

BHUJ BRANCH OF WIRC OF ICAI

E-NEWSLETTER FOR THE MONTH OF DECEMBER-2018

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CA. Pradeep Agrawal

Branch Nominee

9898560967

CA Jagrut Anjaria

Newsletter Advisor

9426788728

Address:-

**311, Balram Complex, 3rd Floor
Near ICICI Bank, Station Road**

Bhuj-Kachchh

Phone:-258580

E-mail:-bhujbranch.wirc@gmail.com



CHAIRMAN'S COMMUNICATION

Dear Professional colleagues,

May I have the pleasure of extending a warm welcome on this wonderful winter day! This is one of the rare periods of the year when almost everybody is comparatively relaxed. With GST annual return and audit date now extended, members may breathe that much easier and students are not bothered by exams. With winter setting in, even "air conditioners" and "fans" are feeling a bit "relaxed."

Winter is the season to energise ourselves for the whole year. We have already "energised" the Institute for next 3 years by casting our votes for Central and Regional Councils. I take this opportunity to thank members for voting in good numbers.

Winter has become synonymous with fitness and sport is a better way of staying fit. This year also we are going to dedicate 29th and 30th December to sports as we shall have indoor sports on 29th and Box Cricket on 30th. Further details will be made available in due course. Please enrol in large number and make it a success.

December also reminds us to complete our CPE requirement for the calendar year. We had a Nine hour CPE series on GST Annual Return and Audit in the month of November with local members as resource persons and the response was overwhelming. We shall try and offer good number of CPE hours in the month of December also. I request members to suggest the topics and duration for such programmes. Our WICASA Branch is also trying to arrange an educational event for Students. WICASA has already invited students to write "Mini Research Paper" on one of the two suggested topics. Please encourage your articles and other students to take part in it and sharpen their technical, analytical and descriptive skills.

This issue of Newsletter is dedicated to GST with articles covering issues related to Annual return and Audit, Input Credit and Valuation issues with reference to GSTR 9 and 9C

With these words, I conclude by wishing you all a happy and healthy winter;

Thank you

CA DARSHAN KHANDOL

Chairman, Bhuj Branch of WIRC of ICAI

**GST: ANNUAL RETURN AND AUDIT:
QUEER QUESTIONS, UNCERTAIN ANSWERS**

CA Deep Koradia
B.Com., FCA, DISA(ICAI)

Dated: 29th Nov 2018

GST **Annual Return** and **Audit** Forms has been prescribed via **Notification No 39-2018 CT Dated 04th Sept 2018** & **Notification No 49-2018 CT Dated 13th Sept 2018** Respectively. It's been almost 3 months since such forms are notified but not made available on portal. While going through these forms, a few anomaly has been raised in minds which are presented as "Queer Questions" As here which might not have any certain answers as of now!

1. WHICH TURNOVER TO BE TAKEN TO DECIDE THE LIABILITY OF GSTR9C – RECONCILIATION? "12 month's Turnover" VS "9 Month's Turnover"?

It is now settled that for the Tax Payer having multiple-state branches, they need to consider the Turnover as PAN INDIA Basis to decide the liability. However, since the Law came to force during the year from 1st July 2017, do need to see the Full 12 Month's Turnover to decide by Audit and Reconciliation Liability or only 9 Month will be suffice?

Section 35(5) of the C/SGST Act govern the liability of auditing which is produced as below:

*"(5) Every registered person whose **turnover** during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed."*

The section speaks about only turnover and nowhere in the Act the word Turnover has been defined. However, the Rule 80(3) of CGST Rules has clarified the same which is reproduced as below:

*"(3) Every registered person whose **aggregate turnover during a financial year** exceeds two crore rupees shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner."*

Now, the 1st Question is, when the Act itself mentioned the word "Turnover" then can the Rule go beyond the section and rectify it to **"Aggregate Turnover"**? Is it merely clarification in nature or rectification?

Giving the benefit of doubt, and accepting **"Aggregate Turnover"** as the term to decide the liability of the Tax payer for Audit and reconciliation, then the Word is also defined in the Act in Section 2(6) which is reproduced as below"

"(6) "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;"

Now, Reading Rule 80(3) with Section 2(6), 2 things can be understood:

1. It has to be aggregate Turnover
2. It has to be for the whole Financial Year (as highlighted in Rule 80(3) Above)

So, Even the Law came to the force after July, Do I need to add the Turnover of Q1 FY17-18 to arrive at the figure of aggregate turnover to decide my audit and Reconciliation liability?

