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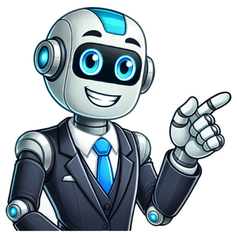

Q 1. Are the accounts maintained by the registered taxable person required to be audited by a Chartered Accountant/Cost Accountant under GST?Ans. It has been stated in the law that every registered person whose aggregate turnover during a financial year exceeds the prescribed limit of Rs. 2 Crore, shall get his accounts audited by a chartered accountant or a cost accountant. In all other cases, no audit is required to be conducted by the Chartered or Cost accountant.Q2. What is the turnover that should be reckoned to determine the applicability of audit under GST?Ans. Section 35(5) commences with the expression every registered person whose turnover during a financial year exceeds the prescribed limit whereas the relevant Rule 80(3) uses the expression every registered person whose aggregate turnover during a financial year exceeds two crore rupees. It must be noted that the word turnover has not been defined whereas the expressions aggregate turnover has been defined. One may note that the expression turnover in State or turnover in Union territory is defined. In this backdrop the following understanding is relevant:a) Aggregate turnover is PAN based while turnover in a State / UT is similarly worded except to the extent that turnover in a State / UT is limited to a State;b) It is therefore, reasonable to interpret that the word turnover used in section 35(5) ought to be understood as aggregate turnover (PAN level).c) For the financial year 2017-18, the GST period comprises of 9 months whereas the relevant section 35(5) uses the expression financial year; Therefore, in the absence of clarification from Government and to avoid any cases of default, it is reasonable to reckon the turnover limits prescribed for audit i.e., Rs. 2 crores for the whole of the financial year which would also include the first quarter of the financial year 2017-18.Please also note that where the expression aggregate turnover (PAN level) is considered, please consider the taxable value under section 15 and not the amount as accounted in the books of accounts. For eg. do not ignore taxable value of stock transfers while examining this threshold limit.Q 3. Should the supply of alcohol for human consumption be included in determining the threshold limit of Rs. 2 crores by a person registered under GST?Ans. The definition of aggregate turnover includes exempt turnover. Exempt turnover is defined under CGST Act to mean supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services tax Act and includes nontaxable supply.Non-taxable supply is defined under section 2(78) of CGST Act to mean a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services tax Act.Section 9(1) of CGST/ SGST Act and Section 7(1) and 5(1) of UTGST and IGST Act respectively exclude alcoholic liquor for human consumption from the levy/charge of GST. On a combined reading of the charging sections with the definitions of non-taxable supply and exempt supply, it becomes clear thatalcoholic liquor for human consumption forms part of exempt turnover. Since aggregate turnover includes exempt turnover, value of alcoholic liquor for human consumption is to be included while computing threshold limit of Rs. 2 croresQ4. Will the term aggregate turnover, includes stock transfers/ cross charges effected between branches located in two different states?Ans. Section 2(6) of CGST/ SGST Act defines aggregate turnover to include inter-state supplies of person having same PAN. Thus, stock transfers/ cross charges of services provided from a branch located in one state to a branch located in another state will be included in the aggregate turnover of the branch supplying the goods/ services.Q5. Will the term aggregate turnover, includes stock transfers effected within the State having same GSTIN for determining the threshold limits?Ans. The term aggregate turnover shall not include stock transfers effected within the same State having single GSTIN for the purpose of determining the threshold limit. However, where more than one GSTINs has been taken for branches located in the same state, then such branch transfers shall be included for computing threshold limit of Rs.2 crore to identify applicability of this audit requirement.Q6. Will a Registered Person who is exclusively having exempted supplies of goods or services exceeding Rs. 2 crores be required to file Form GSTR 9C?Ans. The definition of aggregate turnover includes even exempted supplies. Therefore, even if a person is registered under GST and only provides exempted supplies, he will have to file Form GSTR 9C.Q7. Is Form GSTR 9C required to be filed for each registration obtained by a person in respect of each of the states? Ans. Section 35(5) of SGST Act, also requires conduct of audit in addition to Section 35(5) of CGST Act. Thus, audit is required state wise for compliance of Section 35(5) of SGST Act. Therefore, a person having registration in Karnataka and Tamil Nadu is required to be audited under KGST Act, 17 and TNGST Act, 17. GSTR 9Cis required to be filed as per Rule 80(3) of KGST Rules, 2017 and TNGST Rules. Thus, a person having registration in more than one state is required to file GSTR 9C registration wise, in each and every state.Q 8. Is a Chartered Accountant required to be registered as a GST practitioner for the purpose of certifying Form GSTR 9C?Ans. Section 48 of the CGST/ SGST Act read with Rule 83(8) of the CGST/ SGST Rules authorizes a GST practitioner to undertake the following activities:a) furnish the details of outward and inward supplies;b) furnish monthly, quarterly, annual or final return;c) make deposit for credit into the electronic cash ledger;d) file a claim for refund; ande) file an application for amendment or cancellation of registration:The GST Act/ Rules do not vest a GST practitioner with the power to audit under section 35(5). The power to audit is granted only to a Chartered Accountant or Cost Accountant. Therefore, a Chartered Accountant is not required to be registered