



GSTR 9 & GSTR 9C **AUDIT**

Relevant Sections

Chapter IX of the CGST Act [Sections 37 to 48] and sections 150 & 123 prescribe the provisions relating to filing of returns as under:

Section 44

Annual Return

Section 46

Notice to Return Defaulters

Section 47

Levy of Late Fee

Section 65

Audit by Tax authorities

Section 66

Special Audit

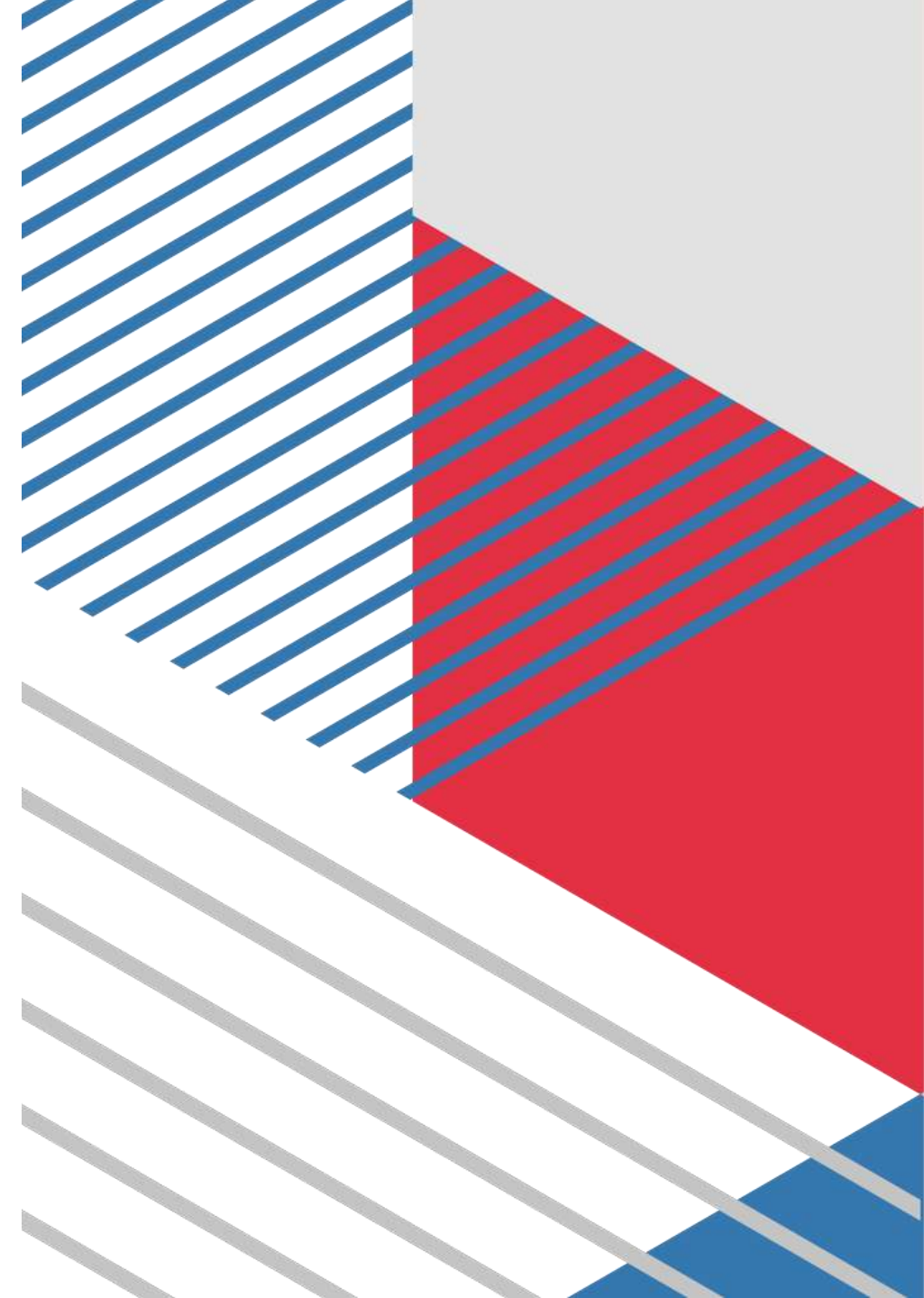


Introduction

The Goods and Services Tax regime mandates every registered taxpayer to file an Annual Return, which is a consolidated summary of all transactions carried out during a financial year. It includes

- details of outward and inward supplies,
- input tax credit availed,
- taxes paid,
- refunds claimed, and
- demands raised.