Now, for the time being, let's accept that Aggregate Turnover needs to be computed for the whole financial year then another question came as for the Q1, which Valuation is to be taken? Vatable Turnover/ Excisable Turnover /

Service Taxable Turnover or any combination thereof? Whether these Indirect Taxes is to be added in the Turnover of is it excluding all there Indirect Taxes? These are the Queer Questions which needed to be addressed by Government. Again, Very few Taxpayer with borderline Turnover Cases are affected due to this anomaly, nut it's better to clarify the same and save the Taxpayer from litigation.

2. Comparison Between Book's Credit and Credit Reflecting in GSTR2A - Various Issues

In Table 8 of GSTR9, There is comparison between Book's Credit Vs Credit Reflected in GSTR2A. Though the same information doesn't have direct impact on eligibility of credit, but there are certain issues with respect to the same.

First is, Since the counter party still can add the invoice pertaining to the FY2017-18 in the returns of the OCT 2018 and subsequent period, (Counter Party Can't Amend, but always can add the new invoice of last year), So how to freeze the data? What is the deadline for that comparison? What if after submitting the GSTR9, the auto populated credit as per 2A increased due to additional invoices submitted by the supplier/ counter party?

8	Other ITC related information				
A	ITC as per GSTR-2A (Table 3 & 5 thereof)	<Auto>	<Auto>	<Auto>	<Auto>
B	ITC as per sum total of 6(B) and 6(H) above	<Auto >			

Another one is, there is comparison between GSTR2A vs Book's credit. Section 8A and 8B, both are auto populated. Now, after looking closely, it is felt that in Table 8B, it has to be "6(B)+6(H)-7(A). When the taxpayer has shown the original credit taken in 6B, reversal in 7A and again taken in 6H, all the 3 filed should be mentioned here, which is left in the form. One may argue that since the credit which is "availed, reversed and again availed" is to be mentioned only in 6H so there is no question of taking the same as twice so no need to deduct the reversal. But, to my observation, Table 6 has to match with Table 4A of GSTR3B. So if one has followed the method of showing the reversal separately in Table 4B of GSTR3B, then he has to mention the credit twice in 6B and 6H as well and has to show as reversal in 7A.

In the same table, for the entry 8G and 8H, the comparison has been shown between all the IGST for import of goods actually paid (in 8G) and all the IGST claimed as ITC during the FY201718 (in 8H). However, there is

possibility that IGST on import of the goods has been paid in FY201718 and taken in April to Sept 2018. But there is no filed where one can mention such availment and ultimately such non-availed credits are getting lapsed. All such are queer questions for which some changes in forms or clarification is much needed.

3. RCM liability found by Auditor during audit and reconciliation, what about the availment of such credits?

There are cases that RCM liabilities Under Section 9(3) or 9(4) was found by the auditor and Tax Payer is also paying the taxes. Since the same has been "found" after the due date of sept 2018 month's return, it can never be taken as credit before that. So can the credit be denied on that ground? Or can it be taken that since the "Self Invoice" for the RCM liability and "Payment Voucher" has been prepared now, so the document is of the current year (Even though the liability of the previous year) and credit can be taken till next year's Sept month? Clarification is needed for the same.

4. Which data is to be used for GSTR9? GSTR1's data or GSTR3B's Data?

The instruction given for the Table 4 & 5 has used the words "data from so and so Table of **GSTR1 may be used**" For the Table 6 and onwards, the words are used "Data from so and so Table of **GSTR3B may be used**". While there are cases (infact many cases) where the data uploaded in GSTR1 are not in sync with GSTR3B. So how to interpret these "May be" Words? Is that only directive or suggestive in nature? If for the table 4& 5 data of GSTR 1 is used and for table 6&7, the data of 3B is used then the details in Table 9 will not get matched. Following 2 opinions are getting formed

- 1st Opinion

The instructions given in the GSTR9 is only of suggestive and clarification in nature. Since the each head of the Table 4&5 of GSTR9 is having the heading which are similar to the GSTR1, they have mentioned the Form GSTR1. If incase 3B varies from the GSTR1, then the figures in Table 4&5 needs to be come from 3B with proper headwise bifurcation. If followed so, then only the Table 9's Tax payable and paid will get matched.

