Detailed Analysis of GSTR 9 and GSTR 9C

CA Tushar Aggarwal

CA Pitam Goel

CA Sachin Chopra

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01 Overview of GSTR 9 and 9C - Outward

02 Case Studies – Outward Supplies

03 Overview of GSTR 9 and 9C - Inward

04 Case studies – Inward Supplies

05 Legal Audit

Requirement of Audit

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Annual Return

Section 44(1): A registered person is required to furnish an annual return.

Reconciliation & Audit

Section 35(5): Requirement to get accounts and other records audited by a CA/CWA if **aggregate turnover** during a financial year exceeds Rs.2 crores.

Section 44(2): A reconciliation statement to be furnished along with annual return for the registered person required to get the accounts audited.

Due date

Annual Return and Audit Report to be furnished on or before **30.9.2020 for** the FY 2018-19.

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OUTWARD SUPPLY

Overview of GSTR 9

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Parts	Reporting Head
6	19

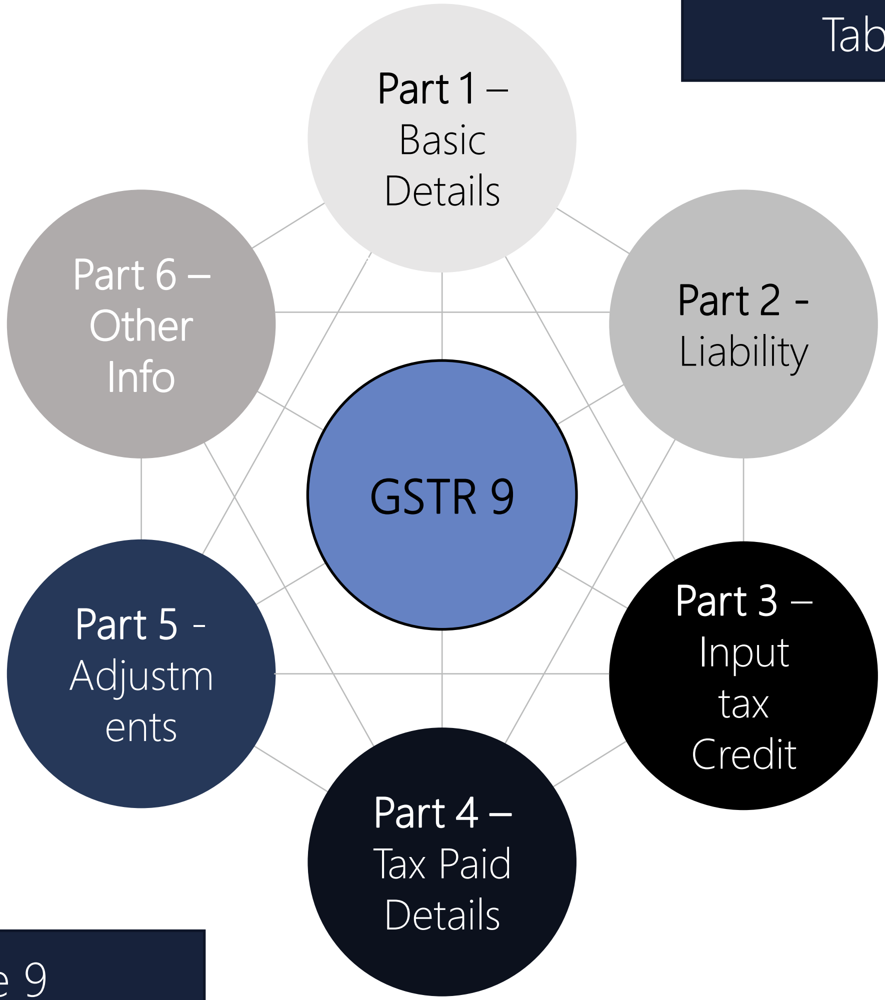

Table 1-3

Table 4-5

Table 6-8

Table 9

Table 10-14

Table 15-19

Details of GSTR 9

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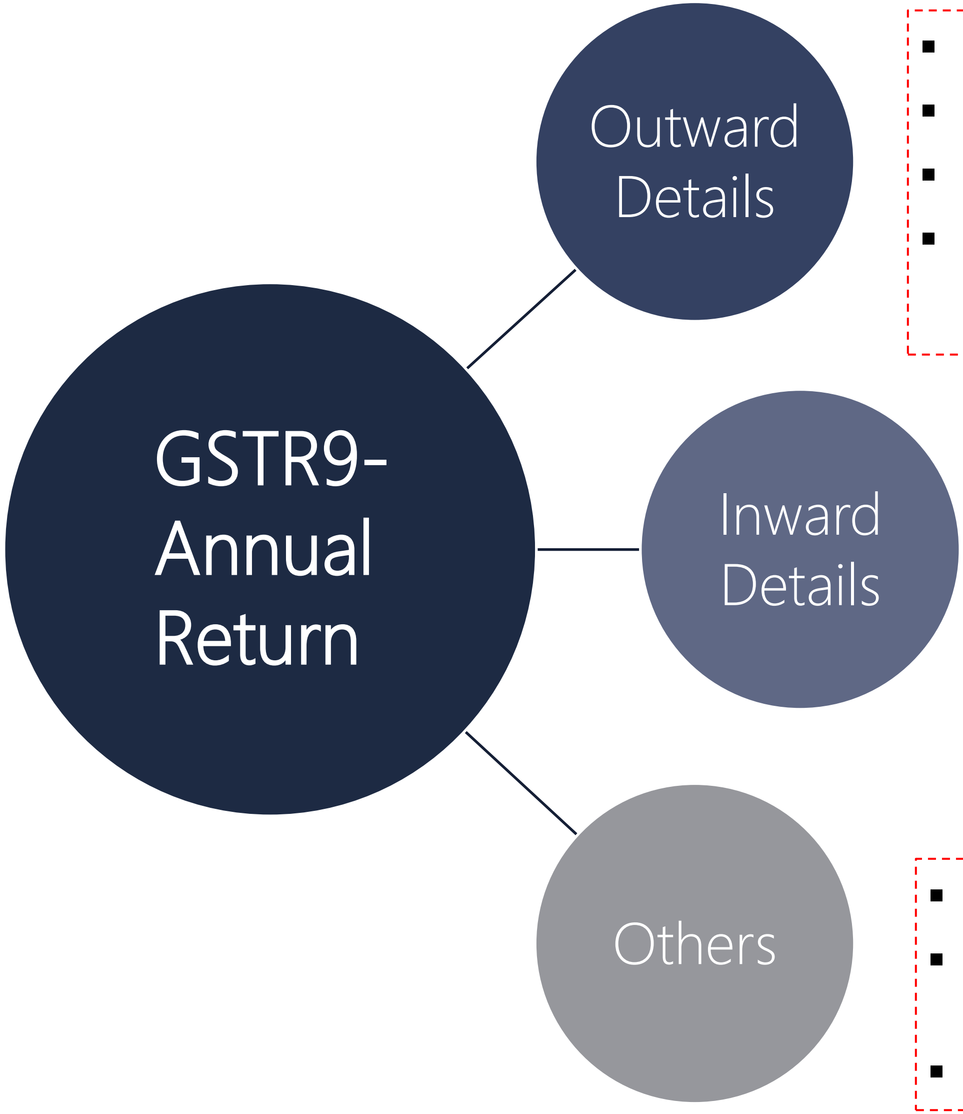

- <u>Table 4:</u> Details of Outward supplies & Inward Supplies on which tax is payable
- <u>Table 5:</u> Details of Outward supplies on which tax is not payable
- <u>Table 10 & 11:</u> Supplies/tax declared/reduced through Amendments
- <u>Note: Reconciliation of GSTR1, GSTR 3B and Books important before filling of information in above tables</u>

- <u>Table 6:</u> Details of ITC Availed
- <u>Table 7:</u> Details of ITC reversed
- <u>Table 8:</u> Reconciliation of ITC availed with GSTR 2A
- <u>Table 12 &13:</u> Details of ITC availed/reversed through Amendments
- <u>Note: Reconciliation of GSTR2A, GSTR 3B and Books important before filling of information in above tables</u>

- Basic Details, Details of Taxes Paid, Details of Demands and Refunds
- Information on supplies received from composition taxpayers, deemed supply under section 143 and goods sent on approval basis.
- HSN wise summary of inward and outward supplies

Outward Supplies

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Table 4:-

- Details of Outward supplies & Inward Supplies on which tax is payable

Table 5:-

- Details of Outward supplies on which tax is not payable

Table 10&11:-

- Supplies/tax declared/reduced through Amendments

Note: Reconciliation of GSTR1, GSTR 3B and books is important before filling of information in above tables.

