

# GST AUDIT

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**E**very registered entity whose aggregate turnover during a financial year exceeds Rs.2.00 crore has to get its accounts audited as the provisions of GST Act. Such person has to furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

Earlier, under the Central excise and service tax laws, there was no requirement for audit of accounts and furnishing reconciliation statement by a Chartered Accountant and/or Cost accountant. However, many State VAT laws had stipulated audit of records by a Chartered Accountant and filing of VAT audit reports. Threshold limits were prescribed for such audits. Reconciliations between the tax records and audited statement of accounts was generally sought for at the time of assessment, audit or investigation by the revenue authorities. There was no statutory requirement to furnish such reconciliation statements under the erstwhile laws.

Followings areas are required to be certified by the auditor:

- The total turnover of outward supplies declared in the returns including all the outward supplies taxable under GST Act effected during the year.
- The total turnover of inward supplies declared in the returns including all the inward supplies taxable under GST Act made during the year.
- The deductions from the total turnover including deduction on account of sales /supply returns claimed in the returns which are to be in conformity with the provisions of the law.
- The adjustment to turnover of outward supplies and inward supplies has to be based on the entries made in the books of account maintained for the year.
- The classification of outward goods/services supplied and inward supplies, rate of tax applicable and computation of output tax and input tax and net tax payable as shown in the return has to be certified as correct.
- The computation of classification of goods supplied, the amount of input tax paid and deductions of input tax credit claimed and reversed in the return has to be certified as correct and in conformity with the provisions of law.

## **Conducting GST Audit & Issue of GST Audit report**

### 1. Appointment of GST Auditor:

A proprietor, partner or Board of Directors in case of a Company should appoint a GST Auditor at the beginning of the financial year.

### 2. Accounts to be reviewed by GST Auditor:

Following are important accounts or records for review:

- Sales Register
- Stock Register
- Purchase Register and Expenses ledgers
- Input tax credit availed and utilized
- Output tax payable and paid
- E-way bills generated during the period under Audit, if in compliance with rules.
- Any documents that record communications from the GST department relating to the year.

3. Documents to be furnished by the taxpayer for GST Audit:

- Audited financial statements (which is PAN-based)
- Annual return in form GSTR-9 (for every GSTIN)
- Certified reconciliation statement in Form GSTR-9C, reflecting reconciled values of supplies and tax amounts declared in GSTR-9 compared to audited financials in Part-A, along with the Audit report in Part-B.

4. Forms for Annual return and GST Audit:

Type of taxpayer	Form to be filed
Whether or not applicable to GST Audit	
A Regular taxpayer filing GSTR 1 and GSTR 3B	GSTR-9
A Taxpayer under Composition Scheme	GSTR-9A
E-commerce operator	GSTR-9B
Applicable for GST Audit	
Taxpayers whose turnover exceeds Rs. 2 crores in FY	GSTR-9C

5. Review of comments by GST Auditor:

The Auditor must report any tax liability pending for payment by the taxpayer, identified through the reconciliation exercise and observations made on GST audit. Taxpayers can settle taxes as recommended by the auditor in Form DRC-03.

6. Submission of GST Audit report & Annual return:

The finalized GSTR-9C can be certified by the same CA who conducted the GST audit or it can also be certified by any other CA who did not conduct the GST Audit for that particular GSTIN.

The following must be reported and certified by the GST Auditor or the certifier:

- Whether or not all the requisite accounts or records are maintained.
- Whether or not the Financial Statements are prepared as per the books of accounts maintained at the principal place of business or additional place of business of the taxpayer.
- Certify the accuracy of information in GSTR-9C.
- To list down the audit observations or reservations or comments, if any.

7. Due dates for submission of GST Audit report:

GSTR-9 and GSTR-9C are due on or before 31st December of the subsequent fiscal year.

Special Note: For FY 2017-18, the due date for filing GSTR 9 and GSTR-9C is extended to 30th June 2019, through an order.