The annual return ensures transparency, compliance, and reconciliation of data furnished in periodic returns, thereby strengthening the GST compliance framework.



Meaning of Return

- ✓ A **return** is a statement of information given by a taxpayer to tax authorities.
- ✓ Filed at **regular intervals**.
- ✓ Contains:
 - Nature of business activities
 - Turnover / sale value
 - Deductions and exemptions
 - Tax liability and tax paid



Purpose of Tax Returns

- ✓ Transfer information to tax authorities
- ✓ Verify taxpayer compliance
- ✓ Finalize tax liability within time limits
- ✓ Provide data for policy decisions
- ✓ Support audit and anti evasion activities





Section 44 – Annual Return

1. Every Registered Person required to file section 39 return shall file Annual Return (except Casual Taxable Person)

Every Registered Person, other than -

- an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a Non resident taxable person.
- shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year.
- with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed.

2. Belated Annual Return and self-certified reconciliation statement cannot be filed after the expiry of a period of three years from the due date of furnishing the said annual return.

PROVISO

1. The Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section.
2. Section shall apply to any department of Central Government /State Government/or a local authority,
 - ✓ whose books of account are subject to audit by Comptroller & Auditor General of India or
 - ✓ an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.





Notification

- The Commissioner, on the recommendations of the Council, hereby exempts the Registered Person whose Aggregate Turnover in the FY 2020-21, 21-22, 22-23, 23-24, **24-25** is upto 2 crore rupees, from filing annual return for the said financial year (Notification No. 14/2024 CT dated 10.07.2024 & Notification No. 15/2025 CT dated 17.09.2025) .
- Person supplying OIDAR services from a place outside India to a person in India, other than a Registered Person shall not be required to furnish -
 - (i) the annual return and
 - (ii) the reconciliation statement.

Rule 80 : Annual Return

1. Registered Person except Input Service Distributor, TDS deductor, TCS collector, Casual Taxable Person & Non-Resident Taxable Person shall furnish Annual Return in GSTR-9 **on/before the 31st day of December following the end of such financial year;**

Proviso: a person paying tax u/s 10 shall furnish the annual return in FORM GSTR-9A.

2. Every ECO shall furnish Annual statement in GSTR 9B;
3. Registered Person except Input Service Distributor, TDS deductor, TCS collector, Casual Taxable Person & Non-Resident Taxable Person
 - ✓ whose Aggregate Turnover > 5 crores shall furnish self-certified reconciliation statement in GSTR 9C;
 - ✓ along with annual return on or before the thirty-first day of December following the end of such financial year.





Section 46 – Notice to return defaulters

Where a Registered Person fails to furnish a return under section 44,

- a notice shall be issued requiring him to furnish such return
- within fifteen days
- in such form (GSTR 3A) and manner as may be prescribed (Rule 68).

Rule 68: Notice to non-filers of returns:

A notice in FORM GSTR-3A shall be issued, to a Registered Person who fails to furnish return under section 44.

Section 47 – Levy of late fee

Any Registered Person who fails to furnish the return required under section 44

- by the due date shall be liable to pay a late fee of Rs. 100 for every day
- subject to a maximum of an amount calculated at a quarter % of his turnover in the State/UT.