GSTR 9

Walkthrough of GSTR9 outward supplies

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- GSTR 9 requires verification by the taxpayers. But **no requirement** to obtain **certification from auditors**.
- Additional tax can be paid along with this form through Form DRC-03.
- Information of Apr 18 to Mar 19 to be reported in this form, except Part V where details of April 19 to Sep 2019 are submitted.

FORM GSTR-9 (See rule 80) Annual Return						
Pt. I	**Basic Details**					
1	Financial Year					
2	GSTIN					
3A	Legal Name					
3B	Trade Name (if any)					
Pt. II	**Details of Outward and inward supplies made during the financial year***					
			(Amount in ₹ in all tables)			
	Nature of Supplies	Taxable Value	CGST	SGST	IGST	Cess
	1	2	3	4	5	6
4	**Details of advances, inward and outward supplies made during the financial year* on which tax is payable financial year**					

Walkthrough of GSTR9 outward supplies

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FORM GSTR 9 : FY 18-19: Part II

S. No.	HEADING	COMMENTS	Mandatory/Optional
A	Supplies made to un-registered persons (B2C)	▪ **Net** of Debit / credit note to be reported ▪ Will include details of supply made through e-commerce operators	**Mandatory**
B	Supplies made to registered persons (B2B)	▪ Registered person can either report Debit / credit note separately or can net off the outward supply. ▪ Will include details of supply made through e-commerce operators	**Mandatory**
C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)	▪ Export under LUT is not to be reported here. ▪ Registered person can either report Debit / credit note separately or can net off the outward supply	**Mandatory**
D	Supply to SEZs on payment of tax	▪ Registered person can either report Debit / credit note separately or can net off the outward supply.	**Mandatory**
E	Deemed Exports	▪ Registered person can either report Debit / credit note separately or can net off the outward supply.	**Mandatory**
F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)	▪ Here, case of advance received but invoice not issued during Apr 18 to Mar 19 are to be reported ▪ Advance on goods was taxable upto 15.11.17 (NN 66/2017 CT)	**Mandatory**

Walkthrough of GSTR9 outward supplies

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FORM GSTR 9 : FY 18-19: Part II

S. No.	HEADING	COMMENT	Mandatory/ Optional
G	Inward supplies on which tax is to be paid on reverse charge basis	▪ As Recipient - Cases where Sec 9(3), 9(4) is applicable to be reported.(It doesn't include Import of Goods). ▪ Including Advances, ▪ Net of Debit / credit note to be reported	**Mandatory**
H	Sub-total (A to G above)		
I	Credit Notes issued in respect of transactions specified in (B) to (E) above (-)	▪ Registered person shall have an option to fill Table 4B to Table 4E net of credit notes.	**Optional**
J	Debit Notes issued in respect of transactions specified in (B) to (E) above (+)	▪ Registered person shall have an option to fill Table 4B to Table 4E net of credit notes	**Optional**
K	Supplies / tax declared through Amendments (+)	▪ Details of amendment made to above Para 4B, Para 4C, Para 4D, Para 4E, Para 4I, Para 4J to be reported here. ▪ Registered person shall have an option to fill Table 4B to Table 4E net of amendments	**Optional**
L	Supplies / tax reduced through Amendments (-)	▪ Details of amendment made to above Para 4B, Para 4C, Para 4D, Para 4E, Para 4I, Para 4J to be reported here. ▪ Registered person shall have an option to fill Table 4B to Table 4E net of amendments	**Optional**

Walkthrough of GSTR9 outward supplies

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S. No.	HEADING
M	Sub-total (I to L above)
N	Supplies and advances on which tax is to be paid (H + M) above

Will be transferred in GSTR 9C to match with Financial Turnover

5	Details of Outward supplies on which tax is not payable	COMMENT	Mandatory/ Optional
A	Zero rated supply (Export) without payment of tax	▪ Export under LUT is to be reported here.	**Mandatory**
B	Supply to SEZs without payment of tax	▪ Supplies under LUT is to be reported here.	**Mandatory**
C	Supplies on which tax is to be paid by the recipient on reverse charge basis	▪ As Supplier - Cases where Sec 9(3), 9(4) is applicable to be reported. ▪ Registered person can either report Debit / credit note separately or can net off the outward supply.	**Mandatory**
D	Exempted	▪ The registered person shall have an option to either separately report his supplies as exempted, nil rated and Non-GST supply or report consolidated information for all these three heads in the exempted row only	**Mandatory**
E	Nil Rated		**Optional**
F	Non-GST supply (**Includes "No Supply")***)	▪ "No Supply" category is also be covered here.	**Optional**

Walkthrough of GSTR9 outward supplies

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FORM GSTR 9 : FY 18 -19: Part II

S. No.	HEADING	COMMENT	Mandatory/ Optional
G	Sub-total (A to F above)		
H	Credit Notes issued in respect of transactions specified in A to F above (-)	▪ The registered person shall have an option to fill Table 5A to 5F net of credit/debit notes	**Optional**
I	Debit Notes issued in respect of transactions specified in A to F above (+)		
J	Supplies declared through Amendments (+)	▪ The registered person shall have an option to fill Table 5A to Table 5F net of amendments	**Optional**
K	Supplies reduced through Amendments (-)		
L	Sub-Total (H to K above)		
M	Turnover on which tax is not to be paid (G + L above)		
N	Total Turnover (including advances) (4N + 5M - 4G above)	▪ This will include advances on which tax is paid but invoice is not issued during the year (Unadjusted Advances).	

Walkthrough of GSTR9 outward supplies

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Part V	Particulars of the transactions for the FY 18-19 declared in returns between April 2019 till September 2019		
S. No.	**HEADING**	**COMMENT**	**Mandatory/ Optional**
10	Supplies / tax declared through Amendments (+) (net of debit notes)	Amendment done in April 19 to Sep 19 GSTR 1/Debit or Credit notes issued w.r.t supplies declared in GSTR 1 of April 18 to Mar 19, should be reported here.	**Mandatory**
11	Supplies / tax reduced through Amendments (-) (net of credit notes)		

Reconciliation statement – GSTR 9C

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Total 5 Parts

Total 16 Reporting heads

Parts

- Part I
  - Basic Details
- Part II
  - Turnover Reconciliation
- Part III
  - Reconciliation of Tax paid
- Part IV
  - Input Tax Credit Reconciliation
- Part V
  - Auditor's Recommendation

GSTR 9C preparation process

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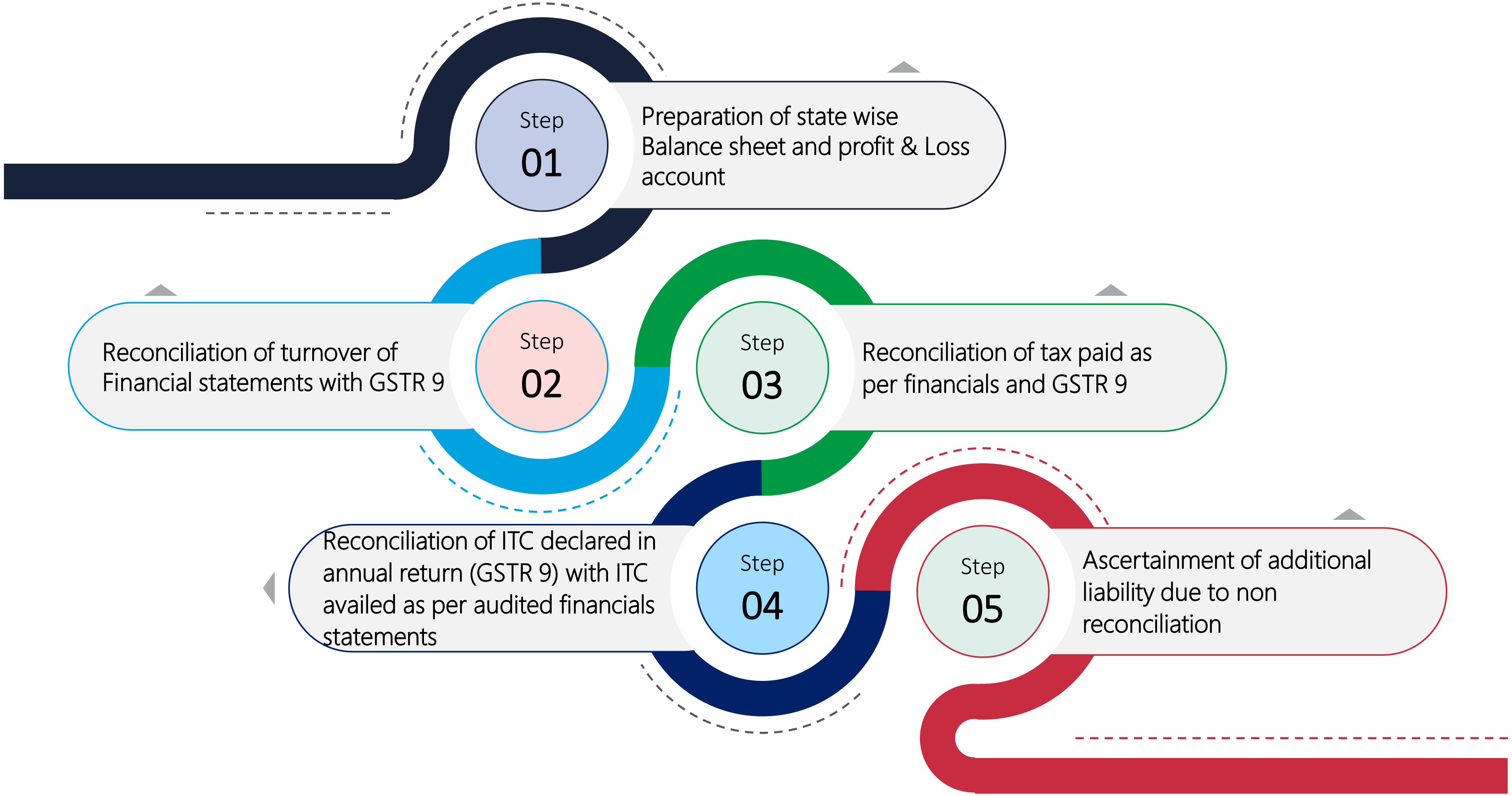

