies								HSN Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	1	2	3	4	5	6	7	8	9										
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1	2	3	4	5	6	7	8	9																														
19	Late Fees Payable																																					
A	CGST	Payable/paid																																				
B	SGST	Payable/paid																																				

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### ***Things to be kept ready for Audit Report 9 C (31/12/18)***

#### **Reconciliation of figures as per financial statements & GSTR 9:**

- A) Reconciliation of gross turnover – If not reasons for difference.
- B) Reconciliation of Taxable turnover - If not reasons for difference.
- C) Reconciliation of tax paid - If not reasons for difference.
- D) Reconciliation of Net ITC - If not reasons for difference.
- E) Reconciliation of ITC declared in annual return 9 with ITC availed on expenses as per audited annual financial statement/ books of accounts.-  
If unreconciled reasons for difference.

Corrections Of Errors – Cir- 26/2017 Dated 29/12/2017

**Revision Of returns is not permitted.**

**The rectification can be done in the month in which the mistakes were found.**

**Note: If the return is submitted but liability not offset, the return can be reset for mistakes.**

**Rectification only after filing return by offsetting liabilities.**

**If corrections are done in post March, it will give rise to two reconciliation one for 2018 & other for 2019**

**Errors & Its corrections**

- A. Forward charge (FCM)**
- B. Export & Sale to SEZ**
- C. Wrong ITC**
- D. Reverse Charge (RCM)**

Solution for errors as per circular

**GSTR 1 – No correction in returns already filed**

**1) If transaction **not reported** in past –**

**In current period report in original table (up to Sept. 2018)**

**2) If transaction is **wrongly reported** in past**

**In current period correction via Amendment table ( up to Sept. 2018)**

**GSTR 3B**

**1) If not filed Reset & Edit the return**

**2) If already filed adjust in next return**

**Note: You can't report negative figure.**

### Over reporting Of Turnover & Taxes

Month	Particulars	Net Turn /o	CGST	SGST
March 18	Actual	10000	250	250
	Reported	100000	2500	2500
	Overstated -Mistake	90000	2250	2250
April 18	Actual	50000	1250	1250
	To Report	Nil	Nil	Nil
May 18	Actual	100000	2500	2500
	To Report	60000	1500	1500

If April amount is sufficient to absorb the impact of mistake it is not necessary to adjust the difference overstated in May 2018.  
 If the mistake was found in May the adjustment can be made in May 2018. (Till the return of Sept. is filed)

### Only tax was over reported

Month	Particulars	Net Turn /o	CGST	SGST
March 18	Actual 18%	100000	9000	9000
	Reported 28%	100000	14000	14000
	Mistake – Tax over stated	Nil	5000	5000
April 18	Actual	150000	13500	13500
	To Report	150000	8500	8500

### Taxes paid under wrong head

Month	Particulars	Net T/o	IGST	CGST	SGST
Mar. 18	Actual	100000	18000		
	Reported	100000		9000	9000
	Mistake – C&S Paid instead of IGST		-18000	+9000	+9000
April 18	Actual	60000		5400	5400
	To Report	60000	18000	0	0
	Refund Due			3600	3600

- 1) The refund of Rs. 3600 to be claimed or adjust in month of May 18
- 2) Pay full liability 18000+5400+5400 and claim full refund of 9000+9000
- 3) If April t/o is Nil adjustment to be made in next month

### The turnover, taxes under reported

Month	Particulars	Net T/o	CGST	SGST
Mar.18	Actual	250000	22500	22500
	Reported	100000	9000	9000
	Mistake – understated t/o, tax	150000	13500	13500
April 18	Actual	200000	18000	18000
	To Report	350000	31500	31500

The Interest u/s 50 will be payable @ 18%

### Only tax was under stated

Month	Particulars	Net Turn /o	CGST	SGST
March 18	Actual	100000	14000	14000
	Reported	100000	9000	9000
	Mistake – Tax under stated	Nil	5000	5000
April 18	Actual	150000	13500	13500
	To Report	150000	18500	18500
The Interest u/s 50 will be payable @ 18% on 5000 + 5000				

### EXPORT-1- Not reported/ Under reported in 3B

Month	Particulars	Net T /o	IGST	
Mar.18	Actual	100000	18000	Interest u/s 50 @ 18% will be payable in Apr.
	Reported	0	0	
	Mistake – No t/o, tax	100000	18000	
April 18	Actual	150000	27000	
	To Report	250000	45000	
Month	Particulars	Net T/o	IGST	
Mar.18	Actual	100000	18000	Interest u/s 50 @ 18% will be payable in Apr.
	Reported	10000	1800	
	Mistake – understated t/o, tax	90000	16200	
April 18	Actual	150000	27000	
	To Report	240000	43200	