Rationalisation of late fee for GSTR - 9

[Notification No. 07/2023 CT- dt 31.03.2023]

S. No.	Class of Registered Person	Amount
1	Registered Person having an Aggregate Turnover up to Rs. 5 crores in the relevant FY	Rs. 25 per day, subject to a maximum of 0.02% of the Turnover in state/UT
2	Registered Person having an Aggregate Turnover of more than Rs. 5 crores up to 20 crores in the relevant FY	Rs. 50 per day, subject to a maximum of 0.02% of the Turnover in state/UT
3	Registered Person having an Aggregate Turnover of more than 20 crores in the relevant FY	Rs 100 per day subject to maximum of 0.25% of turnover in the State/UT.



Recent changes in GST R 9 and GST R 9C

Reason for changes in GST annual filings



Changes in GSTR-3B process

- **Revised table structure** (Circular No. 170 of 2022) for proper reporting of **credits & reversals**
- **Restricted credits** (as per GSTR-2B) to be shown separately
- **Clear distinction** between **permanent** and **reclaimable** reversals

01



Challenges faced in annual return filings

- No **dedicated columns** for prior vs. current year **ITC availed**
- **No clarity/ guidance** on ITC **availment, reversal, reclaim – viz. Circular 170**
- **Interpretation challenges** across Tables 6 and 7
- **No separate table** in GSTR-9C for **E-commerce** supplies (outward)

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Changes required basis PY

- **Dedicated columns** added in Table 6 for **ITC bifurcation**
- **Alignment** across Tables 6, 7, and 8C
- **New sub-section** in GSTR-9C for **E-commerce** reporting

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Changes made to align with new monthly return framework and enable logical reporting of ITC and related disclosures

Broad process of annual return preparation

Outward supplies

- Reconcile outward supplies reported in GSTR-1 and GSTR-3B
- Bifurcate the transactions between taxable, export and others (exempt, non-GST)



Inward supplies

- Reconcile transaction level details with GSTR-3B filed
- Bifurcate the transactions between IMPG, IMPS, ISD, RCM and others
- **Identify previous FY transactions**
- **Identify transactions subsequently claimed**
- Flag ITC into IP/IS/CP
- **Flag ITC reversals based on nature**



Reconciliation with FS

- Bifurcation of revenue GLs and ITC GLs at state level
- State level revenue reconciliation with GST returns
- **Categorization of ITC pertaining to previous FY and to be claimed in next FY**



Others

- Validation of HSN summary
- Payment of additional liability identified along with interest
- **Separate reconciliation for matching net ITC as 3B vs annual return**



What are the changes ?



Existing Table 4 of GSTR-3B

Details
A) ITC Available (whether in full or part)
1) Import of goods
2) Import of services
3) Inward supplies liable to reverse charge (other than 1 & 2 above)
4) Inward supplies from ISD
5) All other ITC (basis requirements as per Circular 170)
B) ITC Reversed
1) As per rules 38, 42 and 43 of CGST Rules and sub-section (5) of section 17
2) Others
C) Net ITC available (A-B)
D) Other Details
1) ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period
2) Ineligible ITC under section 16(4) and ITC restricted due to PoS provisions

Changes in Table 6 | Input tax credits availed during the year

Table 6 | Details of ITC Availed

A. Total amount of input tax credit availed through FORM GSTR-3B

A1. ITC of preceding financial year availed in the financial year (which is included in 6A above) other than ITC reclaimed under rule 37 and rule 37A

A2. Net ITC of the financial year (A-A1)

B. Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)**

C. Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed**

D. Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed**

E. Import of goods (including supplies from SEZ)

F. Import of services (excluding inward supplies from SEZs)

G. Input Tax credit received from ISD

H. Amount of ITC reclaimed (~~other than B above~~) under the provisions of the Act

I. Sub-total (B to H above)

J. ~~Difference (I – A1) above~~ Difference (I – A2) above

K & L. Transition Credit

M. ~~Any other ITC availed but not specified above~~ ITC availed through ITC-01, ITC 02 and ITC-02A (other than GSTR-3B and TRAN Forms)

N. Sub-total (K to M above)

O. Total ITC availed (I + N) above

Key aspects



- **Table 6A1** – ITC of Previous FY to be separately reported – To align with reporting in Table 8
- **Table 6M** – Limited reporting to ITC availed through ITC-01/02/02A, which was earlier captured under the residual ITC table
- Detailed classification of reclaimed ITC under Rule 37, Rule 37A, and other categories
- Ensure ITC reporting aligns with GSTR-2B, as any variance will be auto-populated in Table 6J

** For the FY 2024-25, the registered person shall report the breakup of input tax credit as capital goods and have an option to either report the breakup of the remaining amount as inputs and input services or report the entire remaining amount under the "inputs" row only.

