

AUDIT IN GST

By Dr. N. Ahmad

Tax payer with turnover over R 2 cr need GST audit certificate, will be arduous job for auditor. ~~For~~ Fortunately, the Government has prescribed 2 different certificates as part of GST ~~and~~ audit format — one where reconciliation statement is drawn & Audited by Statutory auditor and the other wherein it is drawn and audited by person other than statutory auditor.

Simply

Audit means testing of procedure of accounting & fulfilment of norms and rule (regulation) of accounting principles in maintaining account system in the business.

OUTLINE

The reconciliation is to be accompanied with certificate from the auditor. Taxpayers should note that it happens appears that the said amount is to be paid in cash (and not in credit)

(2)

The Government has prescribed two different certifications as part of GST Audit Format.

The Government ~~on 13/9/18~~ (3/9/18) notified the GSTR-9C form for annual GST audit under which every tax payer above ₹ 2 Cr Turnover in a financial year would need to fill up a reconciliation statement and also obtain a certification of audit.

Under GST, annual return is to be furnished in ~~GSTR-9C~~ GSTR-9 (notified on Sep 4, 2018) ~~as per~~.

In addition, as per section 35 of act 2017, every tax payer whose turnover exceed ₹ 2 crore during a financial year, is required to submit audited annual accounts, and a reconciliation statement in GSTR-9C.

[The Government Notification NO 49/2018 Central tax dated Sep 13, 2018 has notified the format for GSTR-9C]

Design of GSTR-9C

A look at GSTR-9C makes it clear that it is essentially a reconciliation statement for reconciling Turnover, Input tax credits and tax payments reported in GST return (Annual return) vis-a-vis annual book of accounts.

(3)

GSTR-9C is broadly segregated into the following

- a) Gross turnover (including taxable and non-taxable turnovers)
- b) Taxable turnover
- c) Tax liability and payments (rate-wise)
- d) Input tax credit availed

The reconciliation is to be accompanied with certification from the auditor (can be statutory auditor as well). Further, there is a separate table for auditor's recommendation on additional liability to be discharge on account of non-reconciliation of Turnover and Input tax credit. The auditor may also recommend on erroneous refunds, outstanding demands etc.

There is a separate table for disclosing additional amount payable in account of un-reconciled amount as per Sr. No.

1, 2, 3 and 4... Taxpayers should note that if appears that the said amount is to be paid in cash (2mt add)

(4)

"While the final audit format appears less ~~big~~ labyrinthine, undertaking ~~the~~ FIVE different reconciliations, providing recommendation on the additional liability and certifying whether correct books of accounts have been maintained is still going to be an arduous task for the GST Auditor."

GST envisages 3 types of audit.

1) by a chartered accountant or cost accountant
(Limit : T.O. More than 2 Crore of Registered person)
(FORM GSTR-9C)

2) Normal audit :
Commissioner or any officer authorised by him, can undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.

3) Special Audit
The R.P. can be directed to get his records examined and audited by a CA or cost accountant during any stage of scrutiny, inquiry, investigation or any other proceedings depending upon the complexity of the case.