

## **GST Annual Return Form GSTR-9 and GST Audit Form GSTR-9C**

### **BACKGROUND**

GST (Goods and Services Tax) was introduced in India on 1st July 2017 replacing many different types of taxes like Service Tax, Value Added Tax (VAT), Excise Duty and so on. In the past, for every type of tax, a registered person or entity had to file the return and undergo the audit conducted by the Government department. Now, the same has to be done for GST registered persons or entities.

Under this, Government has rolled out the much delayed GST Annual Return (GSTR – 9) and GST Audit (GSTR – 9C). GSTR-9 is governed by section 35(5) and section 44(1) of CGST Act. **Section 44(1) of CGST Act read with Rule 80(1)** of CGST Rules requires that **every Registered person or entity** Shall furnish an annual return for every financial year electronically in Form GSTR-9 on or before the thirty-first day of December following the end of such financial year.

**However, for the period 1st July 2017 – 31st March 2018, the deadline for Annual Return and/or Audit has been fixed as 30th June 2019.**

### **EXPLANATION OF THE FORMS**

#### **I. GST Annual Return (Form GSTR -9)**

- For the period July, 2017 to March, 2018, Annual Return needs to be filed by 30th June, 2019:
- The Annual Return requires a reconciliation between the credit availed under GSTR 3B with GSTR 2A;
- Further, the Annual Return also requires special reporting for procurements for which the credit is not eligible (Section 17(5) of the CGST Act, 2017), as well as reporting of the credit reversed by the registered tax payer (for instance reversal under Rule 37, Rule 42. Rule 43 of the CGST Rules, 2017 etc.).
- As per Sec 44(2) of CGST Act, Annual Return needs to be submitted along with a copy of following:
  - Audited annual accounts: and
  - Reconciliation statement (Audit Report)

#### **II. GST Audit Report (Form GSTR 9C)**

- A person or company having aggregate turnover of more than INR 20 million, must get its accounts audited from a chartered accountant or cost accountant, and submit GST Audit Report in form GSTR 9C:
- The format for GSTR 9C is divided into the following parts:

- Part A - Reconciliation Statement • Reconciliation of turnover and Input Tax Credit (ITC) declared in audited financial statement and with the figures declared in GST annual return
- Part B – Certification
  - Certification could be given by Statutory auditor/ other auditors (similar to VAT audit)
  - Report as to whether books of accounts and other records under GST maintained
  - Certify that P&L A/c and Cash Flow Statement are in agreement with books of accounts

### **WHO HAS TO FILE FORM GSTR -9 AND GSTR – 9C?**

#### **GSTR – 9**

Every registered taxpayer (individual or company) under GST has to file GST annual return in form GSTR-9.

#### **GSTR – 9C**

A person having aggregate turnover of more than INR 20 million, must get its accounts audited from a chartered accountant or cost accountant, and submit GST Audit Report in form GSTR 9C.

### **HOW CAN OCTAGONA INDIA HELP**

In this regard, Octagona India can assist your organisation in the following way:

#### **Scope of Work**

#### **Phase A - Assistance in preparation of reconciliation between the outward supplies reported under GST return (GSTR 1 vis-a-vis GSTR 3B)**

Scope under this phase will cover the following activities:

- Based on the information (Returns) filed by the Company, Octagona shall identify the differences in monthly returns i.e. GSTR-1 and GSTR-3B;
- Octagona shall report such differences (if any) and discuss the same with the management of the company for possible reasons of mismatch;
- Octagona will also assist in suggesting any possible actions required from the company from the perspective of disclosure in the Annual Return.

#### **Phase B - Assistance in preparing reconciliation between credit reported in GSTR 3B and the credit auto-populated in GSTR 2A**

Scope under this phase will cover the following activities:

- Assistance in identifying the differences between the credit availed and reported in GSTR 3B with the credit appearing in the auto-populated return GSTR-2A:
- Sharing the differences highlighted above with the company and discussing the possible course of action with the management of the company.

**Phase C – Assistance in reconciliation between the turnover and ITC reported in GST returns and the Books of Accounts of the Company**

Scope under this phase will cover the following activities:

- Octagona would assist in identifying the differences between all GST returns (GSTR-1/3B/2A) and books of accounts prepared by the Company:
- Review of reconciliation of sales and purchase disclosed in financial statement with annual returns from GST perspective.
- Octagona will share the differences (if any) with the company and conduct discussions with the management of the company from disclosure perspective in Annual Return

**Phase D - Assistance in Preparation and filing of GST Annual Return (Form GSTR 9) an Annual Reconciliation Statement (Form GSTR 9C)**

Scope under this phase will cover the following activities:

- Collation of sales, purchase and other requisite details as provided by Company;
- Review of state wise sales and purchase details, input credit, credit/debit note details as provided Company in its returns and ERP data;
- Assistance in preparation of annual return in prescribed format: and
- Assistance in uploading of annual returns & audit report on GST web portal post receipt of requisite approval from the company. (Note: Company would share the state wise financial statements duly reconciling with the financial statements of the Company.)

**OCTAGONA FEES**

Our fees shall be:

Filing GSTR-9 (GST ANNUAL RETURN): **INR 25000 + GST\***

Filing GSTR-9C (GST AUDIT): **INR 45000 + GST\***

\* The fees above is separate for Maharashtra GST Annual Return and Audit & West Bengal GST Annual Return & Audit.

**Penalty if GSTR-9 and GSTR-9C is not filed within the due date specified?**

Late fees for not filing the GSTR 9 within the due date is INR 200 per day up to a maximum of 0.25 percent of the taxpayer turnover in the state or union territory (for CGST and SGST). There is no late fee on IGST.

As per section 125 of CGST and SGST Act 2017, there is a general penalty of INR 25000/-. Since no specific penalty has been introduced for late filing of GSTR 9C, we may say that the general penalty as mentioned above shall levy upon a defaulter in this situation.

**IMPORTANT POINTS AND NEXT STEPS**

- Filing of GSTR – 9 is mandatory for every registered GST taxpayer. Filing of GSTR-9c is mandatory for a company having turnover of more than INR 20 million for the period 1st July 2017 to 31st March 2018.
- **Last date of filing GSTR-9 and GSTR-9C is 30th June 2019.**
- Octagona will assist in completing this activity. For further information, please contact the following staff of Octagona India:

For further queries, please contact:

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