

ANALYTICAL APPROACH OF GSTR – 9C

TEAM TRD

GSTR-9C is a reconciliation statement which must be filed by those Taxpayers whose aggregate turnover in a financial year exceeds Rs 2 Crores and it is to be certified by a Cost Accountant or Chartered Accountant.

This Audit Report must be digitally signed by the GST Auditor and the auditor must has to report all discrepancies or liabilities in GST returns during the financial year, if any.

Due Date –

Due date to file GSTR – 9C was 31.12.2018. Later the date was extended up to 31.03.2019 as per press release dated 07.12.2018. However, as per recommendations of 31st GST Council Meeting, the date to file GSTR – 9C has been extended up to 30.06.2019.

Penalty for Non – Filing of GSTR-9C within due date

As per the penalty provisions, the taxpayer has to pay Rs. 200 per day as a penalty (Rs. 100 SGST + Rs. 100 CGST). However, the total penalty cannot exceed 0.25% of the total turnover on which the said penalty is being levied.

Analysis of GSTR -9C

Part I comprises of Basic Details like Financial Year for which GSTR 9C is being filed, GSTIN Number, Legal Name and Trade Name of the Entity.

Pt. I	Basic Details	
1	Financial Year	
2	GSTIN	
3A	Legal Name	< Auto >
3B	Trade Name (if any)	<Auto >
4	Are you liable to audit under any Act? <<Please specify>>	

Part II – In this part, reconciliation between the annual turnover declared in the audited Annual Financial Statement and the turnover as declared in the Annual Return furnished in FORM GSTR-9 is to be done.

Part II (5)

- Reconciliation of Gross Turnover is to be made.

S	Reconciliation of Gross Turnover	
A	Turnover (including exports) as per audited financial statements for the State / UT (For multi-GSTIN units under same PAN the turnover shall be derived from the audited Annual Financial Statement)	
B	Unbilled revenue at the beginning of Financial Year	(+)
C	Unadjusted advances at the end of the Financial Year	(+)
D	Deemed Supply under Schedule I	(+)
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(+)
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)
G	Turnover from April 2017 to June 2017	(-)
H	Unbilled revenue at the end of Financial Year	(-)
I	Unadjusted Advances at the beginning of the Financial Year	(-)
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)
L	Turnover for the period under composition scheme	(-)
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)
O	Adjustments in turnover due to reasons not listed above	(+/-)
P	Annual turnover after adjustments as above	<Auto >
Q	Turnover as declared in Annual Return (GSTR9)	
R	Un-Reconciled turnover (Q - P)	AT1

Part II (6) and Part II (8)

- Reasons of Non Reconciliation of the turnover and taxable turnover between the audited financial statements and the annual return are to be reported in Table 6 and 8 of Form GSTR9C respectively.
- Relationship among Table 6, Table 8 & Table 11— The additional amount to be paid arising due to above Non Reconciliation is to be disclosed in Table 11.

6	Reasons for Un - Reconciled difference in Annual Gross Turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

8	Reasons for Un - Reconciled difference in taxable turnover	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Part II (7)

- The table is used for reconciliation of taxable turnover from the audited annual turnover after adjustments with the taxable turnover declared in annual return (GSTR-9).

7	Reconciliation of Taxable Turnover	
A	Annual turnover after adjustments (from SP above)	<Auto>
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	
C	Zero rated supplies without payment of tax	
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	
E	Taxable turnover as per adjustments above (A-B-C-D)	<Auto>
F	Taxable turnover as per liability declared in Annual Return (GSTR9)	
G	Unreconciled taxable turnover (F-E)	AT 2

Part III - Reconciliation of tax paid

Part III (9) –

- Reconciliation is to be made through calculating the tax under Forward Charge as well as reverse charge. Reconciliation to be done for-
 - Total turnover and Taxable turnover
 - Output tax liability
 - Liability under reverse charge
- Any additional tax liability that occurs either under forward charge or reverse charge is to be calculated rate wise.
- The amount paid as output tax liability computed for both point (I) and (II) above and tax computed under reverse charge as per point (III) is required to be disclosed and reconciled separately between Form GSTR 3B and the audited financial statements in Table 9.
- The demand of tax payable is to be disclosed in Table 9 on a rate-wise basis.