### EXPORT-2- Over reported in 3B

Month	Particulars	Net T/o	IGST
March 18	Actual	10000	1800
	Reported	100000	18000
	Overstated -Mistake	90000	16200
April 18	Actual	50000	9000
	To Report	Nil	Nil
May 18	Actual	150000	27000
	To Report	110000	19800

Poser : wrong reporting

If in the month of Mar 18 Export t/o 100000 was shown correctly but tax rate was treated as zero and no tax paid and there is no export t/o in Apr/May 18

GSTR RETURNS

ACOUNTS  
FINALISATION

TAX/COMPANY  
AUDIT

RECONCILIATION  
&  
ADJUSTMENTS

GSTR-9  
GSTR-9C

## Audit Sec. 2(13)

- *“Audit” means*
- *the examination of records, returns and other documents* maintained or furnished by the registered person **under this Act or the rules** made thereunder or **under any other law** for the time being in force
- **to verify the correctness of**
- **turnover declared,**
- **taxes paid,**
- **refund claimed and input tax credit** availed, and
- to assess his **compliance with the provisions of this Act** or the rules made thereunder;
- **It's a certificate & Not Report**

06-10-2018

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## Points to **verify the correctness**

### A) Turnover declared,

- a) Vouching of invoices b) Stock Records, c) Mismatch Reports

### B) Taxes paid,

- a) Classification b) Levy c) Exemption d) Time of supply  
e) Valuation f) Interest & Penalty g) E- ledgers - PMT

### C) Refund claimed and input tax credit availed,

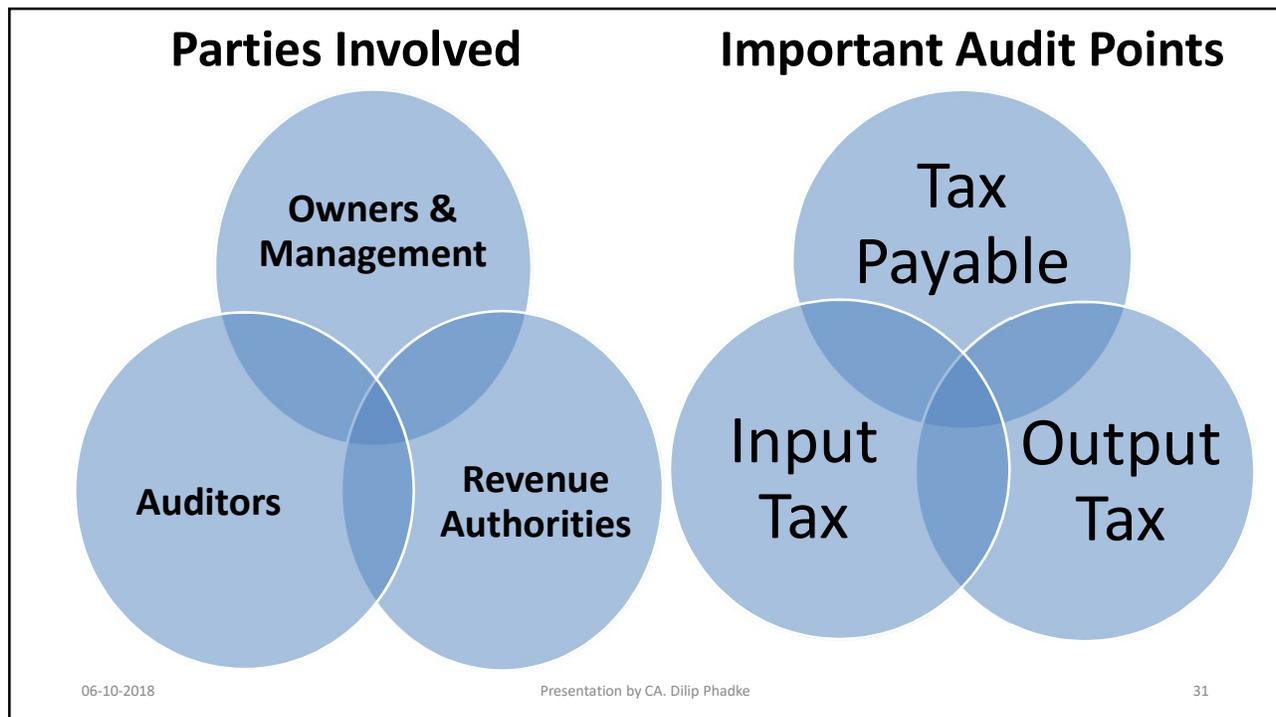
- a) Eligibility b) Ineligibility c) Reduction & Reversal of ITC  
e) Place of supply

