GST Audit Preparation

ACCGST Session Webinar

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Agenda Points



Document/Information Requirements

Reconciliation and Data Preparation

Key Considerations

Wrapping up and Discussion



Audit under GST

Brief Introduction to Departmental Audit

Audit - Sec 2(13) - CGST Act, 2017

"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



Examination Purpose

Verify the Correctness of below -

Turnover Declared in Returns	Taxes Paid	Refund Claimed	ITC Availed
A	В	C	D
GSTR 1 and GSTR 3B	Monthly Returns and DRC 03	Refund claimed from the Government	ITC Availed in GSTR 3B

Document requisition by Department



Information and Documents to be prepared/ Required -

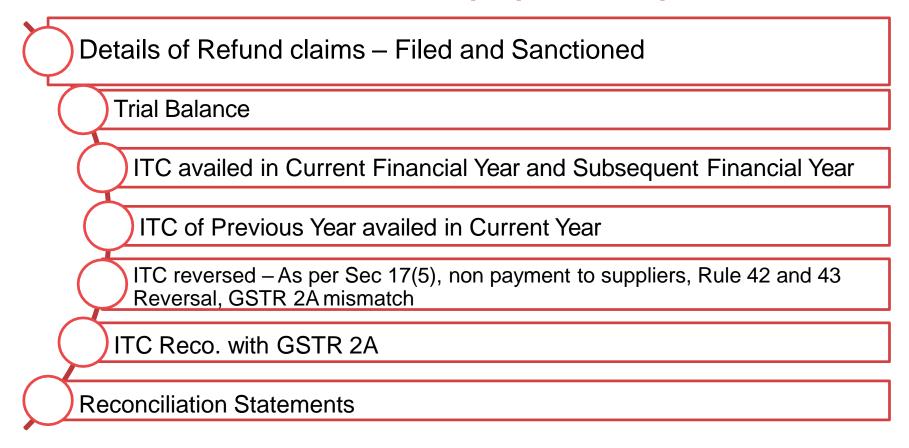
Copies of Annual Accounts – Balance Sheet, P&L, Notes to Accounts, Cash Flow Statement Audit Report Copy of Annual Return and GST Audit Report with Annexures Sales, Purchase Register and Stock Transfer Details of tax paid under RCM and ITC availed Copies of GSTR 1 and GSTR 3B, Tax Payment Challans HSN of Goods – Inward and Outward (Major) Top 10 suppliers and Customers

Illustrative list only

Information and Documents to be prepared/ Required -

Income Tax Return, Tax Audit Report and Transfer Pricing Report **Export and Import Details** Copies of Agreements and Contracts Outstanding Report – Pending payments for Creditors Memorandum and Articles of Association GST Registration Certificate with place of businesses Copy of Inward Supply Register matching with ECL

Information and Documents to be prepared/ Required -



Reconciliations – Outward, Inward & RCM



Reconciliation – Outward Supplies

GSTR 1 Vs. GSTR 3B

Books Vs. GSTR 1 Vs. GSTR 3B

Reco with ECL – Books Vs. Portal

Financial Vs. Returns

Taxes paid – Books Vs. Returns

E-Way Bills Vs. Books

E-Way Bills Vs. Returns Taxes paid monthly Vs. Liability in Returns

Reconciliation – Input Tax Credit

ITC claimed as per Books and Returns

Reconciliation – Monthly ITC as per Books and GSTR 2A

ITC ineligible as per Books and Returns ITC bifurcation – Inputs, Input Service and Capital Goods

ITC attributable to Taxable and Exempt supplies

Reversal of ITC – Invoice-wise ITC Reco – Portal Vs. Books Excess claim of ITC if any – Reversal with Interest

Reconciliation - RCM

RCM as per Books and payment as per Returns

Pending RCM liability to be paid

ITC availed on RCM

ITC on RCM not availed

List of Items on which RCM is not availed

RCM – Procurement from unregistered suppliers (till 13th Oct 2017)

Import of Services – RCM paid

Overseas Group Company Service – RCM paid

Other Information/Details

Statement of Refund Claims filed Vs. Sanctioned

Reasons for difference in Turnover – Books Vs. Returns

Return filing MIS – GSTR 1, GSTR 3B and other Returns Details of Stock Transfer – Same State and Outside State

Export register – Shipping Bill, Port Code and Export Details Details of Debit and Credit Notes – Issued within time/ Outside time allowed as per GST Law

Returns to Suppliers and ITC reversed – Match with GSTR 2A Financial Debit or Credit Notes issued

Other Information/Details - In-Ineligible ITC

Stock Write Offs – Non moving/ Damaged stock

Insurance Claims Lodged Schemes and Samples distributed

Free Supply materials

ITC on F&B, Construction, Rent a Cab GST paid on purchase of Motor Vehicles (Car), Insurance & Repairs

Employee Insurance

Delayed claim of ITC

Key Focus Areas



Key Risk Areas to be taken care of -

Additional Points for GST Audit -

Nature of Supply – Taxable and Exempt – Treatment in Returns

Mixed and Composite Supply

Applicability of Rule 42 and 43

Errors in
Returns
and
subsequent
rectification
(interest
payment)

Salary/ Reimburse ment/ Payments to Directors

RCM on Imports as well as Ocean Freight

Key Risk Areas to be taken care of -

Additional Points for GST Audit -

Capex and Treatment of ITC on Capex Transactions
with group
companies
and
Valuation
thereof

Documenta tion – Invoice, DN/CN, Delivery challan formats

Time and Place of Supply issues Treatment of Advance on Goods and Services RCM entries in ERP and Liability generation for RCM

Key Risk Areas to be taken care of -

Additional Points for GST Audit -

Foreign Currency transactions – Expenditure and Receipts

Receipts for Exports of Goods and Services

Bad Debts written off

Liabilities
Written
Back – no
Payment to
Suppliers –
Treatment
of ITC

Remarks in Audit Report, Income tax Audit Report and Transfer Pricing Audit Report

Data gathered from Audit of third party entities

Thank you

Thanks for your Patience and Time