Walkthrough of GSTR9C outward supplies

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FORM GSTR 9C : FY 18-19: Table 5 : Reconciliation of Turnover

S.No.	HEADING	COMMENT	Mandatory/ Optional
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)	▪ In case of multiple GST registration, entities will have to internally derive their GSTIN wise turnover and declare the same here. ▪ This shall include export turnover, if any	**Mandatory**
B	Unbilled revenue at the beginning of Financial Year (+)	▪ When GST is payable during the FY on such revenue (which was recognized earlier), the value of such revenue shall be declared here. ▪ The registered person shall have an option to not fill this table. If there are any adjustments required to be reported then the same may be reported in Table 5O.	**Optional**
C	Unadjusted advances at the end of the Financial Year (+)	▪ Value of all advances for which GST has been paid but the same has not been recognized as revenue in the audited Annual Financial Statement shall be declared here ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
D	Deemed Supply under Schedule I (+)	▪ Any deemed supply which is already part of the turnover in the audited Annual Financial Statement is not required to be included here ▪ Consolidated details can be reported in Table 5O as well.	**Optional**

Walkthrough of GSTR9C outward supplies

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FORM GSTR 9C : FY 18-19: Table 5 : Reconciliation of Turnover

S.No.	HEADING	COMMENT	Mandatory/ Optional
E	Credit Notes issued after the end of the financial year but reflected in the annual return (-)	▪ Credit notes which were issued after 31st of March for any supply accounted in the current financial year but such credit notes were reflected in the annual return (GSTR-9) shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST (+)	▪ Trade Discount on which GST was leviable (being not permissible) shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
G	Turnover from April 2017 to June 2017 (-)	▪ Consolidated details can be reported in Table 5O as well.	**Optional**
H	Unbilled revenue at the end of Financial Year (-)	▪ Unbilled revenue which was recorded in the books of accounts on the basis of accrual system of accounting during the FY 18-19 but GST was not payable on such revenue in the same financial year shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
I	Unadjusted Advances at the beginning of the Financial Year (-)	▪ Value of all advances for which GST has not been paid but the same has been recognized as revenue in the audited Annual Financial Statement shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**

Walkthrough of GSTR9C outward supplies

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FORM GSTR 9C : FY 18-19: Table 5 : Reconciliation of Turnover

S.No.	HEADING	COMMENT	Mandatory/ Optional
J	Credit Notes issued after the end of the financial year but reflected in the annual return (+)	▪ Credit notes which were issued after 31st of March for any supply accounted in the current financial year but such credit notes were reflected in the annual return (GSTR-9) shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
K	Adjustments on account of supply of goods by SEZ units to DTA Units (-)	▪ Supply for which the DTA units have filed BOE shall be declared here ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
L	Turnover for the period under composition scheme (-)	▪ For suppliers who opted out of composition scheme during the current FY ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
M	Adjustments in turnover under section 15 and rules thereunder (+/-)	▪ Any difference between the turnover reported in the Annual Return (GSTR 9) and turnover reported in the audited Annual Financial Statement due to difference in valuation of supplies shall be declared here. ▪ Consolidated details can be reported in Table 5O as well.	**Optional**
N	Adjustments in turnover due to foreign exchange fluctuations.(+/-)	▪ Consolidated details can be reported in Table 5O as well.	**Optional**

Walkthrough of GSTR9C outward supplies

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FORM GSTR 9C : FY 18-19: Table 5 : Reconciliation of Turnover

S.No.	HEADING	COMMENT	Mandatory/ Optional
O	Adjustments in turnover due to reasons not listed above (+/-)	▪ Consolidated details of Table 5B to 5N can be reported in Table 5O as well.	**Mandatory**
P	Annual turnover after adjustments as above	▪ This field shall be auto-populated	
Q	Turnover as declared in Annual Return (GSTR 9)		**Mandatory**
R	Un-Reconciled turnover (Q - P)		

Other Illustrations where dispute may arise

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Instance	Books	Return
Transactions appearing in Both but any other difference arises like - Rate of outward liability Taken 5% instead of 18% - Valuation issue	✓	✓
Ind AS Adjustment	✓	✗
Stock transfer between branches	✗	✓
Deemed supply transactions	✗	✓
Supplies between related parties	✗	✗

Walkthrough of GSTR9C outward supplies

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FORM GSTR 9C : FY 18-19: Table 7: Reconciliation of Taxable Turnover

S.No.	HEADING	COMMENT	Mandatory/ Optional
A	Annual turnover after adjustments (from 5P above)	▪ Auto Populated	
B	Value of Exempted, Nil Rated, Non-GST supplies, No-Supply turnover	▪ Net of credit notes, debit notes and amendments, if any	**Mandatory**
C	Zero rated supplies without payment of tax	▪ Net of credit notes, debit notes and amendments, if any	**Mandatory**
D	Supplies on which tax is to be paid by the recipient on reverse charge basis	▪ Net of credit notes, debit notes and amendments, if any	**Mandatory**
E	Taxable turnover as per adjustments above (A-B-C-D)	▪ Auto Populated	
F	Taxable turnover as per liability declared in Annual Return (GSTR9)		**Mandatory**
G	Unreconciled taxable turnover (F-E)		