And to assess his **compliance with the provisions of this Act** or the rules made thereunder;

06-10-2018

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### Annual Return - Audit sec. 44

- (1) Every RTP, other than an ISD, TDS, TCS, CTP, NRTP shall **furnish an annual return** for every F.Y. electronically in such form (**GSTR 9**) and manner as may be prescribed on or **before 31<sup>ST</sup> December** following the end of such financial year.
- (2) Every registered person who is **required to get his accounts audited** in accordance with the provisions of **sec. 35 (5)** shall furnish, electronically, the **annual return** as per provisions of sec. 44(1) **along with** a copy of the audited annual accounts and a **reconciliation statement**, (9C) 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 Return - Audit Rule 80

- (3) Every registered person whose **aggregate turnover during a financial year exceeds two crore rupees** shall get his accounts audited as specified u/s 35 (5) and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C, electronically through the CP**
- 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, exports of goods or services or both and inter-State supplies of persons having the **same PAN**, to be computed on **all India basis** but excludes C/S/UT/IGST & cess;

06-10-2018

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## Points To Remember

- **A)** Aggregate turnover. (T/o as per P&L + Br. Transfer + Related Party Transactions - Taxes) (Advances ?)
- **B)** Outward Supplies/Inward Supplies
- **C)** Per state/ GST no.
- **D)** Turnover of Financial Year less three months
- **E)** Audit done PAN India Income Tax, CO. Act.
- **F)** GST returns and audit state wise.
- **F)** Test Check or Full checking – Materiality
- **G)** Definition as per old acts & GST

06-10-2018

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## • Annual Return Forms

Dealer subject to Audit

- Form GSTR 9 + GSTR 9C - With
- Audited annual accounts & documents

Composition Dealer E-commerce

- Form GSTR 9 A
- Form GSTR 9 B

Other normal Dealers

- Form GSTR 9

**Penalty:** 1) Late fee Rs. 100/- per day Max .25% of T/O in state / UT – Non filing of A/R. 2) Gen. Rs. 25,000/- for No Audit.

06-10-2018

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## Consider Before Accepting Audit

B) Review Of

a) Trial balance b) Audit reports c) Consolidation of returns  
 d) Correction of mistakes e) Trans-1,2 f) ITC 4 h) I.T. system i) invoice & other documents j) Discount policy k) Revenue cut off, l) Major contracts & agreements m) Products dealt- HSN, Rate applicable