- 2nd Opinion

Use the figures strictly as per GSTR1 in Table 4&5 of GSTR9. For the rest of the table, use the figures from the GSTR3B. There might possible that whatever

the liability mentioned in GSTR1 is under discharged or over discharged in GSTR3B. In that case, 2nd column of Table 9 will show Tax Payable as per GSTR1. The column 3 to 7 of Table 9 is for discharging of liability, and data for that column will come from GSTR3B. The difference between these will be reversed while showing the data in Table 14 Where the correction should have been done in April 2018 to Sept 2018 and exact reverse difference between Tax payable and tax paid to be arrive to match the total GSTR9's liability. However, to do this, GSTR9 Must allow to proceed even if there is difference between "Tax Payable" and "Tax Paid" in Table 9 & table 14.

Both of the opinions have valid arguments. However, It's the queer question as to which method is to be followed. The Government must come with possible clarification and solutions to avoid any litigation for procedural part in the future.

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ITC IN CASE OF DEFAULT (NON PAYMENT) BY SELLER

JUDGEMENT OF DVAT ACT READ IN HARMONY WITH THE PROVISIONS OF GST ACT

**CA Nilam Nenshibhai Katarmal
B.Com, ACA**

This article seeks to discuss the decision of the Hon'ble Delhi High Court in the case of *Arise India Limited vs. Commissioner Of Trade & Taxes*, . on 26 October, 2017, with reference provisions of the GST Act, particularly Section 16(2)(c) of The CGST Act.

Highlights of the case

The hon'ble supreme court has dismissed the special leave petition filed by revenue against the decision of The Hon'able High court of Delhi that disallowance of ITC(Input Tax Credit) to the bonafide purchase on the basis of default of selling dealer in depositing Tax to the government as it is the violation of Articles 14 and 19(1)(g) of the constitution of India.

Now on the basis of above *judgment will be read in harmony with the provisions of the GST Act* or it is *just limited to the provisions of the DVAT Act??*

Whether as per provisions of GST Act also credit would not be denied to the bonafide purchasing dealer for default of selling dealer by non-making payment to the Govt.

Let understood the contentions of the case of DVAT Act:

→According to the **section 9(2)(g) of DVAT Act** Guilty purchaser and Innocent purchaser both constitute different classes. Thus In light of the above legal position, the Court hereby holds that the expression „dealer or class of dealers“ occurring in Section 9 (2) (g) of the DVAT Act should be interpreted as not including a purchasing dealer who has **bona fide** entered into **purchase transactions** and have issued tax invoices as per section 50 of the Act and where there is no mismatch of the transactions in Annexures 2A & 2B.

Unless the expression „dealer or class of dealers“ in Section 9 (2) (g) is „read down“ in the above manner, the entire provision would have to be held to be violative of Article 14 of the Constitution.

→Another condition of section 9(2)(g) of the Act is that the **selling dealer** has actually deposited or ought to **have deposited amount** of Tax and the expression **dealer** read down with the provisions **does not include Purchasing dealer**. There is no responsibility of the purchasing dealer to ascertain all the compliances related to the selling dealer.

Section 40A inserted by the DVAT to take care about the conditions, situations and provisions where selling dealer and purchasing dealer act in collusion with a view to defrauding the revenue.

→The courts holds that in the present case the purchasing dealer is being asked to do the impossible i.e to ensure that selling dealer has deposited amount of tax to the government or not and if not than not to enforce any transactions with such dealer.

Indeed *Section 9 (2) (g) of the DVAT Act places an onerous burden on a bonafide purchasing dealer.*

→In legal jurisprudence, the liability can be fastened on a person who either acts fraudulently or has been a party to the collusion or connivance with the offender. However, law nowhere envisages imposing any penalty either directly or vicariously where a person is not connected with any such event or an act. Law cannot envisage an almost impossible eventuality.

→On the contrary While **denial of ITC could be justified** where **the purchasing dealer** has **acted without due diligence**, i.e. by proceeding with the transaction without first ascertaining if the selling dealer is a registered dealer having a valid registration, denial of ITC to a purchasing dealer who has taken all the necessary precautions fails to distinguish such a diligent purchasing dealer from the one that has not acted bonafide.