as a GST practitioner for the purpose of certifying Form GSTR 9C.Q 9. What are the documents to be enclosed along with GSTR 9C?Ans. As per section 35(5), a copy of audited accounts and such other documents in such form and manner as may be prescribed ought to be submitted along with reconciliation statement (i.e. GSTR 9C). Prescription ought to be provided in the Rules as the Act employs the term as may be prescribed. No documents other than audited annual accounts have been prescribed in Rule 80(3).Part B of GSTR 9C requires the GST Auditor to enclose a copy of audit report of the entity, where the audit of the entity has been carried out by another person under a statute other than GST Act. In the said case, documents declared by the said statute which forms a part of the audited financial statements must also be annexed to the audit report.Q 10. Should Form GSTR 9 and Form GSTR 9C be filed separately?Ans. Section 44(2) of the CGST/ SGST Act 2017 provides a Registered Person to file annual return in Form GSTR 9 along with a copy of the reconciliation statement in Form GSTR 9C. Thus, Form GSTR 9C has to be filed along with Form GSTR 9 in cases where aggregate turnover exceeds Rs. 2 crores.Q 11. What is the time limit to file Form GSTR 9C?Ans. Section 44(2) requires reconciliation statement in Form GSTR 9C along with annual return in Form GSTR 9. As per section 44(1), the due date to file annual return is on or before the thirty-first day of December following the end of such financial year for which annual return is being prepared. Thus, it can be inferred that due date for filing reconciliation statement in Form GSTR 9C is also on or before thirty-first day of December following the end of such financial year for which reconciliation statement is being prepared.Q12. What are the consequences of the failure in submitting the annual return and not getting the accounts audited?Ans. The following are the consequences of the failure in submitting the annual return and not getting the accounts audited:a) Section 44(2) of the CGST Act and State /Union Territory GST Act provides that every Registered Person shall file electronically an annual return in Form GSTR 9 along with a reconciliation statement in Form GSTR 9-C, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement.b) Section 47(2) of the CGST Act provides for levy of a late fee of Rs. 100/- per day (each under CGST Act and under SGST Act) for delay in furnishing annual return in GSTR 9, subject to a maximum amount of quarter percent (0.25%) of the turnover in the State or Union Territory. Similar provisions for levy of late fee exist under the State / Union Territory GST Act.c) On a combined reading of Section 47(2) and Section 44 (2) of the CGST Act and State / Union Territory GST Act a late fee of Rs.200/- per day (Rs. 100 under CGST law + Rs. 100/- under State / Union Territory GST law) can be levied which would be capped to a maximum amount of half percent (0.25% under the CGST Law + 0.25% under the SGST / UTGST Law) of turnover in the State or Union Territory.d) In a situation where a registered person gets GSTR 9C duly certified but fails to furnish both GSTR 9 and GSTR 9C on the common portal, the provisions of late fee cited in clause a to c supra would equally apply.e) In a situation where a registered person files only GSTR 9, but fails to file GSTR 9C, the filing of GSTR 9 is not considered to have been defaulted, whereby the late fee cited in clause a to c supra would not apply. However, there may be consequences of default in complying with the provisions of Section 44(2).Q13. Can the late fee be waived off in genuine cases?Ans. The Government may, by notification, waive in part or full, any late fee referred to in section 47 for such class of taxpayers and under such mitigating circumstances as may be specified therein on the recommendations of the Council. However, no notification has been issued by the Central Government/ State Government as on date.Q14. Is there any provision of filing the Revised Form GSTR 9C?Ans. There is no provision enabling a dealer to file revised Form GSTR 9C. As such, some experts opine that, the Certificate once issued / filed cannot be revised as no such revision is permitted to audited reports by a Chartered Accountant. However, there is another view that since there are no specific bar/ restrictions under the GST law to file a revised audit report/ certificate, a revised audit report / certificate can be issued / filed. Care must be exercised to ensure that the relevant Form GSTR 9C is not taken lightly and filed with inaccurate particulars. Caution is advised in taking such a position unless Government issues any clarification in this regard. While one can appreciate that mistakes apparent which can creep in and therefore warrant a revision, it must be ensured that there is no mala fide intentionat the time of filing this reconciliation statement. If felt necessary, the reasons for the need for revision and impact can be communicated on record which can be used as an evidence of bona fide and professional action.Q15. Will audit under Section 35(5) be applicable to Non-Filers or unregistered Persons liable to take registration?Ans. The audit under Section 35(5) of the CGST Act to be conducted by CA or CWA is applicable only to a Registered Person. A non-filer is still a Registered Person under Section 25 of the CGST Act. Hence, he may be required to get the audit conducted under Section 35(5) of the said Act. Practically such a person would not have filed his returns at all and therefore Form 9 & 9C would not be possible. Therefore, there may be no audit for him.However, unregistered Person who is liable to take registration under Section 25 of the CGST Act is a taxable person. But the said unregistered Person is not a Registered Person as defined under Section 2(94) of the CGST Act 2017. Hence in terms of Section 35(5) of the Act it is not required to get the audit done.Q 16. What are the records to be reconciled in Form GSTR-9C? The records to be reconciled in GSTR-9C are:i. Books of