C) Industry specific issues

D) Clients data like history, litigations, assessment, payments

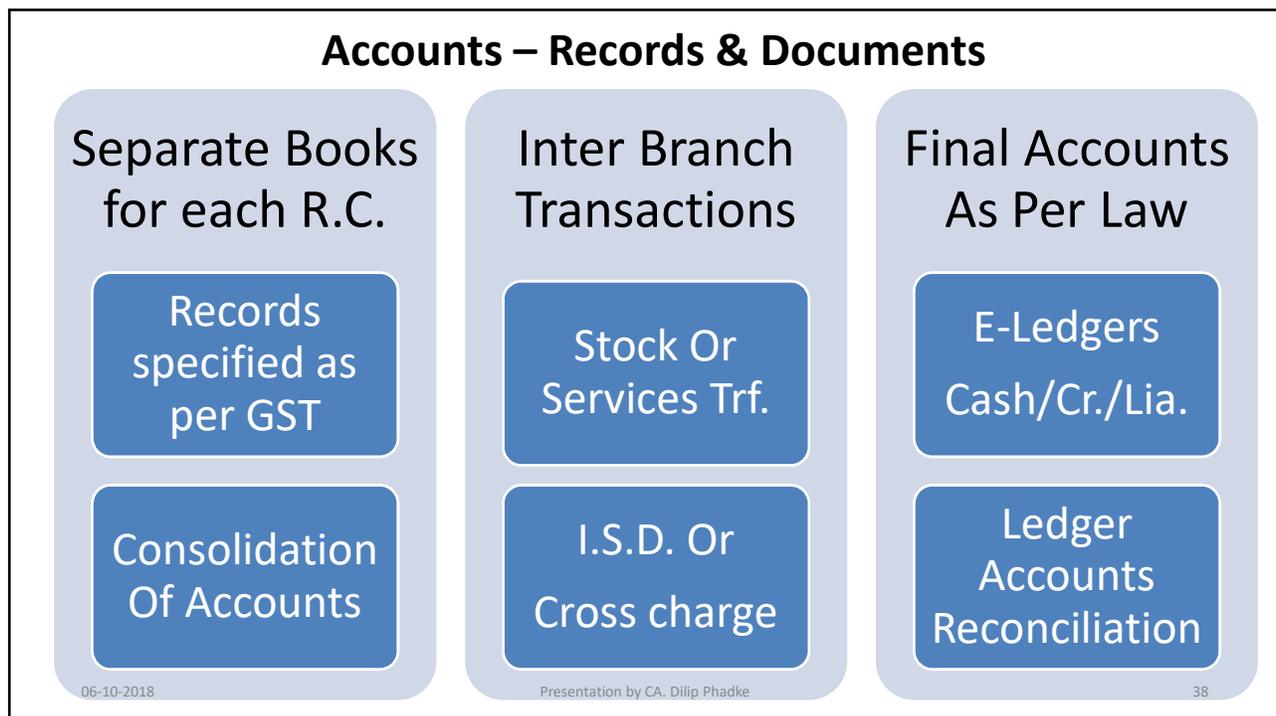
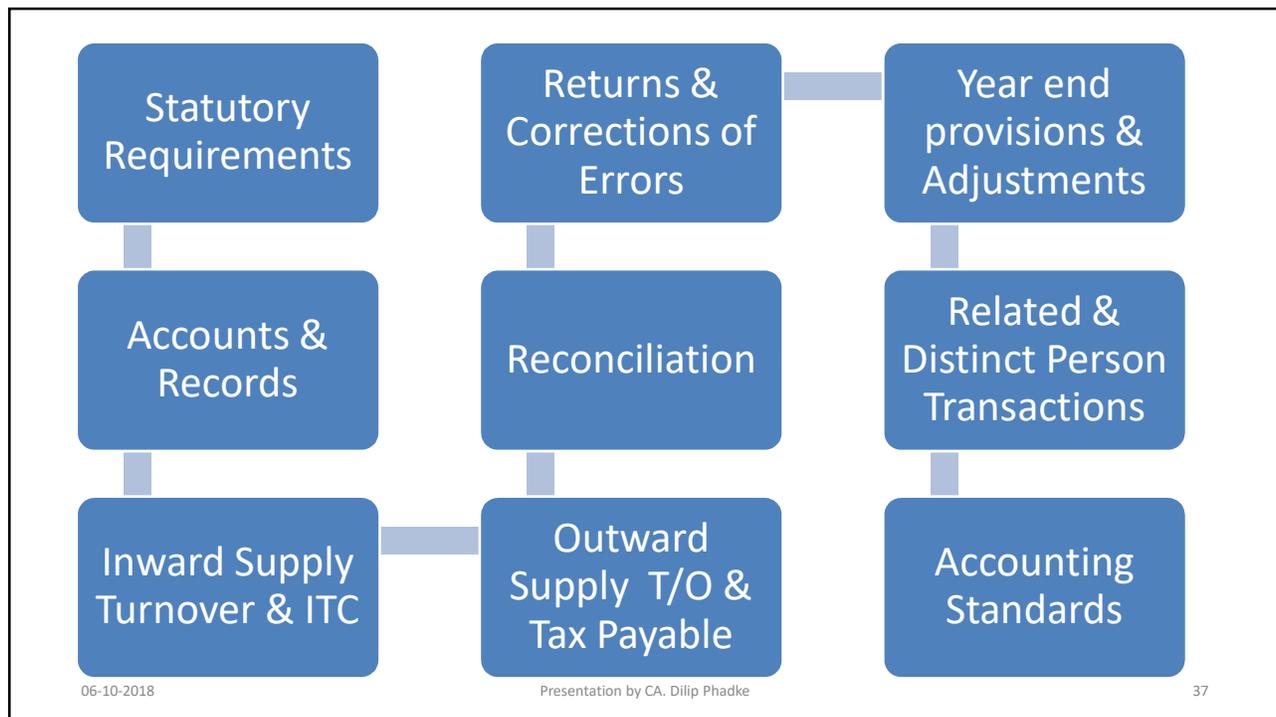
E) Evaluation of Risk involved

A) Appointment & Fees.

06-10-2018

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## Books & Records To be Maintained Sec. 35

- (1) Every RTP **shall keep** and maintain, at his principal place of business, as per RC, a true and correct account of—
- (a) **production** or manufacture of goods;
- (b) **inward and outward supply** of G &/or S; (c) **stock of goods**;
- (d) **input tax credit** availed; (e) **output tax** payable and paid; and
- (f) such other particulars as may be prescribed:
- Where **more than one place** of business, the accounts relating to each place of business shall be kept at such places of business:
- The RTP may keep and maintain such accounts and other particulars in **electronic form in prescribed manner**.