Pt. III	Reconciliation of tax paid					
9	Reconciliation of rate wise liability and amount payable thereon					
	Description	Taxable Value	Tax payable			Cess, if applicable
			Central tax	State tax / UT tax	Integrated Tax	
	1	2	3	4	5	6
A	5%					
B	5% (RC)					
C	12%					
D	12% (RC)					
E	18%					
F	18% (RC)					
G	28%					
H	28% (RC)					
I	3%					
J	0.25%					
K	0.10%					
L	Interest					
M	Late Fee					
N	Penalty					
O	Others					
P	Total amount to be paid as per tables above		<Auto>	<Auto>	<Auto>	<Auto>
Q	Total amount paid as declared in Annual Return (GSTR 9)					
R	Un-reconciled payment of amount				PT 1	

Part III (10) –

- Non Reconciliation of the tax paid (both under forward and reverse charge) between the audited financial statements and the annual return is to be reported in Table 10.
- Relationship between Table 10 & Table 11—The additional amount to be paid arising due to above Non Reconciliation is to be disclosed in Table 11.

10	Reasons for un-reconciled payment of amount	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Part III (11) –

- Mismatch between the books of accounts and the annual return may occur in the turnover, tax paid or the input tax credit.
- Additional Tax Liability arising due to non-reconciliation between the turnover or the tax liability (including reverse charge) will have to be reported in Table 11.
- Any additional amount arising at the time of calculation of (a) Total turnover and Taxable turnover (b) Output tax liability (c) Liability under reverse charge is to be disclosed in Table 11.
- Rate-wise breakup of additional tax payable will have to be shown in Table 11.
- Interest is arising at the time of filing 3B for the following two reasons-
- If any tax liability related to a particular tax period is not disclosed in 3B in that Period, rather disclosed in subsequent period.
- Delay to file GSTR-3B
- The auditor has to compute such additional interest liability that may arise due to any of the above situations and those are to be disclosed in Table 11.
- Penalty can be imposed if the taxable person takes or utilizes input tax credit without actual receipt of goods or service. This penalty amount which is payable by the taxpayer is to be disclosed in Table 11.

11	Additional amount payable but not paid (due to reasons specified under Tables 6,8 and 10 above)					
	To be paid through Cash					
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated tax	Cess, if applicable
	1	2	3	4	5	6
	5%					
	12%					
	18%					
	28%					
	3%					
	0.25%					
	0.10%					
	Interest					
	Late Fee					
	Penalty					
Others (please specify)						

Part IV - Reconciliation of Input Tax Credit (ITC)

Part IV (12) –

- Reconciliation of Net Input Tax Credit (ITC) is calculated in this table.

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
12	Reconciliation of Net Input Tax Credit (ITC)	
A	ITC availed as per audited Annual Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from books of accounts)	
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)
D	ITC availed as per audited financial statements or books of account	<Auto>
E	ITC claimed in Annual Return (GSTR9)	
F	Un-reconciled ITC	ITC 1

Part IV (13) –

- Non reconciliation of the credits which have been booked in one financial year and claimed in the another financial year regarding audited financial statements and the annual return is to be disclosed here.
- There may be difference in the amount of Input Tax Credit between GSTR 3B and audited financial statements .This difference is to disclosed here.

13	Reasons for un-reconciled difference in ITC	
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Part IV (14) –

- This table is for reconciliation of ITC declared in the Annual Return (GSTR9) against the expenses booked in the audited Annual Financial Statement or books of account.
- This is only an indicative list of heads under which expenses are generally booked. Taxpayers may add or delete any of these heads but all heads of expenses on which GST has been paid / was payable are to be declared here.