Overview of changes in Table 6

	Earlier Requirement	Revised requirement
TABLE 6A	<ul style="list-style-type: none">• No specific bifurcation for ITC pertaining to Previous FY claimed in the Current FY• To identify ITC related to Previous FY, refer to annual return (Table 8) for the previous FY	<ul style="list-style-type: none">• ITC of Previous FY availed through GSTR-3B in Current FY to be part of Table 6A1• Consequently, ITC for Current FY (i.e. Table 6A less Table 6A1) will be disclosed under Table 6A2
TABLE 6B	<ul style="list-style-type: none">• ITC availed on inward supplies (except RCM, ISD, IMPG) was to be reported here• Total ITC availed is to be classified as ITC on IP/IS/CP	<ul style="list-style-type: none">• ITC which was availed (for the first time) is to be reported in Table 6B – i.e. basis GSTR 2B• Includes ITC not reclaimed also
TABLE 6H	<ul style="list-style-type: none">• ITC reclaimed during the Current FY must be disclosed in this section – Such reclaim may arise under Rule 37 (payment within 180 days) or Rule 37A (non-filing of GSTR-3B)	<ul style="list-style-type: none">• ITC of Current FY which is availed, reversed and then reclaimed is to be reported here• ITC reclaimed in Current FY which was reversed on account of Rule 37 or Rule 37A (including prior years) is to be reported here

Changes in Table 7 | Reporting of reversals and ineligible ITC

Table 7 | Reporting of ITC reversals

A. As per Rule 37

A1. As per Rule 37A - Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof

A2. As per rule 38 - Claim of credit by a banking company or a financial institution

B. As per Rule 39

C. As per Rule 42

D. As per Rule 43

E. As per section 17(5)

F. Reversal of TRAN-I credit

G. Reversal of TRAN-II credit

H1. Other reversals (specify)

I. Total ITC Reversed (Sum of A to H above)

J. Net ITC Available for Utilization (6O - 7I)

Introduced to report specific reversals under respective sections for better compliance visibility

Changes in Table 8 | Reporting of ITC of CFY availed in NFY

Table 8 Reconciliation of ITC
A. ITC as per GSTR-2B [Table 3(I) thereof]
B. ITC as per sum total of 6(B) and 6(H) above ITC as per 6(B) above (Auto)
C. ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during the financial year but availed in the next financial year upto specified period
D. Difference [A-(B+C)]
E. ITC available but not availed
F. ITC available but ineligible
G. IGST paid on import of goods (including supplies from SEZ)
H. IGST credit availed on import of goods as per 6(E) above in the financial year
H1. IGST Credit availed on Import of goods in next financial year
I. Difference (G-H) Difference [G-(H+H1)]
J. ITC available but not availed on import of goods (Equal to I)
K. Total ITC to be lapsed in current financial year (E + F + J)

- ITC pertaining to FY 2024-25 only to be considered
- Not considering ITC reclaimed in table 6H

- ITC of IMPG to be bifurcated between ITC availed in current FY and next FY

Overview of changes in Table 8

TABLE 8

Earlier Requirement

- Table 8A was populated based on respective **tax period** of GSTR-2B for which the annual return is filed (**irrespective of document date**)
- Table 8B was auto-populated as per Table 6B and Table 6H of GSTR-9 (i.e. all ITC availed by taxpayer under forward charge)
- Table 8C was prepared for ITC of the Current FY availed in GSTR 3B of Next FY

Revised requirement

- Table 8A of GSTR-9 will now reflect ITC of transactions of FY 2024-25 only
- Table 8B will now be auto-populated as per Table 6B of GSTR-9 only (instead of sum of Table 6B and Table 6H)
- Table 8C should contain ITC pertaining to the Current FY that was missed earlier but claimed in GSTR-3B within the specified time limit of the Next FY