06-10-2018

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## Books & Records To be Maintained Sec. 35

- 2) Every Reg./ URD **owner or operator of warehouse or godown** or any other place used for storage of goods and **every transporter**, shall maintain **records of the consigner, consignee** and other relevant details of the goods in such manner as may be prescribed.
- 3) Maintenance of **additional accounts** or documents may be notified by Comm. for a class of taxable persons.
- 4) Where the Comm. considers that any class of taxable **persons is not in a position to keep and maintain accounts** in accordance with the provisions of this sec., he may, for reasons to be recorded in writing, permit such class of taxable persons **to maintain accounts in such manner as may be prescribed**.

06-10-2018

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## Books & Records To be Maintained Sec. 35

- 5) Every RTP whose **turnover** during a F.Y. exceeds the prescribed limit shall get his accounts **audited** by a chartered accountant or a cost accountant and shall **submit a copy of the audited annual accounts, the reconciliation statement** u/s 44(2) and **such other documents** in such form and manner as may be prescribed.
- **Verification in GSTR-9C:**
  - I hereby solemnly affirm & declare that the information given above is true & correct to the best of my knowledge & belief and nothing has been concealed there from.
  - Contents of Report: Report that the said registered person has maintained the books of (Has not maintained the following) accounts/ records/ documents as required by GST Act, 2017 and the rules /notifications made issued thereunder.

06-10-2018

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## Maintenance Of Records – Rule 56

- 1) Every RTP **shall keep** and maintain a **true and correct account** of the **G/S imported or exported** or of supplies attracting payment of tax on **RCM** along with relevant documents, including invoices, bills of supply, delivery challans, c/n, d/n, receipt vouchers, payment vouchers, & refund vouchers.
- 2) Every RTP, other than a composition dealer, **shall maintain accounts of stock in respect of goods** received and supplied by him, and such account shall contain particulars of the opening balance, receipt, supply, **goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples** and balance of **stock including raw materials, finished goods, scrap and wastage** thereof.

06-10-2018

Presentation by CA. Dilip Phadke

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## Maintenance Of Records – Rule 56

- 3) Every RTP shall keep and maintain a **separate account of advances received, paid and adjustments made** thereto.
- 4) Every RTP other than composition dealer, shall keep and maintain an account, containing the details of **tax payable** (including tax payable in RCM u/s 9(3) & (4)), tax collected and paid, input tax, ITC claimed, together with a register of tax invoice, C/N, D/N, D/C issued or received during any tax period.
- 5) Every RTP shall keep the particulars of **names and complete addresses of**
  - i) **suppliers** from whom he has received the goods or services;
  - ii) **customers** to whom he has supplied the goods or services;
  - iii) **The premises** where the **goods are stored** by him, including goods **stored during transit** along with the particulars of the stock stored therein.

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## Maintenance Of Records – Rule 56

- 7) Every RTP shall keep the **books of account at the principal POB** and at every **additional POB** and such books of account shall **include any electronic form of data** stored on any electronic device.
- 8) Any entry in registers, accounts and documents **shall not be erased, effaced or overwritten**, and all incorrect entries **shall be scored out** under attestation and thereafter correct entry shall be recorded, and where the registers and other documents are maintained electronically, **a log of every entry edited or deleted** shall be kept.

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## Maintenance Of Records – Rule 56

- 09) **Each volume** of books of account maintained shall be **Sr. No.**
- 10) Unless proved otherwise, if any documents, registers, or any books of **account belonging to a RTP are found** at any premises other than those mentioned in the RC, they **shall be presumed to be maintained by the said RTP.**
- 11) **Every agent** (u/s 2(5)) shall maintain following accounts –
- (a) **particulars of authorization** received by him from each principal to receive or supply goods or services on behalf his behalf;
  - (b) **Description, value and quantity of G/S** received or supplied on behalf of every principal;
  - (c) **details of accounts furnished** to every principal; and
  - (d) **tax paid on receipts or on supply of G/S** effected on behalf of every principal.

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## Maintenance Of Records – Rule 56

- 12) Every reg. **manufacturer** shall **maintain monthly** production accounts, showing the **quantitative details** of **R.M. or services** used in the manufacture and **F.G.** including the **waste and by products**
- 13) Every **services provider** shall maintain the accounts of **goods used** in the provision of each service, details of **input services** utilised and the **services supplied.**
- 14) Every **Works Contractor** shall keep separate accounts for each w/c-
- (a) the **names and addresses of the contractee** executing w/c;
  - (b) description, value and quantity as applicable of **G/S received.**
  - (c) description, value and quantity as applicable of **G/S utilized.**
  - (d) the details of **payment recd.** in respect of each w/c; &
  - (e) the **names and addresses of suppliers** from whom he has recd. G/S.