accounts of registered person if the registered person has multiple registrations, information needs to be derived from the Audited financials of the entity.ii. Annual Return of Registered Person in Form GSTR 9.Q 17. What are the contents of Form GSTR 9C?Ans. Form GSTR 9C consists of 2 parts. Part-A is Reconciliation statement and Part B is Certificate to be issued by GST Auditor.Q 18. What is the turnover intended to be declared in SI. No. 5A of Form GSTR-9C?Ans. SI. No. 5A is intended to report the turnover as per the audited Annual Financial Statement for a GSTIN. There may be cases where multiple GSTINs (State-wise) registrations exist for the same PAN. This is common for persons / entities with presence over multiple States or in respect of multiple registration in a single State/UT. The Government vide it is instructions has indicated that such persons / entities would have to internally derive their GSTIN wise turnover and provide the same to the Auditor to verify and declare in this SI. No.Turnover to be declared under this SI. No. must purely flow from the audited financial statements even if such turnover consists of adjustments/ revenue recognition on account of a requirement of an Accounting Standard (E.g.: AS 7 in case of Construction Contracts). It cannot and must not include Deemed supplies under Schedule I as SI. No. 5D separately covers such adjustmentsQ19. What detailed are to be provided in SI. No.5B (Unbilled revenue at the beginning of Financial Year)?Ans. Clause 5B requires addition of unbilled revenue at the beginning of Financial Year. Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting in the earlier financial year for which the invoice is issued under GST law is required to be declared here. In other words, when GST is payable during the financial year on such revenue (which was recognized as income in the earlier year), the value of such revenue is to be declared here.Q 20. What are the adjustments to be included / excluded from SI. No.5C of Form GSTR-9C?Ans. Advances received can be for various purposes. Therefore, the Advances on which GST is liable should only be considered for the adjustment. The illustrations of advances to be included / excluded are as follows:Include for Adjustment1.Advance received in respect of services for which the supply has not been made as on 31St March 2018Revenue not recognized in books, but offered to tax for GST2.Advance received for Goods before 15th Nov 2017 and the supply of goods not complete as on 31st March 2018Revenue not recognized in books, but offered to tax for GSTDo NOT include for AdjustmentSl. No.ParticularsReason1.Advance received for EXEMTED services as on 31St March 2018GST is not applicable2.Advance received for Goods after 15th Nov 2017GST is not applicable3.Financial Advances received which are not adjustable against any servicesNOT a GST TransactionQ 21. Provide illustration of transactions to be reported in SI. No.5D of Form GSTR-9C (Deemed Supply under Schedule I)?Ans. The illustrations of transactions to be reported in SI. No.5D of Form GSTR-9C are as followsTransfer of machinery from Agra Branch to Bengaluru Branch without consideration for indefinite usage in production activity is a supply although there is no consideration involved.An Architect located in New Jersey, USA may provide architect services to say, his brother who is a Builder in India and is a taxable person.Foreign branch supplying manpower to Head Office located at Hyderabad.Cloud servers and data storage facilities are commonly shared by the group of Each region is allocated its share of cost. In such instances, it is possible that due to difference in financial year closure in various other branches, the relevant cost of the Indian entity may not be recorded. The Auditor needs to ensure that by year end, these costs are also reckoned GST is paid and the relevant input tax credit is claimed.Q 22 What is the methodology to extract turnover from April 2017 to June 2017?Ans. Adjustments are to be made based on the point of taxation under excise law, State level VAT law and service tax law to arrive at taxable values as per the erstwhile laws. The said value must be entered under this head.It may be noted that tax is liable to be paid on removal in case of excise/ on sale under VAT law/ on provision of service or issue of invoice as the case may be under service tax law provisions and not on accrual basis or cash basis (which is the basis of accounting and hence basis of annual turnover as per financial statements). Thus, the criteria for reducing turnover for the period April 2017 to June 2017 from the total turnover would be based on taxability under the erstwhile laws as per point of taxation under the said laws but not when the revenue was recognised as per relevant accounting standards.Amounts forming part of turnover relating to works contracts, where consideration was received during the period April 2017 to June 2017, but either supplies were effected or services were rendered after June 2017, needs to be deducted under this SI. No. This is because the said consideration was liable to tax on receipt basis as per service tax law. However, the same value needs to be added back in SI. No. 5(0), since the aforesaid supplies would be liable to tax under GST law also as per Section 142(11)(c). At this juncture, it is important to note that the relevant service tax and value added tax paid on such advances for which supplies are effected during the GST regime would be available as CGST / SGST credit as per section 142(11)(c) of the CGST Act.Q 23 What is the effect of Credit notes issued in relation to exempt supplies, zero-rated supplies and non-GST outward supplies?Ans. Supply of exempt, zero-rated and non-GST outward supply of goods and / or services are not liable to GST. In such a scenario, the credit notes issued forclaiming reduction in the taxable value shall be recorded in the audited annual financial statements. Such credit notes should be declared against Pt. II SI. No. 5J of Form GSTR 9C.Q 24 What are the implications upon