

Points to be kept in mind during the GST Audit

Here I would like to mention to all of you details which would be require kept in mind at the time of GST Audit. I had done GST Health Checkup (i.e. GST Compliance of more than 30 companies like Manufacturing, Service, Trading, Pharma, Health, Export oriented unit, etc is limited as well as MNC companies). My intention is to spread knowledge and guide to all of you related to GST compliance so reduce the chances of errors and omission in GST.

Point to be Kept in mind during GST Audit.

(1) GST Registration Certificate, as well as GST Number, is required to be displayed at “Place of Business” as per CGST Rules 18 (Penalty for contravention of any provisions of the Act or the Rules which may extend to Rs. 50000 as per Section 125 of CGST Act).

(2) Books of Account maintained by the Company as per Section 35.

(a) Production and manufacture of goods

(b) Inward and Outward supply of goods or services or both (Purchase and Sales Register)

(c) The Stock of goods (Inventory Register)

(d) Input Tax Credit availed (ITC Register)

(e) Output tax payable and paid

(f) Such other particulars as may be prescribed. (Job work register)

(3) Electronic Credit Ledger and Electronic Cash Ledger Balance on **GST Portal** for the month of March 2018 matched with the Final BS 31-03-2018

(4) Excise, Vat, Service Tax return filed in the month of June 2016 credit balance is matched with filed Transitional Form Tran -1 (Section 141 -142 of CGST Act). (kindly aware that credit of Edu cess, SAHE cess not available).

(5) Verify the Valuation aspect if goods sold to the related party, associate party per Sec 15 – Value of taxable supply of CGST Act and Rule 27 to Rule 32 of CGST Rules

(6) Tax Invoice, Credit Note and Debit Note issued as per Rules 46 of CGST Rules & Section 31 of CGST Act. Point no. a to q as per Rule 46 on Tax Invoice is mandatorily mentioned.

(7) Self Generated Invoice & Payment voucher issued for Purchaser from Unregistered Vendors (RCM Mechanism)

(8) Procedures of Job work as per section 143 of **CGST Act 2017** & Return ITC – 04 filed quarterly. Whenever goods given to the job worker by the principal manufacture, in that case, verify that the challan issued as per Rule 55 of CGST Rules 2017.

(9) HSN wise reporting of Outward sales vs Inward Supplies are matched with the Books of Accounts vs filed GSTR 1.

(10) To ensure that the whatever amount collects from an employee or any other party other than supply made are fall into the knowing as supply and GST is liable on it. i.e. Notice pay recovery from an employee.

(11) Sales generated Invoices series mentioned separately if sales made to Domestic transaction, SEZ Transactions, Exports Transactions. Reconciled invoices series issued for sales transactions with GSTR 1 dashboard no 13 documents issued with accounting records.

(12) Ensure that the Whenever sale made to Export sales Invoice were prepared as per Invoice rules. LUT Number mentioned in their Invoice and at the time of booking of an Invoice rate of exchange taken as per the CBIC website.

(13) Please verify that the accounting of RCM Mechanism done properly – credit taken and posted in RCM ledger. RCM Liability arises as per section 9(3) and 9(4) of CGST section 5(3) and 5(4) of IGST Act. RCM liability under section 9(4) were liable until 13-10-2018. Liability paid under RCM under section 9(4) were pertaining to under section 17(5) are not eligible for taking credit.

(14) Reconciliation of Taxable Value as per Final BS vis a vis 3B, GSTR1. If there is a difference in taxable value then GST liability paid at the time of filing of an Annual Return of GSTR 9 with the use of DRC 03.

(15) Reconciliation of Tax paid on **Electronic Cash Ledger** vs Accounting Ledger.

(16) To ensure that the ITC Credit availed as per section 16 and reversal made of ITC pertaining to fall under section 17(5).

(17) Verity the Debtors Ageing report if any amount pending to the debtors for more than 180 days because of ITC reversal made if you were not paid to the Debtors.

(18) To Check the Place of Supply, GSTIN Number of Vendors and Customers. Ensure that the GST charge correctly in case of Intrastate and Interstate transactions.

(19) Verify the refund amount claimed by the company correctly or not.

(20) If any Addition made in Fixed Assets during the year if it is related to an Immovable property is not eligible for taking GST Credit as per under section 17(5) of CGST Act 2017.

(21) GST paid on the Advance amount received from the party. The Advance amount received from the party in case of goods GST were liable for paid till 30-11-2018. Now, GST is liable on services if any advance amount received from the vendors against the services to be provided. Verify balance with the final BS if any advance received are mentioned.

Source courtesy : TaxGuru