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## Maintenance Of Records – Rule 56

- 15) The records may be maintained in **electronic form** and shall be authenticated by means of a **digital sig.**
- 16) Accounts maintained by the RTP together with all invoices, bills of supply, C/N & D/N, and D/C shall be **preserved as per provisions of sec. 36** and shall be kept at **every POB** in the RC.
- 17) Any **person having custody over the goods (carrier or a C&F agent)** for delivery or dispatch thereof to a recipient on behalf of any RTP shall maintain true and correct records in respect of such goods handled by him and shall produce the details thereof as and when required by the PO.
- 18) Every RTP shall, on demand, **produce the books of accounts** which he is required to maintain under any law in force.

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## Electronic Records – Rule 57

- 1) Proper **electronic back-up** of records shall be maintained and **preserved** in such manner that, in the event of destruction of such records due to accidents or natural causes, the **information can be restored within reasonable period of time.**
- 2) The RTP maintaining electronic records shall **produce**, on demand, the relevant records or documents, duly authenticated by him, in **hard copy or in any electronically readable format.**
- 3) The RTP shall also provide, details of files stored electronically, their passwords and explanation for codes used, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

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### Records by godown owner/ Transporter R - 58

- 4) b) Every owner or operator of a **warehouse or godown** shall maintain books of accounts, with respect to the period for which particular **goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal** of such goods.
- 5) The goods shall be maintained in the godown in such manner that **they can be identified item wise and owner wise** and shall facilitate any physical verification or inspection by the PO on demand.

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### Issues Books & Records To be Maintained Sec. 35

- How to maintain a true and correct account of—
- (a) **production or manufacture** of goods;
- (b) **inward supplies** of G &/or S; **(net or gross amt.)**
- (c) **stock of goods R.M., W.I.P.,F.G. (management certificate);**
- (d) **input tax credit** availed;
- Where **more than one place** of business, is it compulsory to have separate books of accounts, - Final A/c Audit Report?.
- Reference to audited annual financial statements includes reference to books of accounts - Notes to 9C.
- If Tax liability changes in 18/19 for 17/18 because of AAR decision or change of HSN Code - Accounting treatment?

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## Check List Before commencement of Audit:

General profile of registered person-

- 1) GST Registration Certificate
- 2) Address of Principal Place of Business
- 3) Address of Additional Place of Business
- 4) Place of dispatch of material ,whether it is same as per gst certificate? Determination of place of supply?
- 5) Constitution of Business copy of MOA OR Partnership deed or LLP Agreement or society bye laws etc,

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- (a) PAN of (i) company and (ii) key person/director/partners
- (b) mobile number of key person
- (c) email address of key person
- (d) din of directors (in case of company)
- (e) residential address of key person
- (f) expiry date of digital signature of key person
- (g) password of digital key –correctness
- (h) detail of change in key person at the date of submission.
- (i) Engagement letter cum Authority letter of submission of Gst Audit report with Resolution of company/society

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Import Export Code Number

Corporate Identify Number or Firm/LLP Registration Number

Branches detail, with Gst Number

(a) Turnover of Branches

(b) opening of new branch

(c) closer of branch

(d) Fixed assets purchased/disposed/transfer during the year

(f) reconciliation of branch transfer-sale/purchase

Running Bank account detail –cancelled cheque

Internet Banking,

Brief nature of business,

Description of Major Goods and/or services provided-UP TO 10

Any addition/discontinue of products.

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- 1) HSN code of products as well as Accounting code of all services, as per turnover 2 digit or 4 digit
- 2) Classification of Rate of Tax as per CGST,SGST OR IGST) of products or services wherein registered person deals
- 3) Transaction Value , Inclusion and exclusion
- 4) Exempted sales-compliance of the condition therein
- 5) **LUT-Validity of LUT** –copy of same shall be obtained
- 6) Auditor login and password for accounting software
- 7)Last Back up date and mode of back up
- 8) **Method of Valuation** of opening and closing stocks
- 9) Change in method of valuation of stock
- 10) Statutory Audit/Tax Audit/Audit under law-Copy of Report-Verification of Auditor remark in respect of stock valuation etc.

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## Working Papers Before commencement of Audit

- 1) Input, Input services, Capital goods – HSN Code, Tax rate applicable
- 2) Output – Composition i.e. export, local, exempt, non gst. etc. with HSN codes & tax rate applicable.
- 3) Applicable notifications/ circulars/ orders/ press release their dates and effective dates.
- 4) Pronounced AAR & its effect on organization
- 5) Related party transactions and its valuation
- 6) I.T.C. – available, blocked, Reversal (exempt & 6 mts), Re- availment.
- 7) Advance received- tax, & its adjustment
- 8) Advance given – Tax & its adjustment.