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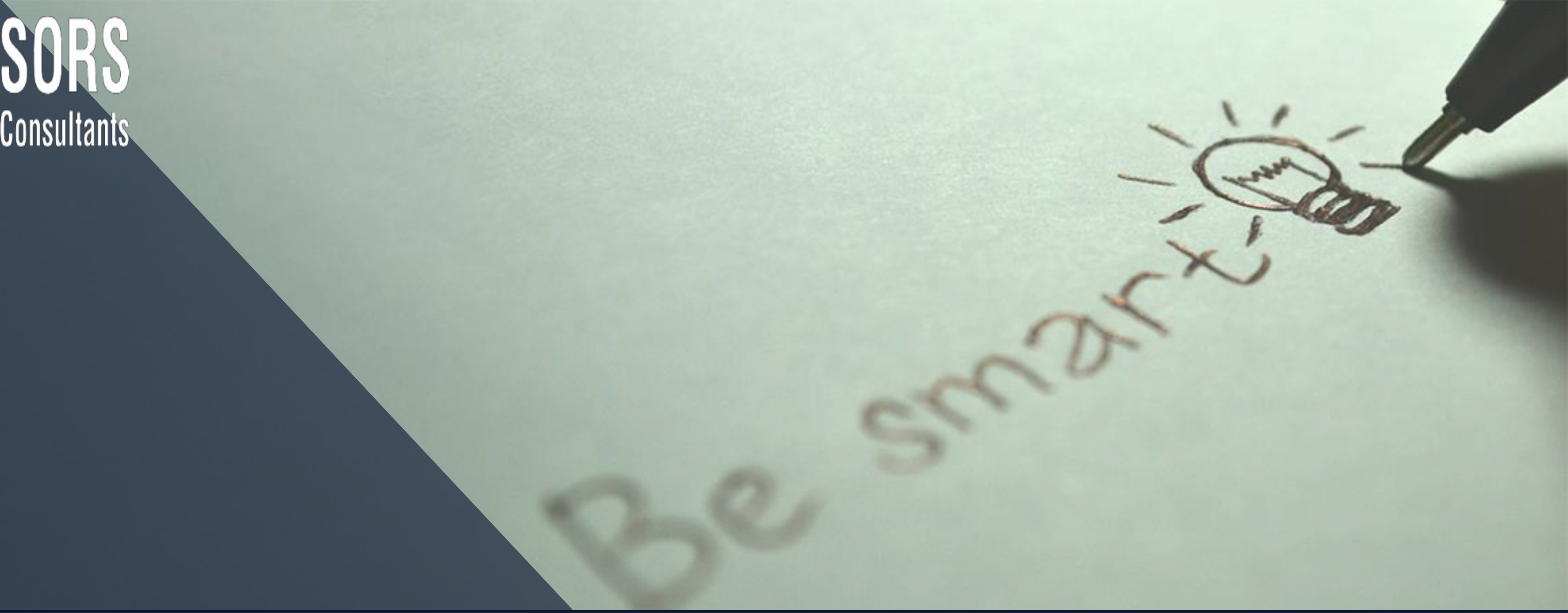
FORM GSTR 9C : FY 18-19: Table 9: Reconciliation of Tax Paid

Pt. III	Reconciliation of tax paid					
9	Reconciliation of rate wise liability and amount payable thereon					
			Tax payable			
	Description	Taxable Value	Central tax	State tax / UT tax	Integrated Tax	Cess, if applicabl e
	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		-	-	-	-
Q	Total amount paid as declared in Annual Return (GSTR 9)		-	-	-	-
R	Un-reconciled payment of amount				-	



Case Studies – Outward Supply

Case Study 1

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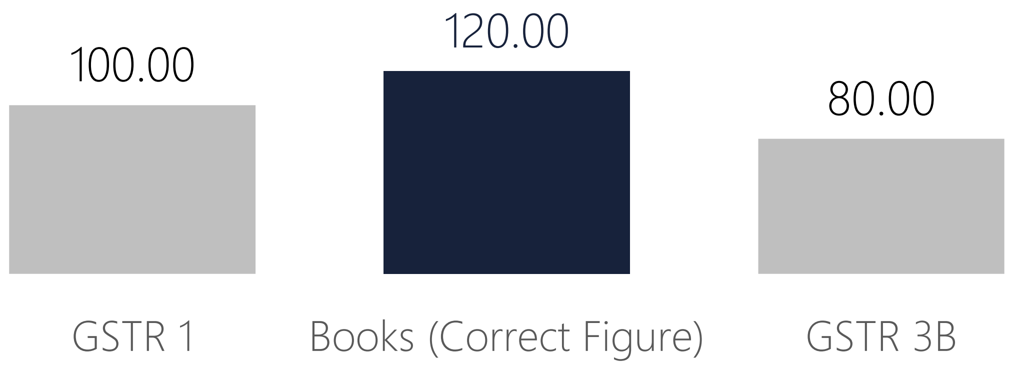
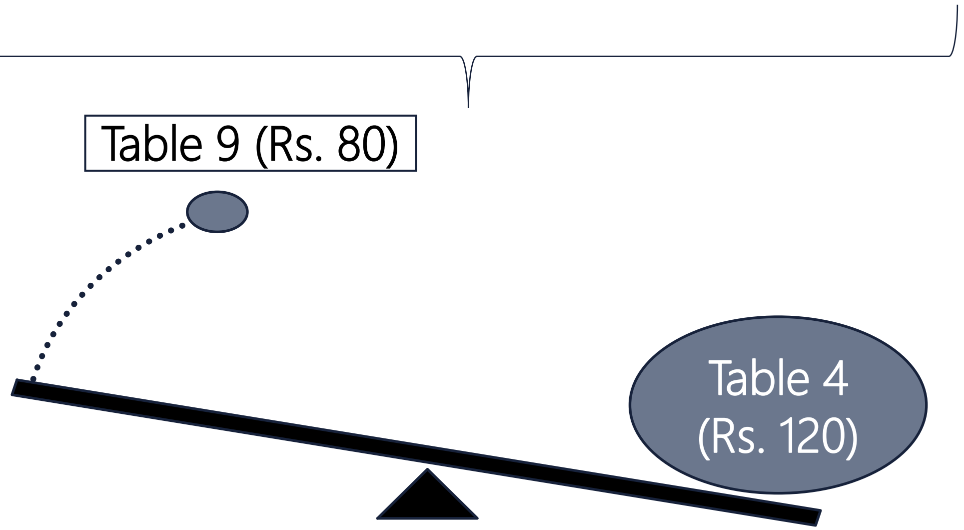
Case study 1

Turnover in F.Y 18-19



Impact on GSTR 9

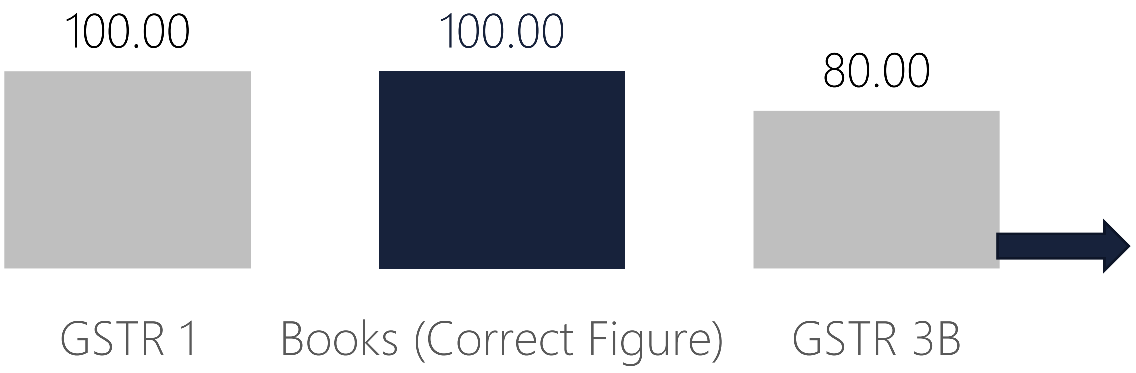


How to resolve this difference of Rs.40?

Case Study 2

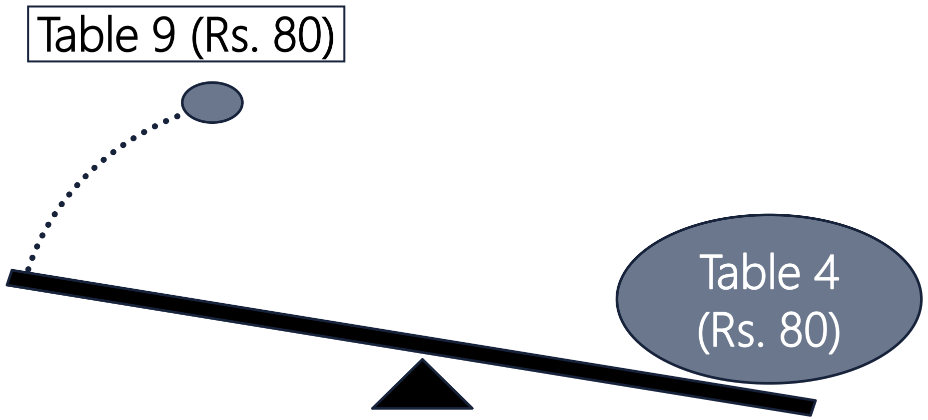
Case study 2

Turnover in F.Y 18-19



Rest 20 reported in 3B of 19-20

Impact on GSTR 9



How to resolve this difference of Rs.20 which is shown in 3B of 19-20?

Case Study3

Case study 3

Turnover in F.Y 17-18

Rest 20 reported in 3B of 18-19

Treatment of Rs. 20 in GSTR 9 of 18-19

- Option 1
  - Add in table 4
- Option 2
  - Don’t add in table 4

Continued…….

Case Study 3

Case study 3

Continued…….