issuance of financial credit notes?Ans. Financial credit notes would not adjust the amount of GST involved in the original tax invoice issued at the time of supply of goods and / or services. Accordingly, the transaction value of supply of goods and / or services shall stand reduced although tax paid thereon remains the same. This may result in higher amount of GST being paid considering the adjusted value of original supply. Since, the value of financial credit notes is to be reduced from the financial statements and not the GST Annual returns, it is required to be adjusted in 5J of Form GSTR 9C.Q 25 Provide an illustration of reconciliation of turnover arising in GSTR-9C due to the valuation provisions.Ans. A suitable illustration can be taken in the case of construction contracts wherein the contractor is given a contract by a developer for construction of building and he is responsible for the procurement of all the materials required for such construction. However, the developer issues cement free of cost to such contractor in the given case.Treatment in Books Contractor No EntryDeveloper Procurement of Cement will be treated as an inward supply of cement and the issuance of the Cement to Contractor will form part of the cost of goods supplied.Treatment for GSTContractor Add the value of cement so received for the computation of GSTDeveloper Consider the supply of cement as an outward supply. The contractors invoice (including cement) is an inward supply for construction.Q 26 Should the taxable person disclose details of Notice pay recovery from employees in GSTR-9C? If yes, where should it be reported?Ans. If the taxable person has considered the notice pay recovered from employees as a taxable supply but has not disclosed the same as an income in the Profit and Loss account, it would be reported under SI.No.50 of GSTR-9C for the purpose of reconciliation. Data for such recoveries can be ascertained from credits in the Salary / Wages ledger maintained in the books of accounts.Q 27 Is there any transaction which appears under the expense head, but has an impact on the outward taxable supplies for the purpose of GST?Ans. Yes, one of the cases can be incentives / Rebate received from supplier which is considered as a supply under GST. Incentives / rebate received from the supplier can amount to a taxable supply under the GST. Where the taxable person has reduced the incentive / rebate received from the cost of purchase in the books of accounts, the said amount will be added under SI. No. 50 so as to reconcile with value declared in Form GSTR 9.Q 28. Is there any reconciliation required in GSTR-9C in case of sale of capital goods?Ans. In respect of sale of capital goods, only the profit / loss arising on the sale of such capital goods is disclosed in the Profit and Loss account. However, the GST on supply of capital goods is leviable on the transaction value or input tax credit is reversed as per the formula prescribed in Section 18(6) of the CGST Act. In order to reconcile the difference, the profit / loss arising on sale of such capital goods has to be adjusted along with the transaction value on which GST has been paid under SI.No.50 to reconcile with the amount disclosed in Form GSTR 9. Data for such transactions can be ascertained from the deletions disclosed in the Fixed Asset schedule.Q 29. What is the effect of return of pre-GST inward supplies by a taxable person?Ans. As per the transition provisions [Section 142(1)], taxable person is required to consider return of pre-GST inward supplies as an outward supply and raise a tax invoice for the same. However, for the purpose of accounts, the same would be considered as a purchase return and reduced from the total purchase value instead of being disclosed as a revenue in the books of accounts. In such a situation, the aggregate value of the returns which has been considered as an outward supply under GST has to be adjusted in SI. No. 50 for the purpose of reconciliation.Q 30. What is the effect of Inputs and Capital Goods which is sent to a job worker but is not returned within the prescribed period?Ans. As per Section 143(3) and 143(4) of the CGST Act, where inputs or capital goods are sent to job worker and such goods are not received within the prescribed period of one year or three years respectively, it will be deemed as a supply on the date when such goods were sent to the job worker. However, such supply may not be treated as an income in the audited annual Financial Statements. In such a situation, the value on which GST is liable to be paid on the goods sent to the job worker is liable to be added under SI No 50. Data for such transactions can be ascertained from the inventory records and Form ITC-04.Q 31. What is the effect of non-receipt of consideration in convertible foreign exchange within the prescribed time-limit for export of services and its effect on GSTR-9C?Ans. In terms of Rule 96A, it is specified that a taxable person would be liable to payapplicable tax along with interest within fifteen days from the following date: In case of services after the expiry of one year or such further period as may be allowed by the Commissioner from the date of issue of export invoice, if the payment is not received by the exporter in convertible foreign exchange.If the tax is remitted in terms of Rule 96A of CGST / SGST Rules, the relevant zero-rated supplies should not be declared against SI.No.7C since the tax on such supplies have been remitted. Being an inter-State supply that has failed the condition of repatriation of forex (only in case of services), output tax will become payable on transactions earlier considered as export of services.Q 32. Provide a few illustrations of unreconciled differences to be reported in SI No.8 of Form GSTR-9C.Ans. Following illustrations can be considered for having the reconciliation differences to be reported in SI No.8 of Form GSTR-9C:a) Zero-rated supply made by the Registered person during the previous year. However, conditions relevant for the supply has not been complied by the Registered