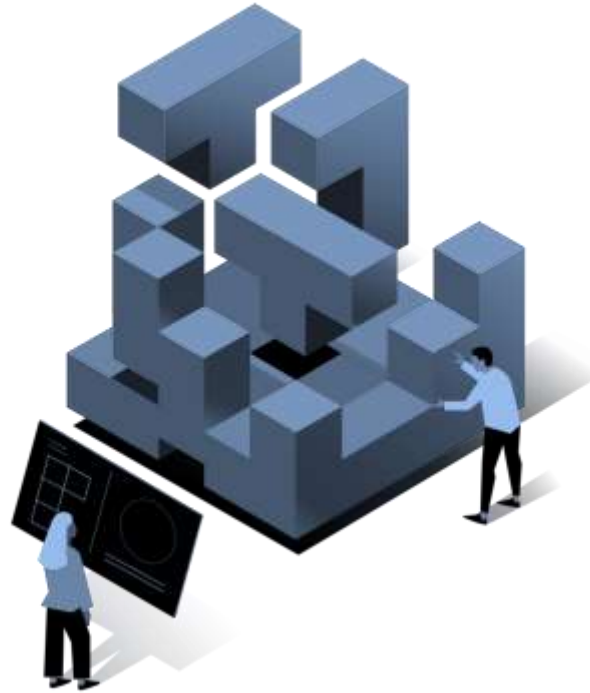


Changes in GSTR-9C



New table introduced for E-commerce operator Supplies (section 9(5))

- Table 7D1 (Table for reconciliation of taxable turnover)- **[Supplier to report]**
- Table 9K2 (Table for reconciliation of rate wise liability and amount paid thereon) **[E-commerce operator to report]**
- Table 11K1 (Additional amount payable but not paid) **[E-commerce operator to report]**
- Part V (Additional Liability due to non-reconciliation) **[E-commerce operator to report]**



The above changes will reduce the reasons to be provided in respective tables for e-commerce operators



Other miscellaneous changes

- Term "Cash" replaced with "Cash or ITC" in below tables:
 - Table 11 (Additional amount payable but not paid)
 - Part V (Additional Liability due to non-reconciliation)
- In Table 9Q (Reconciliation of tax paid), **the term "paid" has been replaced with "payable"** - aligning with revised figures in GSTR-9
- Addition of **table 17** – To capture details of **late fees** (paid/payable)

Scenarios/ Illustrations



Let's see some examples now...

Scenario	Invoice dated	Year of Claim	Year of Reversal	Year of Reclaim	Reversal Type	Disclosure in GSTR 9 for FY 2024-25
ITC pertaining to FY 2023-24 was claimed and reversed in GSTR 3B of FY 2023-24 but reclaimed in GSTR 3B of Current FY 2024-25	2023-24	2023-24	2023-24	2024-25	Other than Rule 37/37A	Re-availment: 6A1
ITC pertaining to FY 2023-24 appearing in GSTR 2B of Current FY 2024-25 – Claimed, reversed and reclaim in GSTR 3B of Current FY 2024-25	2023-24	2024-25	2024-25	2024-25	Other than Rule 37/37A	Original availment: 6A1 Re- availment (if not reconciled in same month): 6A1
ITC pertaining to Previous FY appearing in GSTR 2B of Current FY 2024-25 – Claimed and reversed in GSTR 3B of Current FY 2024-25	2023-24	2024-25	2024-25	-	Other than Rule 37/37A	Original availment: 6A1
ITC pertaining to CFY appearing in GSTR 2B of CFY 2024-25 – Claimed in GSTR 3B of CFY 2024-25	2024-25	2024-25	-	-	-	Original availment: 6B
ITC pertaining to CFY appearing in GSTR 2B of CFY 2024-25 – Claimed, reversed and reclaim in GSTR 3B of CFY 2024-25	2024-25	2024-25	2024-25	2024-25	Other than Rule 37/37A	Original availment : 6B Reversal: 7H Re- availment: 6H

Challenges



Practical challenges in preparation of GSTR-9

Mismatch in net ITC of GSTR-9 vs GSTR-3B – Leading to additional reconciliation efforts



Challenges in ITC categorization for the transaction **claimed and reversed but not reclaimed**



Requirement of transaction level details for correct reporting



Data validation becomes more complex, requiring multiple checks to ensure consistency across returns



Authorities may face difficulty matching details across GSTR-3B and annual return due to format and timing differences.