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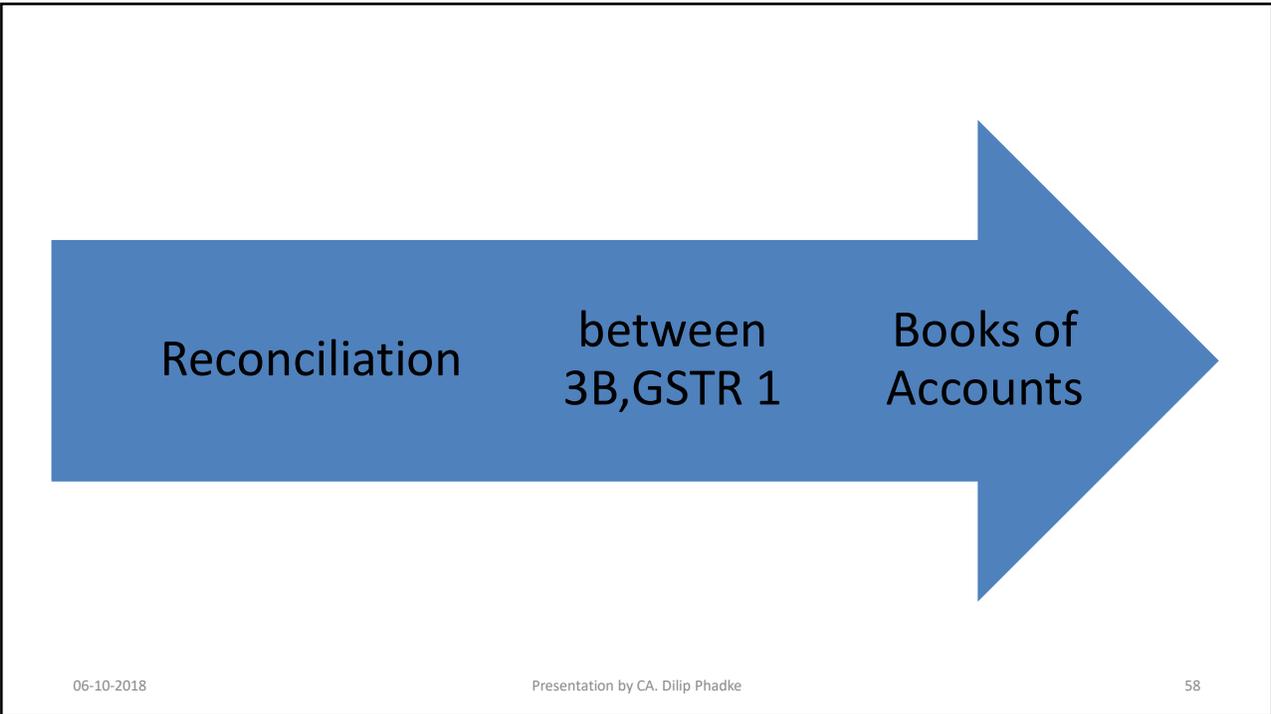
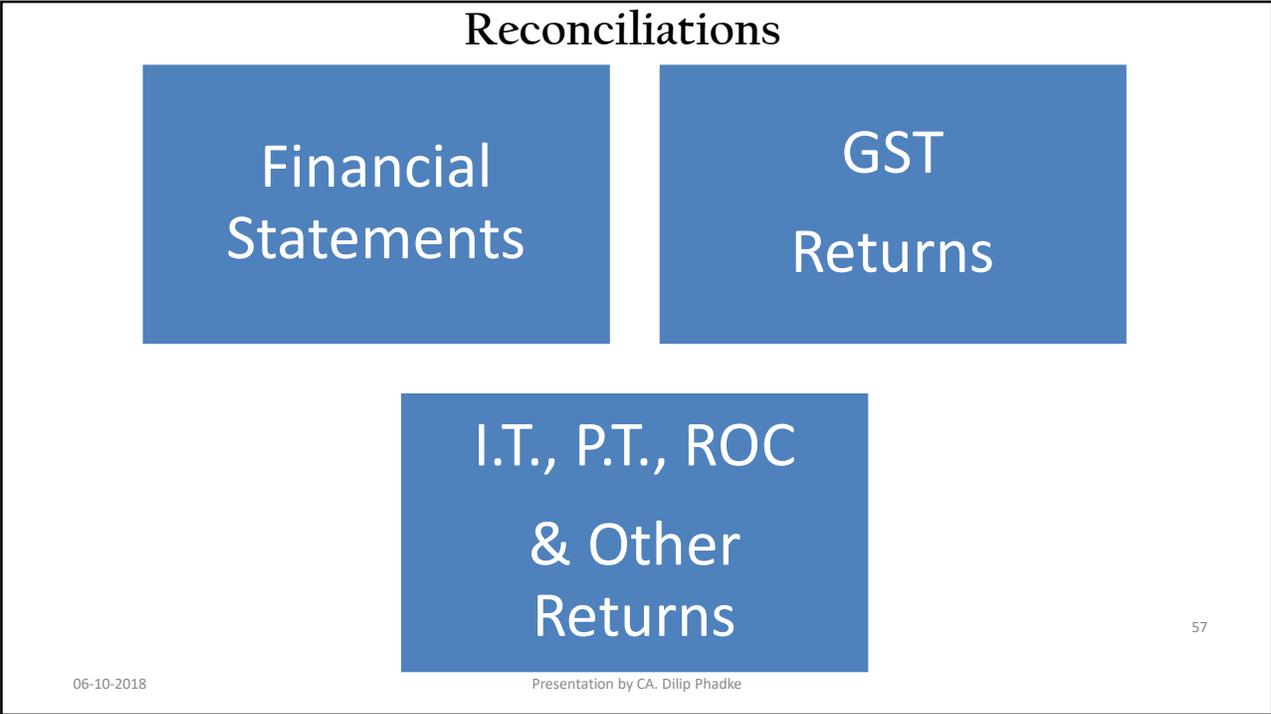
## Working Papers Before commencement of Audit