person, can be construed to be a regular supply.b) Transaction reported in a Delivery challan during the financial year for supply on sale or approval basis beyond a period of six months shall be deemed to be a supply under GST. However, that may not be a sale for revenue recognition in the books of accounts for such transaction. Assuming GST returns carry the supply details and no revenue recognition has been done in the books of accounts, this shall call for the reconciliation.c) Exemption conditions not fulfilled by the Registered person while exercising the option to supply either a Nil rated of Exemption, shall be reported as Regular Supply.Q 33. How to validate the details of Gross turnover as per books of accounts?Ans. Ideally the ledger accounts for outward tax liability in the books of accounts should be maintained GST rate wise. It minimizes the chances of errors in classification due to over-sight in the books of accounts and ensures that the data generated from books of accounts is correct and consistent. The rate of tax should also be mapped with HSN to ensure that errors of HSN classification is also minimized.Generally, in various accounting softwares and ERPs, facility to generate report of GST rate wise outward tax liability along with taxable value or transaction value is available. The same can be relied upon as document. The total of said report should be matched with the total turnover declared in the books of accounts. Further, the amount of tax should also be matched with total credits in the GST Liability register in the books of accounts.In cases where no report of rate wise GST liability along with taxable value can be generated or where the liability ledger is not maintained rate wise, the GST Auditor should use substantive audit tools to check if the details of various invoices issued by the Registered Persons have been consistently and accurately booked in the books of accounts. After applying substantive test, the Auditor may become satisfied that proper recording of transactions has taken place and reports duly prepared by the Registered Person for rate wise amount of tax Liability and taxable amount is made available to him. In such a case, the Auditor can rely on the same with a separate disclosure that rate wise tax liability has not been maintained in the books of accounts.In cases where no rate wise tax liability and taxable value is maintained in the books of accounts and registered Person is engaged in making outward supplies of goods or services or both of different rates, then the Auditor may consider making a disclosure. Due to the lack of availability of rate wise tax liability from the books of accounts, the Auditor should state that he is not in a position to punch the details in the given table.Q 34. How to validate details of Deemed Supplies and adjust the valuation amount?Ans. In case of deemed supplies under Schedule-I, there can be a situation that tax amount in relation to the said deemed supplies is becoming part of the tax Liability Register but may not be a part of overall turnover of the Registered Person in the books of accounts. In such cases, the rate wise taxable value of the said transactions should be calculated either on the basis of Invoice issued under Section 31 of the CGST Act 2017 and respective SGST Acts 2017 or can becalculated by reverse method. (i.e. calculating the value of taxable supply from the rate of tax). Same shall be applicable in case where the adjustments of Section 15 or valuation Rules is made for tax purpose.Q 35. Registered Person has classified EPC Contract of Solar Power Plants as Supply of Goods classifiable under Chapter 85 and has reflected it under 5% GST rate. However, throughout country in various advance rulings, the EPC of Solar Power Plant has been treated as a Supply of Works Contract Service leviable to GST at the rate of 18%. Auditor is also of the view that it is a works contract service. What should an Auditor do?Ans. In case Registered Person agrees with the contention of Auditor: The EPC of Solar Power Plant should be shown as Works Contract Service under 18% rate. It shall lead to non-reconciliation and disclosure within the Auditor recommendation which will lead to payment of additional tax.In case Registered Person does not agree with the contention of Auditor: The rate classification should be 5% under table 9 as understood by management and Auditor should consider a suitable disclosure by way of a qualification in the main certificate under the opinion paragraph that according to him the rate of GST should be 18% and classification should be works contract service with reasoning thereof.Q 36. Due to the nature of business of a Registered Person, types of supply, complexities of transactions and size of operations, the Auditor is unable to identify or comment upon each and every classification of outward and inward supplies. How should Auditor approach to punch data in Table 9?Ans. The Auditor in such a case, may put in his comments in the main Certificate under opinion paragraph (4 or 5, as the case maybe). He can state that the classification aspect has been considered as noticed during audit and is subject to the information and declaration or management representation as provided by the Registered Person. It should be clearly specified that all aspects of classification have not been considered.Q 37. Provide some illustrations where non-reconciliation is reported in Table 6 in Form GSTR 9C but shall not require any additional tax payment.Ans. Few illustrations where non-reconciliation is reported in Table 6 in Form GSTR 9C but shall not require any additional tax payment are as under:Where the difference is on account of exempt/non taxable/no supply turnoverWhere the entry passed in the books of accounts is incorrect and the GST returns have been filed correctlyWhere the amount of tax paid as per the GST returns is higher than the taxes paid as per the books of accountsIn the given cases, no reporting is required to be done in Table 11.Q 38. What is the source of information for