Challenges



Section 65 – Audit by Tax Authorities

Authority : Commissioner or any officer authorized by him may conduct audit of any registered person.

Period : Financial year or part thereof or multiples thereof.

Place of Audit : At the place of Business of the registered person or in their office.

Notice : Prior Notice of not less than 15 working days to be issued by officer before commissioning audit.

Completion of Audit :

- Within 3 months from the date of commencement of audit
- Extension of maximum 6 months may be granted by commissioner.

Conclusion of Audit :

- The officer shall within 30 days inform the registered person whose records are audited, about the findings & the reasons of such findings.
- Where the audit results in detection of tax not paid, short paid, erroneously refunded or input tax credit wrongly availed or utilized, the officer may initiate action under section 73 or 74.

What is meant by commencement of Audit :

Commencement of audit means later of the following :

- The date on which the records/accounts called for by the audit authorities are made available to them.

or

- The actual institution of audit at the place of business of the taxpayer.



Section 66 – Special Audit

When : If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, officer not below the rank of Assistant Commissioner, having regard to the nature & complexity of case is of the opinion that –

- Value (of goods and/or services) has not been correctly declared; or
- ITC availed is not within the normal limits,

He may nominate **CA/CMA** for audit with prior approval of Commissioner.

The Provision of special audit shall have effect even if accounts of the registered person have been audited under any other provision of the GST act or any other law for the time being in force.

Time Period : 90 days. Extension of maximum 90 days may be granted by Assistant Commissioner.

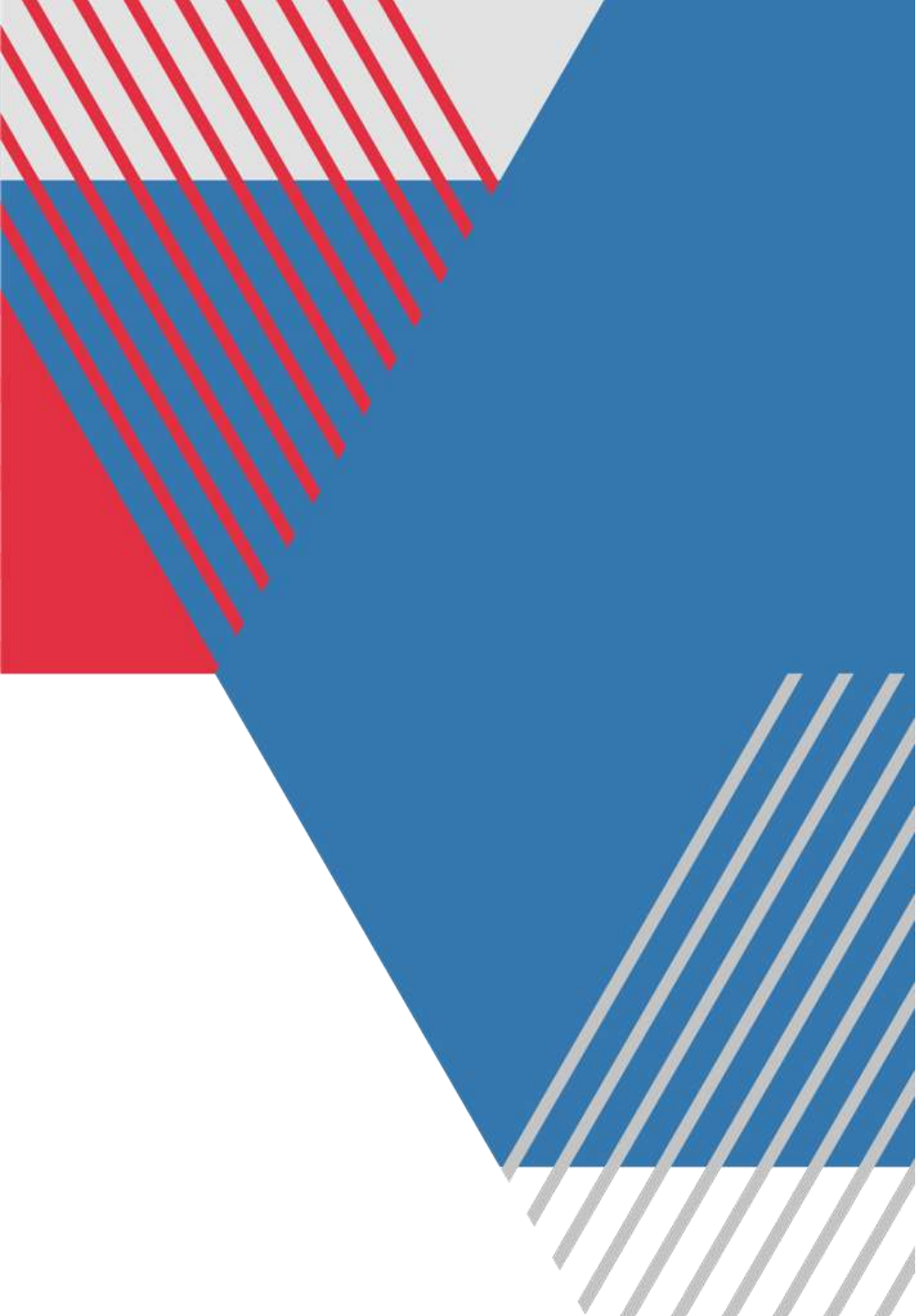
Who Will bear the expense of Audit?