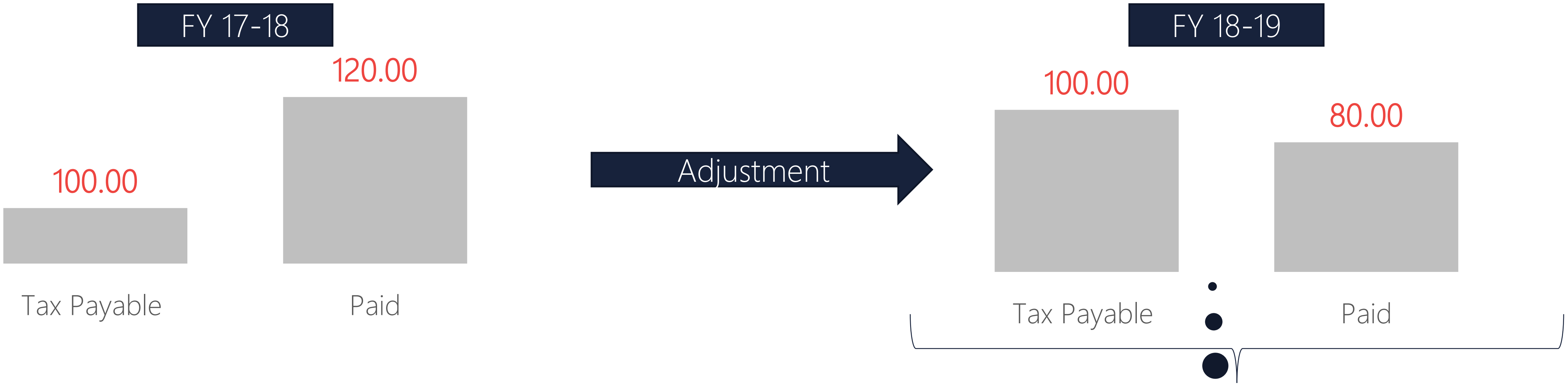
Treatment of Rs. 20 in GSTR 9 of 18-19 which pertains to 17-18 but shown in GSTR 3B of 18-19

	Option 1	Option 2
	Add in table 4	Don't add in table 4
Impact on GSTR 9	Table 4 and 9 will match	Table 4 and 9 will not match
Impact on GSTR 9C	Difference in 9C will come	No difference

Case Study 3A

Case study

Excess tax paid in 17-18 adjusted in 18-19



How to report this difference of Rs. 20?

Difference in table 4 and table 9 will appear

Case Study 4

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Case study 4

Issue: Assesse **paid CGST and SGST** during the year 18-19 and later on during the audit it was found that **IGST was payable**

Wrongly Paid	CGST + SGST (100+100)
Correct	IGST (200)

Impact on GSTR 9

Difference in table 4 and 9. Excess payment of CGST and SGST will appear and IGST will appear as payable

Pay IGST amount through DRC-03 and claim refund of CGST and SGST

Case Study 5

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Case study 5

Impact of Exempt supplies on ITC

Exempt supplies

- Interest Income
- Dividend Income
- Sale of Electricity
- Renting of residential dwelling Etc.

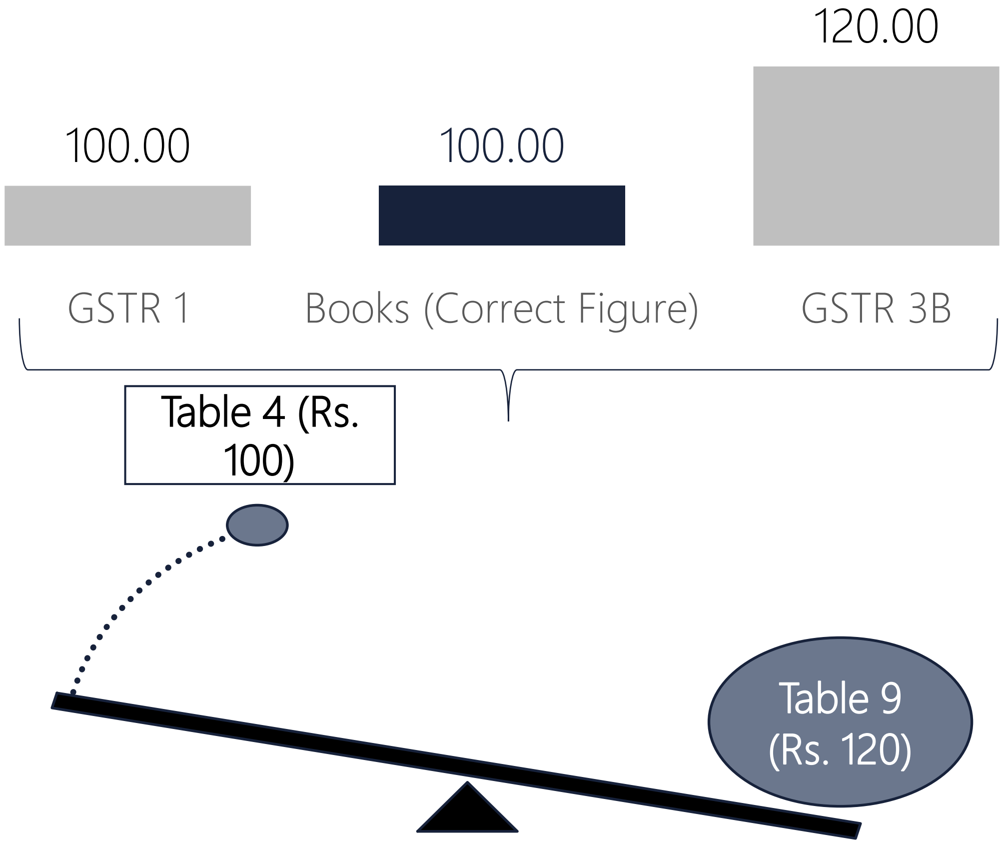
Rule 42/43 requires reversal of common credit attributable to exempt supplies

Whether presence of exempt supplies in financials and not declared in monthly returns can impact GSTR 9?

Case Study 6

Case study 6

Turnover in F.Y 18-19



Impact on GSTR 9

Refund of Rs. 20?

Case Study 7

Case study 7

In the F.Y 18-19
B2B supply of Rs. 100 wrongly disclosed in monthly returns as B2C

In the F.Y. 19-20 - Corrected from B2B to B2C

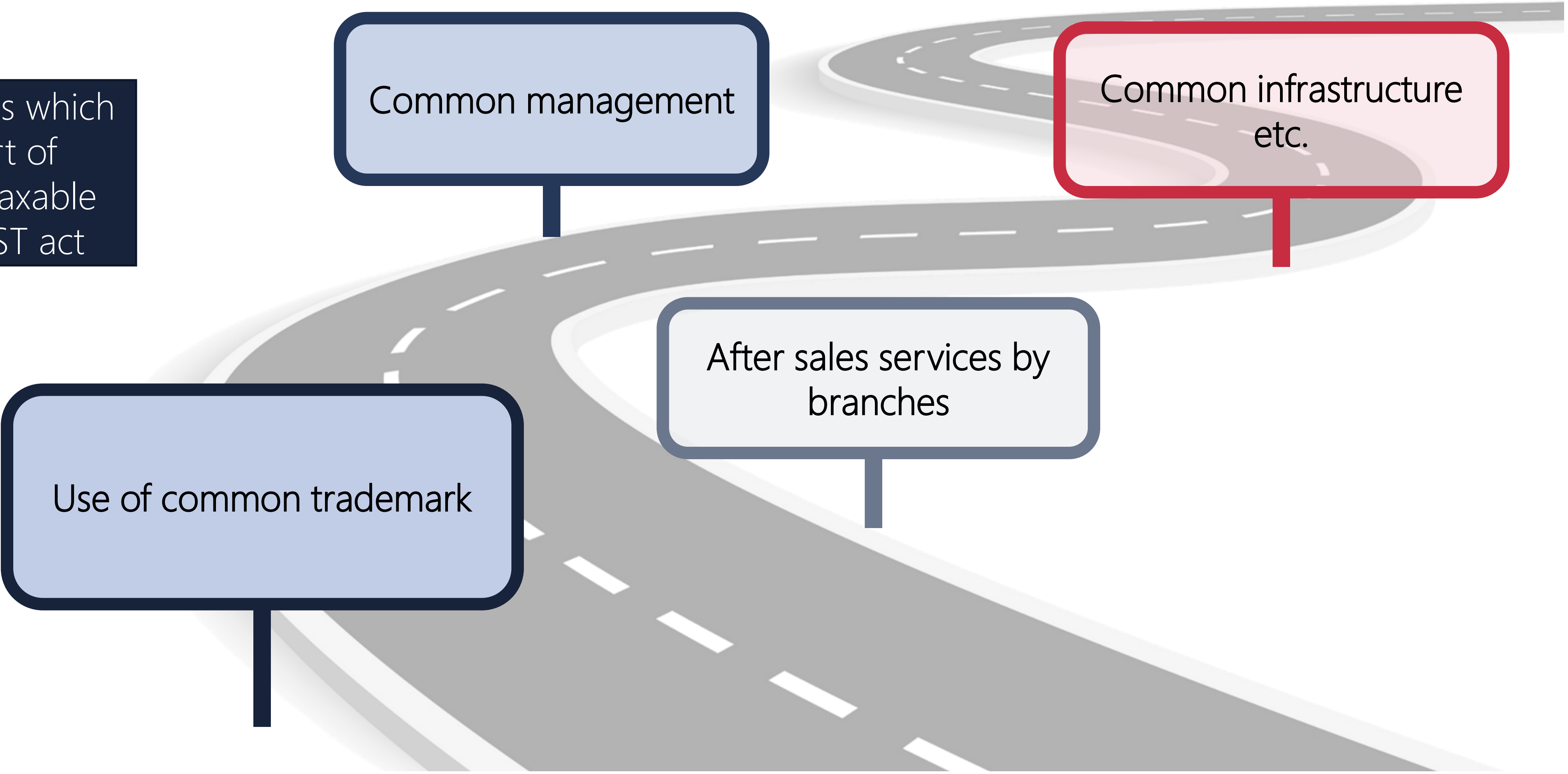
Impact on GSTR9 or GSTR 9C?