- 09) Anti profiteering
- 10) Creditors ageing statement
- 11) Mechanism to distribute and claim ITC in case of ISD
- 12) Any supply becoming exempt, going out of composition etc.
- 13) Application for refund – RFD 3, RFD 4 issued by dept. and its effect on financial position.
- 14) Expenses liable to RCM u/s 9(3) and up to 13/10/17 u/s 9(4)
- 15) Sch.- I transactions having no financial implications like barter.
- 16) Job work movement & statements filed
- 17) F.A.Q., Circulars, Press release, tweets
- 18) Binding old judgments.

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Matching	• Between
Turnover	• 3B/ Books • GSTR1
ITC	• 3B/Books • 2A

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
B2B	Total	4A ...				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
B2C	Large	5A ...				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
	Others (Net)	7				
Adv Recd	Total	11A				
	Amendments	11A				
Adv Adjusted	Total	11B				
	Amendments	11B				
<b>SUB-TOTAL</b>			0	0		

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
Export	<b>With Tax - Total</b>	6A				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
	<b>Without Tax - Total</b>	6A				
	Amendments	9A				
	DN/CN	9B				
	DN/CN-Amendments	9C				
<b>SUB-TOTAL</b>			0	0		

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Summary of GSTR-1 and GSTR-3B and its comparison						
Particulars		Table	GSTR- 1		GSTR-3B	
			Net	Tax	Net	Tax
Nil Rated	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
Exempt	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
<b>SUB-TOTAL</b>			0	0		
Non-GST	To Registered - Intra-state	8A ...				
	Inter-state	8A ...				
	To Un-Registered -Intra-state	8A ...				
	Inter-state	8A ...				
<b>SUB-TOTAL</b>			0	0		

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### Time of supply RCM goods/ services - sec 12(3)/ 13(3)

In case of supplies of G/S in respect of which tax is paid or liable to be paid on RCM, the time of supply shall be the earliest of the following

- (a) the date of the receipt of goods (Not for services); or
  - (b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier in respect of G/S; or
  - (c) the date immediately following 30/60 days from the date of issue of invoice for G/S or any other document, by whatever name called, in lieu thereof by the supplier:
- Provided that where it is not possible to determine the time of supply as above the time of supply shall be the date of entry in the books of account of the recipient of supply.

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#### Example urd. purchase of goods

(Event)	Mar.18 - G	Feb.18 - S	Remarks
Date Of purchase inv.	12/3/2018	19/2/2018	Goods Recd. 2/4 /service purchase.
Date Of payment	12/4/2018	28/4/2018	
Date of liability	10/4/2018	21/4/2018	Consolidated inv./ 30/60 days
Date of RCM payment	17/4/2018	12/5/2018	
Date Of Filing of return	19/4/2018	18/5/2018	
Return in which RCM ADJ.	Apr.18 filed in May 18	May.18 filed in June 18	

Whether liability for RCM to be booked in Mar 2018



**ANY QUESTIONS**

**ASK**

**CA DILIP PHADKE**

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