



KANCHIPURAM DISTRICT BRANCH OF SIRC of ICAI
(Setup by an Act of Parliament)

Accounts Finalisation and GST Reconciliation

Objective

- Some of the Key aspects in Accounts Finalisation should comply as per GST Law
- Facilitate questions and answers

Tax on Advances

- Time of supply
 - Advances in relation to supply of services
 - Advances in relation to supply of goods.
 - vide notification no. 40/2017 CGST dated 13.10.2017 exempted suppliers having aggregate turnover less than Rs. 1.5 cr
 - vide notification 66/2017 CGST dated 15.11.2017, has exempted all suppliers of goods irrespective of turnover

Related Party Transactions

- Schedule I- Supply includes goods or services supplied between related persons or distinct persons for no consideration
- Valuation for GST
 - Recipient is eligible for full ITC: Transaction value of supply.
 - Recipient undertakes further supply of same goods: 90% of the price charged by recipient from unrelated party.
 - Other provisions: In case the above two are not possible, then open market value or the value of supply of goods or services of like kind and quality or cost plus method or residual methods prescribed in Rule 30 and Rule 31 of the CGST Rules
- Related person as per sec 15 (i) such persons are officers or directors of one another's businesses; (ii) such persons are legally recognised partners in business; (iii) such persons are employer and employee; (iv) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them; (v) one of them directly or indirectly controls the other; (vi) both of them are directly or indirectly controlled by a third person; (vii) together they directly or indirectly control a third person; or (viii) they are members of the same family
- Provided that gifts not exceeding Rs 50,000 in value in a FY by an employer to an employee shall not be treated as supply of goods or services or both

Reversal of ITC For Non payment of Consideration

- Amount of input tax credit shall be added back to the output tax liability **along with interest** as per Sec 16(2) read with Rule 37 for inward supplies outstanding for more than 180 days from the date of issue of invoice.
- In case where part payments have been made the reversal shall be made proportionately.
- On payment of consideration, the credit shall be re-eligible for claim irrespective of the time when the payment is made.
- Reflection of 28th GST council meet recommendation

Eligibility on ITC

- Blocked credit u/s 17(5)
 - motor vehicle
 - food and beverages
 - outdoor catering
 - construction of immovable property
 - personal consumption etc.
- Reversal under rule 42 or 43
- Reflection of 28th GST council meet recommendation

Proper records and documents

- The entity shall ensure that all records and documents as applicable to the company [as per Sec 35 of the CGST Act read with Rule 56 to 58 of the CGST Rules] are properly maintained and kept at the respective places of businesses. An illustrative list of documents are:
 - Tax Invoices - Sec 31 read with Rule 46
 - Bill of supply - Sec 31(3)(c) read with Rule 49
 - Debit notes/credit notes - Sec 34 read with Rule 53
 - Self-Invoice - Sec 31(2)(f) read with Rule 46
 - Payment Voucher - Sec 31(2)(g) read with Rule 52
 - Receipt voucher - Sec 31(3)(d) read with Rule 50
 - Refund voucher - Sec 31(3)(e) read with Rule 51
 - Delivery challans - Rule 55

Transactions relating Fixed Assets

- Denied on
 - motor vehicles and other conveyances and
 - goods and/or services procured for construction of immovable property
- Reflection on 28th GST council meet
- 18(6)-In case of supply of FA on which ITC was availed, GST is higher of
 - Tax on transaction value; or
 - Credit relating to unexpired useful life of the asset – 5% for every quarter per Rule 44(6)
- for this purpose, total life of asset deemed as 60 months
- Sale of Old and used motor vehicle- **Notification 8/2018-25-1-18**
 - **1st Jul, 17 to 12th Oct, 17:** Taxable Value= Amount Received; Tax Rate =28% + cess
 - **13th Oct, 17 to 24th Jan, 18:** Taxable Value = 65% of Amount Received; Tax Rate =28% + cess [Notification no 37/2017 Central Tax Rate]
 - **25th Jan, 18 onwards:** Taxable Value= (Sale Price- WDV), Tax Rate =18% or 12% as the case may be [Notification no 08/2018 Central Tax Rate]

Reverse charge Mechanism

- 9(3)- Notified goods and services
- 9(4)- inward supplies from Unregistered supplier
- Reflection on 28th GST council meet

Issue of Debit or Credit notes

- Also identify the cases where it is required to issue debit or credit notes relating to its outward supply for the FY 2017-18. As per Sec 34 any reversal of output tax or date for issue of credit note has been restricted up to filing of return for the period ended Sep, 2018 or date of filing of annual return, whichever is earlier.

Know GST rate changes vs adopted by the taxpayer

- Rate changes from time to time

ITC-04

- ITC 04 is deemed intimation as required under Sec 143 of the CGST Act

Appointment of GST Auditor

- well in time in order to ensure that all the deficiencies as pointed out by the auditor can be rectified, especially those wrt:
 - claim of additional credit; and
 - reduction in output tax liability for the year 2017-18.

Open House Q&A