Case Study 8

Case study 8

Impact of Supplies not forming part of Financials on GSTR 9/9C

Examples of supplies which do not form part of financials but are taxable supplies as per GST act



Supplies between Related/Distinct persons

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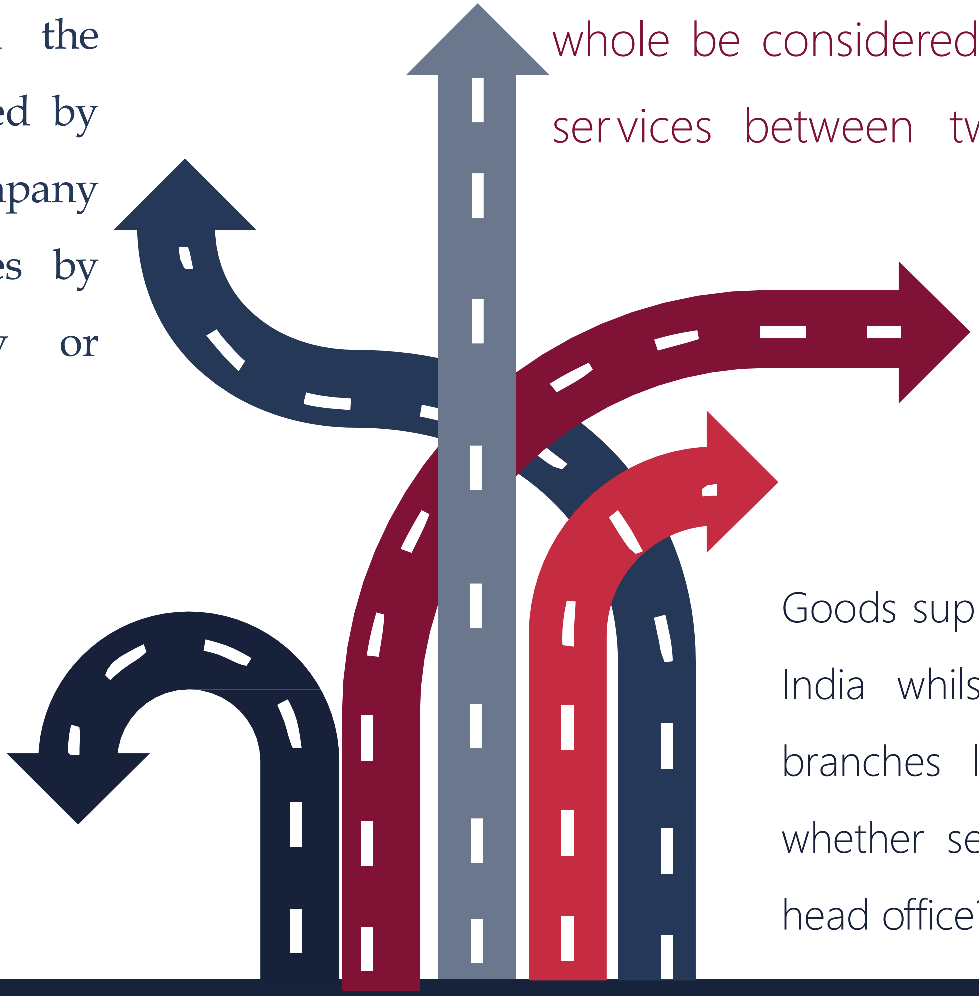
Common Trademark (E.g. TATA, Reliance)

Whether trademark registered in the name of holding company and used by various subsidiary or associate company be regarded as supply of services by holding company to subsidiary or associate company?

Common Infrastructure

It basically includes sharing of infrastructure/resources with the other party. Example: Accounting for all the branches being done at HO etc.



Common Management

Executives and management working for the entity as a whole be considered as provision of services between two related persons/distinct persons

After sale services provided by branches

Goods supplied by the head office to customers across India whilst warranty services are provided by the branches located in respective states. In this case, whether services have been supplied by branches to head office?

Emerging Issues

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Taxability of Corporate Guarantee by Parent company in favour of its subsidiary

It is common in financing arrangements that a parent company guarantees the loan obtained by its subsidiary from a third party i.e., termed as corporate guarantee. Moreover, unlike in case of bank guarantee, there might be no consideration charged by parent company from subsidiary in lieu of such favour. Now, can we contend that corporate guarantee does not constitute supply, for-

- It is a shareholder activity (such as quasi capital); and/or
- It is an actionable claim covered under Schedule III

A corporate guarantee is a legal agreement between a borrower, lender, and guarantor, whereby a corporation takes responsibility for the debt repayment of the borrower provided it faced bankruptcy.

The CESTAT, Delhi held that the nature of corporate guarantee as well as of bank guarantee is one and the same for facilitating lending facilities. The commission in respect of Corporate guarantee paid by the applicant to its parent company shall be treated as 'Business Auxiliary'.
Service' under the Finance Act, 1994 and therefore, such commission shall be chargeable to Service Tax. Based on above, it is also chargeable to GST under the current GST regime.

Sterlite Industries India Ltd.
2019-VIL-194-CESTAT-CHE-ST

The CESTAT, Chennai held that corporate guarantee is not same as bank guarantee since corporate guarantee is an in-house guarantee issued to safeguard financial health of associate enterprises. The Corporate guarantee commission paid by the applicant to its parent company doesn't come within the fold of section 65(12) of the Finance Act, 1994 and therefore, such commission shall be not chargeable to Service Tax under "Banking and other financial services".

INWARD SUPPLY

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FORM GSTR 9 : FY 18-19: Part III

- ✓ In Part III, only tax amount is required to be mentioned. Value of supplies is not required to be mentioned.
- ✓ In this part, at some para's, bifurcation of information is required to be given
  - Between Inputs, Capital Goods and Input Services at Sr. No. 6B to 6D (For F.Y 18-19, instead of showing bifurcation, consolidated details can be shown in inputs row only) and
  - Between Inputs and Capital Goods at Sr. No. 6E

<table>
<tr><th>Pt. III</th><th colspan="7">Details of ITC as declared for the financial year*</th></tr>
<tr><td></td><td colspan="2">Description</td><td>Type</td><td>CGST</td><td>SGST</td><td>IGST</td><td>Cess</td></tr>
<tr><td></td><td colspan="2">1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr>
<tr><td>6</td><td colspan="7">Details of ITC availed during the financial year*</td></tr>
<tr><td>A</td><td colspan="2">Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)</td><td><Auto></td><td><Auto></td><td><Auto></td><td colspan="2"><Auto></td></tr>
<tr><td rowspan="3">B</td><td rowspan="3">Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)</td><td>Inputs</td><td colspan="5" rowspan="3">▪ Registered person shall have the option of showing entire ITC under the head inputs, instead of bifurcating the same.
▪ Credit availed, but reversed and then re-claimed shall not be reported here. It is to be reported in below Para 6(H)</td></tr>
<tr><td>Capital Goods</td></tr>
<tr><td>Input Services</td></tr>
</table>