14 Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account				
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
	1	2	3	4
A	Purchases			
B	Freight / Carriage			
C	Power and Fuel			
D	Imported goods (Including received from SEZs)			
E	Rent and Insurance			
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			
G	Royalties			
H	Employees' Cost (Salaries, wages, Bonus etc.)			
I	Conveyance charges			
J	Bank Charges			
K	Entertainment charges			
L	Stationery Expenses (including postage etc.)			
M	Repair and Maintenance			
N	Other Miscellaneous expenses			
O	Capital goods			
P	Any other expense 1			
Q	Any other expense 2			
R	Total amount of eligible ITC availed			<<Auto>>
S	ITC claimed in Annual Return (GSTR9)			
T	Un-reconciled ITC			ITC 2

Part IV (15) –

- Non reconciliation of the credits between the head-wise expenses reported in the audited financial statements (in Table 14) and in the annual return is to be reported here.
- There may be difference in the amount of Input Tax Credit between GSTR 3B and audited financial statements. This difference is to be disclosed here also.
- If the input tax credit is higher as claimed in Form GSTR 3B than the audited financial statements, then additional liability of making the payment of extra credit will be arisen which is to be disclosed in Table 16 also.

15 Reasons for un - reconciled difference in ITC		
A	Reason 1	<<Text>>
B	Reason 2	<<Text>>
C	Reason 3	<<Text>>

Part IV (16) –

- Relationship among Table 13, Table 15 & Table 16-The reasons of non-reconciliation of input tax credit between the audited financial statements and annual returns will be specified in Table 13 & Table 15.
- Additional tax amount to be paid arising due to such non-reconciliation of input tax credit is to be reported here.
- In case of filing GSTR-3B, Interest is arising for the following reasons –
Any input tax credit which is eligible in a particular tax period but the same has been taken in GSTR 3B in an earlier period
Any ineligible input tax credit has been subsequently reversed which was taken wrongly earlier.
Lower amount of reversal of credit was made earlier and the balance has been reversed in Form GSTR3B in a subsequent period
For any other reasons regarding input tax credit Interest may also arise.
- Auditor has to compute the liability of Interest arising for the above situations & that is to be disclosed in Table 16.

16	Tax payable on un-reconciled difference in ITC (due to reasons specified in 13 and 15 above)	
	Description	Amount Payable
	Central Tax	
	State/UT Tax	
	Integrated Tax	
	Cess	
	Interest	
	Penalty	

Part V Auditor's recommendation on additional Liability due to non-reconciliation

- Additional Tax Liability reported in Table 11 & Table 16 is to be summarized and reported in Part V
- Rate wise breakup of additional tax payable will be shown in auditor's recommendation in Part V.
- Additional amount payable for extra credit taken is to be reported in Part V.
- Additional Interest liability & penalty are to be reported in Part V also.
- Some other relevant Documents for GSTR-9C
- Details for Turnover during April 2017 - June 2017
- Details of service contracts for which revenue recognized but invoice is not issued
- Details of transactions which are in nature of deemed supply and treated in GST but ignored in AAFS (transfer from SEZ units to DTA units, branch transfer, cross charge etc.)
- Credit Notes related to FY 2017-18 shown in GSTR-1 of FY 2018-19, but that credit note has been considered in FY 2017-18 for AAFS and in GSTR-9 of FY 2017-18
- Discounts allowed and/or Credit Notes issued and treated as reduction in Revenue in AAFS but not considered in GST as per Sec 15(3) and Sec 34
- Turnover during Composition Scheme
- Adjustments in Transaction Value to arrive at Taxable Value of Supply as per Section 15 and valuation of specified transactions as per Valuation Rules (including foreign exchange fluctuations)

Pt. V	Auditor's recommendation on additional Liability due to non-reconciliation				
	Description	Value	To be paid through Cash		
Central tax			State tax / UT tax	Integrated tax	
1	2	3	4	5	6
5%					
12%					
18%					
28%					
3%					
0.25%					
0.10%					
Input Tax Credit					
Interest					
Late Fee					
Penalty					
Any other amount paid for supplies not included in Annual Return (GSTR 9)					
Erroneous refund to be paid back					
Outstanding demands to be settled					
Other (Pl. specify)					

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

The difference between both is that in case the CMA or CA certifying the GSTR-9C did not conduct the GST audit, he must has to base an opinion on the Books of Accounts audited by another CMA or CA in the reconciliation statement.

GSTR -9C is obligatory for taxpayers having turnover more than Rs. 2 Crores to avoid payment of unanticipated tax dues to the Government.