filling SI No. 12B of Form GSTR-9C (ITC booked in earlier Financial Years claimed in current Financial Year)?Ans. The details for filling SI No. 12B of Form GSTR-9C shall be drawn from the claims of TRAN I which were booked in earlier periods. This will contain closing balance of Cenvat Credit and VAT credit which is carried forward as per Section 140(1) of the CGST and SGST Acts. Other TRAN-1 credits which are not booked during the earlier period should not be reflected in SI No. 12B of Form GSTR 9C.From FY 2018-19 and onwards, this column would be the same amount as reported in column 12C of Form 9C of previous financial year.Q 39. Is there a separate reporting to be made in GSTR 9C of ITC accounted in books in the current financial year (i.e. July 2017-18) and not claimed in return in Form GSTR 3B in 2017-18 but claimed in the next financial year 2018-19 (April 2018 to September 2018)?Ans. Separate disclosure should be made in Part IV SI. No. 12 C of Form GSTR 9C in respect of all such supplies. This credit can also relate to goods which are intransit as at the close of financial year and which are received in the next year. Thereby, it is to be availed as a bona fide credit in the next financial year.Q 40. What can be the reasons for difference in ITC in Form GSTR 9C being reported in Part IV Sl. No. 12 D ITC availed as per audited financial statements or books of accountsand ITC reported in Part IV Sl. No. 12 E ITC claimed in Annual Return (GSTR 9)?Ans. The reasons for difference in ITC in Form GSTR 9C being reported in Part IV SI. No. 12 D & 12E could be as follows:a) Duplicate ITC incorrectly availed in returnsb) Differences in the ITC treatment of certain inward supplies as per books of accounts and GSTR-3B (for e.g. claimed as credit in books and taken as an ineligible credit in GSTR-3B)c) ITC claimed in GSTR-3B but recorded as expenses in the books of accounts.Q 41. Where should the ineligible ITC identified by an auditor which are claimed as eligible by the dealer in GSTR 3B and in Form GSTR 9 be reported in Form GSTR 9C?Ans. Total amount of ITC availed by the dealer will have to be reported in column 3 Part IV of SI.14 of Form GSTR 9C and eligible ITC as determined by the auditor will have to be reported in column 4 Part IV of SI.14 of Form GSTR 9C. Thus, the difference between column 3 Part IV of SI.14 9C and column 4 Part IV of SI.14 of Form GSTR 9C will be ineligible ITC identified by the auditor. Suitable disclosures should be made in the certificate by the auditor.Q 42. Where the liability on account of disallowance of ITC by auditor arises, should the same be remitted?Ans. Part V of GSTR 9C provides for auditors recommendation on additional liability wherein liability arising on account of non-reconciliation of ITC has to be remitted in cash. Whether cash will include payment through ITC as well is yet to beclarified by the Government or can only be known once the form becomes live on the GST portal.Q 43. Is the determination of additional liability determined by the Auditor binding on the Registered person?Ans. At the outset, it can be inferred from the heading to Part V of GSTR 9C that the Auditor only has a recommendatory power while furnishing his report. Any recommendations given by the Auditor may or may not be acceptable to the Registered Person. If it is acceptable, the payment of tax is to be made by the registered person.However, if it is not acceptable then the question arises as to how the Auditor resolves the issue. At this juncture, the Auditor needs to exercise his professional diligence, skill, legal knowledge and care in determination of any additional tax liability which in his opinion, may be payable by the Registered Person. The Registered Person has an option to accept, reject or partially accept the recommended additional tax liability. In line with such recommendations though not explicitly stated anywhere in the relevant Form or GST laws (i) the Registered Person can choose to make the payment of the additional tax liability in full or in part;(ii) the Registered Person can even choose to reject the complete recommendations of the Auditor and not make the payment at all.Before an Auditor ventures into recommending any additional tax liability due care, caution and diligence must be exercised. For instance, in respect of commodity classification based on HSN if an Auditor believes that there are two possibilities then he may choose to place reliance on an expert opinion obtained by the Registered Person. In such a situation a proper disclosure may suffice.However, when looked at from the perspective of the Government, the recommendation shall form the foundation for an effective show cause notice and enquiry into the affairs of the Registered Person.Q 44. In which of the situations will Part I and Part II of the Certification part be applicable?Ans. Part I certification is to be certified by a Chartered Accountant / firm of Chartered Accountant wherein the audit of books of accounts, financial statements and reconciliation statement in Form GSTR 9C are certified by the same Chartered Accountant / firm of Chartered Accountant.Part II certification is to be certified by a Chartered Accountant / firm of Chartered Accountant or a Cost Accountant/ firm of Cost Accountants if the audit of books of accounts, financial statements and reconciliation statement in Form GSTR 9C are certified by some other Chartered Accountant / firm of Chartered Accountant.Q 45. Can the Internal Auditor of the dealer certify Form GSTR 9C?Ans. An internal Auditor cannot certify Form GSTR 9C as per the instructions issued by ICAI.Q 46. Does the submission of the Form GSTR 9C lead to the understanding that the Commissioner or any officer authorized by him will not undertake an audit under Section 65 of the CGST Act?Ans. No, provisions relating to departmental audit under section 65 and provisions relating to audit under section 35(5) are two independent provisions. Audit under section 35(5) is required when aggregate turnover is greater than Rs.2 crores whereas there is no such condition