Walkthrough of GSTR9 inward supplies

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FORM GSTR 9 : FY 18-19: Part III

S. No.	HEADING	COMMENT	Mandatory/ Optional
C	Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed	▪ Credit of tax paid as per Sec 9(4) is to be considered here ▪ It doesn't include import of service ▪ Consolidated details of Table 6C and 6D can be shown in Table 6D.	**Optional**
D	Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed	▪ Credit of tax paid as per Sec 9(3) is to be considered here	**Mandatory**
E	Import of goods (including supplies from SEZs)	▪ Consolidated details can be shown in inputs row only	**Mandatory**
F	Import of services (excluding inward supplies from SEZs)		**Mandatory**
G	Input Tax credit received from ISD		**Mandatory**

Walkthrough of GSTR9 inward supplies

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FORM GSTR 9 : FY 18-19: Part III

S. No.	HEADING	COMMENT	Mandatory/ Optional
H	Amount of ITC reclaimed (other than B above) under the provisions of the Act	▪ Amount of ITC claimed, reversed and reclaimed is to be reported here	**Mandatory**
I	Sub-total (B to H above)		
J	Difference (I - A above)	▪ Ideally, this amount should be Zero. Figures as per para 6B to 6H are just detailed versions of amount mentioned in Para 6A above	
K	Transition Credit through TRAN-I (including revisions if any)	▪ Includes amount revised in Trans 1	**Mandatory**
L	Transition Credit through TRAN-II		**Mandatory**
M	Any other ITC availed but not specified above	▪ For example : Details of ITC availed through ITC 01, ITC 02 to be reported here	**Mandatory**
N	Sub-total (K to M above)		
O	Total ITC availed (I + N above)		
7	**Details of ITC Reversed and Ineligible ITC for the financial year***		
A	As per Rule 37	▪ Case of payment not made within 180 days	**Optional**

Walkthrough of GSTR9 inward supplies

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S. No.	HEADING	COMMENT	Mandatory/ Optional
B	As per Rule 39	▪ Reversal of excess ITC distributed credit by ISD as per Rule 39(1)(j), 39(2)	**Optional**
C	As per Rule 42	▪ Reversal of ITC of Input/Input Services, if used for exempted supply	**Optional**
D	As per Rule 43	▪ Reversal of ITC of Capital Goods, if used for exempted supply	**Optional**
E	**As per section 17(5)**	▪ If value of Table 4D was not included in 4A, then no entry to be made.	**Optional**
F	Reversal of TRAN-I credit		**Mandatory**
G	Reversal of TRAN-II credit		**Mandatory**
H	Other reversals (pl. specify)	▪ ITC reversed through ITC 03, Sale of CG, Reversal due to closure of business or any other reversal may be reported here ▪ Registered person shall have an option to either fill information on reversal separately in Table 7A to 7E or report the entire amount of reversal under Table 7H only.	**Mandatory**
I	Total ITC Reversed (A to H above)		
J	Net ITC Available for Utilization (6O - 7I)		

Will be transferred in GSTR 9C to match with ITC availed in books of accounts (Table 14)

Walkthrough of GSTR9 inward supplies

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S. no	HEADING	COMMENT	Mandatory/ Optional
8	**Other ITC related information**		
A	ITC as per GSTR-2A (Table 3 & 5 thereof)	▪ This will be auto populated by system from GSTR 2A. Date on which data from GSTR 2A will be auto populated ? ▪ Registered person shall have an option to upload details for the entries in Table 8A to 8D duly signed in PDF Format in Form GSTR 9C	**Optional**
B	ITC as per sum total of 6(B) and 6(H) above	▪ It will be auto populated. (In form notified by govt, auto comment is mentioned only for CGST, and not for other. It might be typing mistake).	
C	ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2018-19 but availed during April to September, 2019	▪ Credit pertaining to April 18 to Mar 19, but availed in GSTR 3B of April 19 to Sep 19, shall be declared here.	
D	**Difference [A-(B+C)]**	• The value in row 8D can be negative.	
E	ITC available but not availed (out of D)	• Amount of Para 8E + 8F = 8D	
F	ITC available but ineligible (out of D)		
G	IGST **paid** on import of goods (including supplies from SEZ)		

Walkthrough of GSTR9 inward supplies

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S. No.	HEADING	COMMENT	Mandatory/ Optional
H	IGST credit **availed** on import of goods (as per 6(E) above)	▪ This will be auto populated by system from Table 6E above	
I	Difference (G-H)		
J	ITC available but not availed on import of goods (Equal to I)	▪ This should be equal to Para 8I above. This is credit not availed and ineligible credit. Unnecessary this extra row is there.	**Mandatory**
K	Total ITC to be lapsed in current financial year (E + F + J)	▪ This is lapsed credit	

Pt V	Particulars of the transactions for the FY 2018-19 declared in returns between April 2019 till September 2019		
S.N	**HEADING**	**COMMENT**	**Mandatory/ Optional**
12	Reversal of ITC availed during previous financial year	▪ ITC availed in April 2018 to March 2019 but reversed in returns filed for the months of April 2019 to September 2019 shall be declared here.	**Optional**
13	ITC availed for the previous financial year	▪ Goods or services received between April 2018 to March 2019 but ITC for the same was availed in returns of April 2019 to September 2019 ▪ ITC reversed In FY 18-19 due to non payment within 180 days but reclaimed in FY 19-20 shall be furnished in annual return of FY 19-20	**Optional**

Walkthrough of GSTR9C inward supplies

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FORM GSTR 9C : FY 18-19: Table 12: Reconciliation of Net ITC

S. No.	HEADING	COMMENT	Mandatory/ Optional
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)	▪ In case of multiple GST registration, entities will have to internally derive their GSTIN wise ITC and declare the same here.	**Mandatory**
B	ITC booked in earlier Financial Years claimed in current Financial Year (+)	▪ ITC booked in financial statements in earlier years but claimed in FY 18-19 shall be declared here ▪ This shall include transitional credit as well.	**Optional**
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years (-)	▪ ITC booked in financial statements in 18-19 but the same has not been credited to the ITC ledger for the said FY	**Optional**
D	ITC availed as per audited financial statements or books of account	▪ Auto Populated	
E	ITC claimed in Annual Return (GSTR9)		**Mandatory**
F	Un-reconciled ITC		

Walkthrough of GSTR9C inward supplies

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FORM GSTR 9C : FY 18-19: Table 14: Reconciliation of ITC expense wise

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 availed	Amount of eligible ITC availed
	1	2	3	4
A	Purchases	-	-	-
B	Freight / Carriage	-	-	-
C	Power and Fuel Costs	-	-	-
D	Imported goods (Including received from SEZ)	-	-	-
E	Rent and Insurance Expense	-	-	-
F	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples			-
G	Royalties			-
H	Employee's 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			-
S	ITC claimed in Annual Return (GSTR9)			-
T	Un-reconciled ITC			-

For F.Y 2018-19, the registered person shall have an option to not fill this table

Case Study 1

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Case study 1

F.Y. 18-19

Particulars	Amount	Correct or not
ITC taken in monthly returns	100	✗
Correct ITC in Books	90	✓

Impact on GSTR 9

Table 6A –Rs.100

Table 6B – Rs. 90

Difference of Rs.10?

Case Study 2

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Case study 2

ITC Figures of 17-18 reported in returns of 18-19

17-18

18-19

Particulars	Amount
ITC books	100
ITC returns (3B)	0

ITC of Rs. 100 taken in 3B of 18-19

Impact on GSTR9

S. No.	HEADING	Amount
13	ITC availed for the previous financial year	**100**

6A (Auto populate)	100 +
6B	100 +

8A (Auto populate)	-
8B	100 +

Difference 100?

Case Study - 3

Case study 3

Differences in Table 8A, GSTR 2A and Excel of 8A

Reasons for differences in	GSTR2A	Excel Table 8A	Form 9 Table 8A
Invoice where POS is different than registered place of recipient	✔	✔	✘
RCM invoices where registered supplier declares those invoices in GSTR 1	✔	✔	✘
Credit received from ISD	✔	✘	✘
GSTR1 submitted by supplier but not filed	✔	✘	✘
Return submitted after Oct'2019	✔	✘	✘
Invoice relating to FY 2017-18	✔	✔	✘
Credit note related to invoice of 18-19 issued in 19-20	✔	✘	✘

Continued…….

Case Studies on Inward supplies

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Case study

Continued.......