Expenses including remuneration of CA/CMA shall be determined & paid by commissioner and such determination shall be final.

Conclusion of Special Audit :

- The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit.
- On conclusion of special audit, the registered person shall be informed of the findings of special audit.
- Where the special audit results in detection of tax not paid, short paid, erroneously refunded, or input tax credit wrongly availed or utilized, the officer may initiate action/proceedings under section 73 or 74.





Thank You

CMA Neeraj Kedia (Membership No – 51918)

Multiple Choice Questions & answers



1. GSTR-9 is:

- A. Monthly return
- B. Quarterly return
- C. Annual return**
- D. Reconciliation statement

2. Who is required to file GSTR-9?

- A. All registered taxpayers
- B. Only composition dealers
- C. Regular taxpayers registered under GST**
- D. Casual taxable persons only

3. Which of the following persons is NOT required to file GSTR-9?

- A. Regular taxpayer
- B. Input Service Distributor (ISD)**
- C. Composition taxpayer
- D. SEZ unit

4. GSTR-9 mainly consolidates information from:

- A. GSTR-1 and GSTR-2
- B. GSTR-3B and GSTR-1**
- C. GSTR-2A and GSTR-2B
- D. GSTR-4 only

5. GSTR-9C is:

- A. Annual return
- B. Monthly return
- C. Reconciliation statement**
- D. Audit report only

6. GSTR-9C is required to be certified by:

- A. Registered taxpayer
- B. GST officer
- C. Chartered Accountant or Cost Accountant**
- D. Company Secretary only

7. GSTR-9C is applicable when the aggregate turnover exceeds:

- A. ₹1 crore
- B. ₹2 crore
- C. ₹5 crore**
- D. ₹10 crore

8. GSTR-9C reconciles:

- A. GSTR-1 with GSTR-3B
- B. Books of accounts with annual return**
- C. ITC with GSTR-2B
- D. Tax paid with tax demanded

9. Which form is filed by composition dealers as an annual return?

- A. GSTR-9
- B. GSTR-9A**
- C. GSTR-9C
- D. GSTR-4

10. GSTR-9 and GSTR-9C are filed for:

- A. A tax period of one month
- B. A tax period of three months
- C. A financial year**
- D. A calendar year