for audit under section 65. Further audit under section 65 is by the department whereas audit under section 35(5) is by a Chartered Accountant/ Cost Accountant. Thus, submission of Form GSTR 9C will not in any manner curtail the right of the department to conduct an audit.Q 47. Can Form GSTR-9C be certified by a different Chartered Accountant for another distinct person of the same entity?Ans. There is no restriction under the CGST Act or under the ICAI regulation in relation to certification of Form GSTR-9C by different Chartered Accountant for another distinct person of the same entity.Q 48. Who is responsible to submit Form GSTR-9C?Ans. It will be the responsibility of the registered person to submit Form GSTR-9C. Auditors responsibility will be to provide the certified copies of Form GSTR-9C to the registered person or upload the same on the website. However, the submission of the same must be made by the registered person.Q 49. In case of Multi Location entities, what should be the specific area of examination?Ans. Audit of Multi Location entities would require examination (among others) of the following:i) Cost incurred commonly at or by the Head Office E.g. Marketing and Brand Building Costs;ii) Head Office providing support to Branches E.g. Centralized Accounting Services; HR Services etc.,iii) Branches without billings to third parties;iv) Branches with billings to third parties;v) Identification of Branches which have not been registered;vi) E-Way bill to track supplies which have been marked as stock transfers;vii) Credit of State A availed in State B especially in cases of where the place of supply is State B (E.g. Accommodation Services of employee of State A availed as credit in State B);viii) Basis of bifurcation of credits into ISD;ix) Valuation of Supply especially when credits are not available in the hands of the receiving Branches.Acknowledgements by Indirect Taxes Committee of ICAIWe thank CA. Yeshwanth G N for drafting this write up and CA A. Jatin Christopher for reviewing the same. For any queries, you may connect with the authors at idtcPicai.in .Disclaimer- The views expressed in this write up are of the author(s). The Institute of Chartered Accountants of India may not necessarily subscribe to the views expressed by the author(s). The information cited in this article has been drawn from various sources. While every effort has been made to keep, the information cited in this article error free, the Institute or any office of the same does not take the responsibility for any typographical or clerical error which may have crept in while compiling the information provided in this article.Indirect Taxes CommitteeOfficial Link to Download- Click HereGST was implemented on July 1, 2017, marking a great transformation in the area of indirect taxation in India. It aimed at unifying goods and services into a single national market, thus abolishing the diverse tax systems that existed across the country. Under the motto One Nation, One Tax, GST unifies multiple taxes- the Central Excise Duty, Service Tax, and Value Added Tax (VAT)- into one structure. A dual structure operates under a structure that permits both national and state governments to collect GST as one tax, but divided into three: Central GST (CGST), State GST (SGST, T), and Integrated GST for interstate transactions.As a destination-based tax, GST is, thus, levied at a consumption point rather than at the point of production and defines its operational structure. It is further divided into more tax slabs of 0%, 5%, 12%,18%, and 28% based on the classification of goods and services. Essential items are taxed at cheaper rates, while luxury or non-essential goods require high tax rates. Business entities are required to register under GST and file returns periodically. The GSTN website allows for easy compliance in digital format and, hence, prevents tax avoidance.The benefits of GST include avoiding cascading taxes, effective supply chain efficiency, higher transparency and better management of businesses. However, despite facing some difficulties and complexities in its implementation process in the first place, it is an important reform that has standardised the system, increased governmental revenue and made the economic infrastructure stronger as a whole.What is GSTR-9?GSTR-9 is an annual return form under the Goods and Services Tax Act in India. It is just a summary of monthly and quarterly GST returns filed by registered taxpayers throughout the course of the fiscal year. It provides a comprehensive view of the taxpayers GST activities, including outward supplies, inward supplies, input tax credit paid, tax paid and any reconciliations or disparities that may arise during the year.GSTR-9 was introduced in 2017. It is part of the larger GST framework used for auditing compliance and taxpayer well-being. It helps the government prevent and determine discrepancies between the figures stated and the actual ones in returns. The GSTR-9 is very important for learning about mismatches and mistakes and for rectifying discrepancies by the taxpayer.The GSTR-9 is filed electronically through the official GST portal. It is governed by the provisions of Section 44 of the CGST Act2017 and Rule 80 of the CGST Rules, 2017.Who Will File GSTR-9?All the taxpayers enrolled for Goods and Services Tax (GST) who are included in their category,egory as both regular taxpayers and those who switch out of the composition scheme, have to file GSTR-9. It includes:Suppliers of goods and services.E-commerce operator, in any case.Any person who requires himself to be eligible for GST.Who Does Not Need to Furnish GSTR-9?The following categories of taxpayers are exempt from furnishing GSTR-9:Composition dealers who instead file GSTR-9A.Input Service Distributors (ISDs).Casual taxable persons.Non-resident taxable persons.Individuals who pay tax under Sections 51 (Tax Deducted at Source) or 52 (Tax Collected at Source).The GSTR-9 will depend on the nature of the GST registration a person has. Normally, filing is obligatory for regular