Impact on GSTR 9

Differences in Table 8A, GSTR 2A and Excel of 8A

Increase in difference in table 8D

Challenges in reconciliation of ITC figures in GSTR 9

- 8A and 2A difference
- 8A and Excel of 8A difference
- 8A and 6B difference
- Impact of credit of 17-18 taken in 18-19. Reflected in 8A?
- 8A figures backup?

Case Study 4

Case study 4

Negative outward supplies due to excess credit notes

Treatment in monthly returns

- Adjusted with outward supply of next months
  - Impact on GSTR 9: No Impact – Correct treatment
  - Treatment: If there was no outward supplies in subsequent months then take refund of excess credit notes
- Increased ITC
  - Impact on GSTR 9: Excess ITC will appear table 6A
  - Treatment: Reduce the ITC manually; Pay the amount of utilized ITC through DRC -03

Case Study 5

Case study 5

RCM liability of 17-18 paid in 18-19

17-18

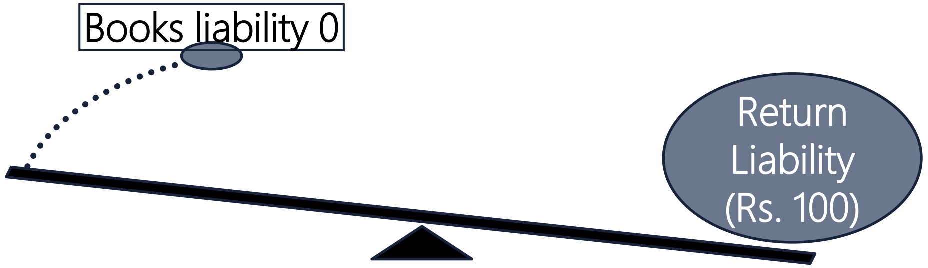
Particulars	Amount
RCM liability (books)	100
Liability in returns	0
ITC in returns	**0**

18-19

ITC and liability of Rs. 100 taken in 3B of 18-19

Impact on GSTR 9C

18-19



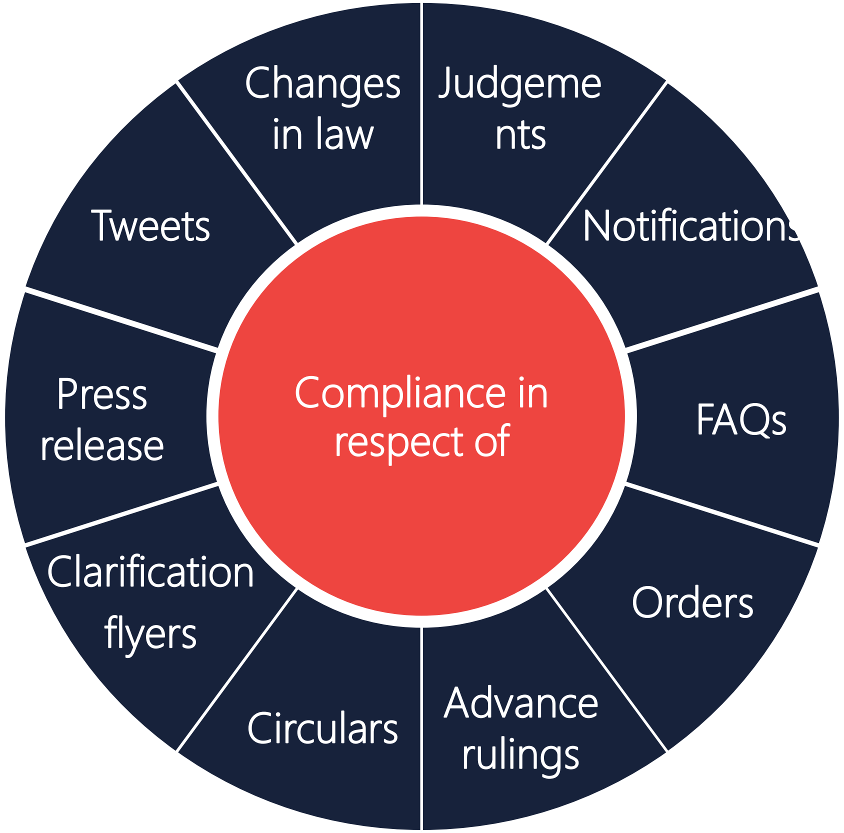
Press Release – 3rd July'2019
Report in annual return of 18-19 and any difference in turnover should be reported with reasons in reconciliation statement

Legal Audit

Legal Audit

Form 9C requires the auditor to **report inconsistencies** w.r.t **compliance of GST Law** by the taxpayer, if any.

GST Auditor has to **verify and comment on compliance** of provisions of entire GST law at **business transaction level**.



Legal Audit – Specific requirements

Verification of existing classification

- For every transaction check
  - **Correctness** of **rate of tax**
  - Availability of **exemption Notification**
  - Whether transaction is **single supply / composite supply/ mixed supply**

Verification of transactions which are present not in books

- Identifying tax implications on transactions beyond books such as
  - **Cross charge**
  - **Supplies** between **related parties** like **corporate guarantee / common building**
  - **Free Supplies**

Legal Audit – Specific requirements

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Verification of Schedule II transactions

- Verify
  - Works Contract vs Sale of Goods
  - Liquidated damages / Penalties / Forfeiture
  - Financial Lease vs operating lease
  - Works Contract vs Deemed construction service

Transactions with employees

- Verifying implications on transaction with employees
  - Various facilities and perquisite provided
  - Deductions from Salary
  - Welfare schemes

Legal Audit – Specific requirements

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Verification of nature of supply

- Verification of Nature of Supply of every business transaction

  - IGST vs CGST/SGST and conditions for treating a supply as inter state or intra state has been fulfilled or not

  - Correctness of **Place of Supply**

  - **B2B to B2C** and vice versa

Cross border transactions

- Verifying tax implication on Cross Border Transactions

  - Transaction b/w various offices (HO / BO / LO)

  - Import of service vs Non Resident Taxpayer

  - Import and export related issues

Legal Audit – Specific requirements

Verification of correctness of valuation of each transaction

- Verifying correctness of Valuation of each transaction
  - Whether the valuation in case of **related party transaction** is in accordance with rules or not
  - Whether value of Subsidy and Other financial assistance is included
  - Valuation of **Pure agent transaction**
  - Treatment of **Discounts / Schemes**
  - In case the value of **supply is inclusive of GST**, whether the taxable value and tax amount is determined as per Rule 35 of CGST Rules, 2017
  - In case of **exports**, whether the **rate of exchange** of currency is determined as per Rule 34 of CGST Rules, 2017

Legal Audit – Specific requirements

Verification of ITC

- Verification of entire Input Tax Credit mechanism
  - Eligible vs Non Eligible Credit
  - Conditions of Credit satisfied to avail the credit.
  - Compliance of Rule 42/43 mechanism
  - Retention Money / Deductions / Quality issues / Shortages etc.
  - Reversal of input tax credit due to non payment to vendors within 180 days or on receipt of credit note etc.
  - Specific sector wise compliances like Real estate, Banking etc.

Legal Audit – Specific requirements

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Scrutiny of monthly GST returns

- verify
  - Whether transaction such as high seas sales/purchase, merchant trading, **exempt & non-GST** inward & outward supplies have been **reported**
  - Whether **monthly returns** are in **compliance** with the books of **accounts**
  - Whether document series of self-invoice, payment vouchers, receipt & refund vouchers reported
  - Whether advances on which tax has been paid is adjusted & disclosed accurately, etc.

Legal Audit – Other requirements

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Books of Accounts

- verify
  - Whether books of accounts are maintained as specified in section 35 read with Rules 56, 57 and 58 of the GST Law

Verify

- RCM transactions
- Transitional credit
- Proper documentation - E way bill, Delivery challan etc.

Section 50 – Interest on delayed payment

Section 50- Interest on delayed payment of tax (GST)

(1) *Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made there under, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall, for the period for which the tax or any part thereof remains unpaid, pay,* on his own, *interest at such rate, not exceeding eighteen per cent, as may be notified by the Government, on the recommendation of the Council.*

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which tax was due to be paid.

(3) A taxable person who makes an undue or excess claim of input tax credit *under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.*

Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.".

Interest payment and GST Audit

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Whether INTEREST PAYABLE?

Illustrative Issues
ITC reversal not made during the year
Excess ITC availed
Credit note issued against the provisions of the act
Tax liability short paid
Credit note impact taken through increase in ITC
Delayed payment of RCM liability
RCM liability not paid

Whether interest liability arises while making payment through DRC-03 for abovementioned instances or any other such instance??

Any
Questions?

THANK YOU

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