taxpayers on an annual basis. Sometimes, though, exemptions have been granted to those who may not even break the turnover threshold. Even small-scale businesses have benefited from being able to file their returns. Statutory provisions were passed over time and are putting different thresholds for exemption, such as instances with less than 2 crores annual turnover, which enables taxpayers not to file for specific financial years by taxpayers.Format of GSTR-9GSTR-9 aims to bring together and aggregate all GST transactions of a taxpayer in any assessment year. The Form is divided into six sections dealing with various aspects of GST compliance, such as basic information, tax liability, input tax credit, payment of taxes, and reconciliation.Part I Basic InformationTables 1-3 collect general data about taxpayers.The GSTIN is the Goods and Services Tax Identification Number of the taxpayer which mentions the legal name of the entity and if available, the trading name and the Fiscal Year Indicates for which financial year the return is made.PART II Information on Outward and Inward Supplies Received During the YearTable 4 contains the taxable supply data collated from monthly or quarterly returns (GSTR-1 and GSTR-3B). In this, the outward supplies, inward supplies, as well as the eligible reverse charges are included.4A outward supplies where tax is charged or levied, except under reverse charge or exempt supplies.4B Outward supplies are subject to reverse charge (for example, to unregistered persons).4C Exempt, Nil-rated and Non-GST Outward Supplies.4D and 4E Actual and deemed exports.4F & 4G Credit and debit notes and adjustments.Table 5 refers to Outward exempt, nil-rate, or classified as Non-GST supplies.Part III Input Tax Credit (ITC) InformationTable 6 of ITC available for the Financial Year The ITC taken is on inward supplies, inputs, capital goods and services (sections 6A-6C). Sections 6D-6H show imported ITC, reverse charge mechanism and adjustments, if any.Reversals or ineligibility of ITCs are shown in Table 7 These comprise those reversals effected on violation of the prescribed regulations or non-eligible claims.Table 8 deals with the reconciliation of ITC as per GSTR-2A (the auto-populated return) and the accounting records. It captures any variance between GSTR-2A and GSTR-3B.Part IV Information on Taxes Paid During the Financial YearTable 9 is a statement of tax paid by any taxpayer. This comprises subject matters like amounts of taxes, interest, late fe,es and penalties in respect of several taxes like CGST, SGST, I,GST and Cess. Tax classified on cash ledger used in respect of ITC.Part V Returns of the Previous Financial Year Declared in This Financial Year ReturnsTables 10-14 reflect the adjustments made in the return of the current year that affect the previous financial year. Tables 10 and 11 explain their supplies in the current year that antedate the last year. ITC adjustments from the previous year are discussed in Tables 12 and 13.Part VI Additional InformationA statement of refunds claimed and allowed during the year is shown in Table 15. It also contains a list of pending refunds along with the total amounts claimed, sanctioned, and rejected. Details of tax demands and recoveries are given in Table 16. They include any tax demand raised and settled during the year. Table 17 provides a summary of outward supplies in terms of the Harmonised System of Nomenclature (HSN). Tax benefits relevant to items are defined according to suppliers under HSN codes. Table 18 presents the summary of the inflow of supplies on the grounds of HSN. This table is optional but assists taxpayers in providing further information concerning their purchases.What is GSTR-9C?GSTR-9C is a return form which mandatorily needs to be submitted along with the annual return form GSTR-9. The return becomes an audit report where details provided in GSTR-9 have a correspondence with the audited financial statements of the taxpayer for that particular fiscal year. Besides, it is alleged to prove that figures furnished in the GST return reflect the correct turnover, tax liabilities and other dimensions of business.It is under sections 35(5) and 44(2) of the Central Goods and Service Tax Act, 2017, and Rule 80(3) of the CGST Rules, 2017, that the GSTR-9C requirement is prescribed. This would be an exercise in the type-styled matching of GST returns completed against audited taxpayer financial records.There is confirmation by the auditor, so this audit shall be carried out by Chartered Accountant or Cost Accountant. In this way, it would prove very useful in monitoring more closely by having the huge taxpayers obey GST provisions and compliance overall and transparency.GSTR-9C ApplicabilityGSTR-9C applies to the persons who have got registration under GST and have cumulative annual turnover more than an ascertained amount in any fiscal.Applicability threshold. For the initial time, GSTR-9C was also mandatory for all taxpayers electing aggregate annual turnover above 2 Crore or more. Later on, the prescribed limit changed to 5 Crore, which has further been enhanced by amending the provisions, beginning said fees, applicable for all those financial years commencing from 2018-19 onwards. The annual aggregate turnover includes taxable turnover (both collected from intra-state and inter-state supplies), exempt suppl

issue notifications for waiver or reduction of late fees for certain financial years, as done for FY 2017-18 to 2022-23 if filed by 31st March 2025. Q7. Can a business with multiple GSTINs under the same PAN file one GSTR 9C? Ans.No. GSTR 9C must be filed separately for each GSTIN. Since financial statements are prepared at the PAN level, the business must extract GSTIN-wise data to file GSTR 9C for every registration.

Who is required to submit gstr-9a. Who should file gstr 9c. Who is not required to file gstr 9c. Who is liable to file gstr 9c. Who is required to file gstr 9 and 9c. Who is required to file gstr 9c for fy 2020 21. Who need to file 9c. Who has to file gstr 9c. Who is require to file gstr 9.