Extracts of the situations of the above case are summarised as under. It is pertinent to note that the Supreme Court has dismissed SLP filed by the revenue challenging this decision and hence the ratio of this decision becomes that much more relevant.

- **Section 9(2)(g)** defines the dealer and class of dealer but **does not includes the purchasing dealer** who acted as **bonafide** and have issued tax invoices as per section 50 of the Act.
- According to another condition of the section 9(2) (g) of the Act that it is the **responsibility of selling dealer** to **deposit the amount of tax** with the

government. There is no responsibility of the purchasing dealer to ascertain all the compliances related to the selling dealer.

- **Purchasing dealer should not be asked to pay the primary liability of selling dealer** unless some fraudulent or connivance is proved between seller and purchaser.
- Only requirement for availing the ITC is to ensure that selling dealer is registered and all compliances are made with the provisions of DVAT Act. Thus if purchasing dealer ensured that he has complied all the requirements than he cannot be denied the ITC only because selling dealer fails to discharge obligations under the DVAT act.
- If subsequent to the purchases made by the purchasing dealer the registration of the selling dealer is cancelled, such cancellation cannot be given retrospective effect so as to refuse the ITC to the purchasing dealer.
- ITC also cannot be denied if there is any no mismatch in 2A & 2B.

Thus, **purchasing dealer (petitioner) has complied the conditions as stipulated in section 9 and therefore ITC cannot be denied merely because selling dealer had failed to fulfill the conditions of the Act.**

Now some limelights of the GST Act constitute some same provisions of the DVAT Act:

- As per section **16 of the CGST Act** every registered person shall subject to such conditions and restrictions as may be prescribed **be entitled to take credit of Input tax** charged on supply of goods or services which are used for the furtherance of the business.
- According to the section 16(2) of the CGST Act purchasing dealer called Registered person shall **not be entitled to take ITC** of any of supply of goods or services :
 - a) **If he is not in possession of tax invoice** issued by the supplier (selling dealer) as may be prescribed.
 - b) **If he has not received the goods or services** or both.
 - c) **Tax** charged on supply has **not been paid to the government** either by cash or by utilization of electronic credit ledger by the selling dealer (supplier).
 - d) Has **not furnished return** under section 39.

Now come to the provisions of DVAT Act these all conditions are primary conditions for availment of ITC as same as prescribed under the GST Act.

Is there any difference between section 9(2)(g) of DVAT Act and Section 16(2)(C) of the CGST Act???

1.Payment of amount of Tax to the Govt.

GST Act:

As per section 16(2) (C) of the CGST Act if tax charged on supply is actually required to pay the government for the availment of ITC. If it is not then recipient (Purchasing dealer) shall not be entitled to take credit of ITC. Primary responsibility of payment of amount of Tax Is of supplier.

If supplier fails to pay the amount of Tax to the government then revenue cannot place burden on the recipient by transferring liability to pay the amount of tax by refusing availment of ITC and if it is do so then it is violation of Article 14 of the constitution.

DVAT Act:

Above provision is same as mentioned in DVAT Act under section 9(2)(g) is that ITC shall not be availed to the purchasing dealer If amount of tax is not paid to the government. But primary responsibility of the payment of tax is of selling dealer and not of purchasing dealer.

Section 9(2)(g) of the DVAT act denies to a bonafide purchaser the benefit of ITC only because of default of the selling dealer over whom such purchasing dealer has not control. This provision for purchasing dealer is harsh and therefore violative of Article 14 of the constitution.

Thus reason for non-allowance of ITC by revenue is same as mentioned in the DVAT and in GST and which is against the Article 14 of the constitution.

2. Right to access the confidential details of the seller:

GST Act:

According to section 158 of the CGST Act registered person here it is called as recipient has no right to view or access any details contained in any statement /returns/accounts/documents which are submitted as per the act by the supplier.

Denial of ITC could be justified if recipient has acted without due diligence but denial on the basis of above provision is not justified at all.

DVAT Act:

Purchasing dealer has verified TIN of the seller and also matched the transaction reported by the seller in the annexure 2A and 2B but he cannot be expected to keep track of whether the selling dealer has deposited the amount of tax collected from purchasing dealer.

Purchasing dealer would have no access to the return filed by the selling dealer because those details are meant to be confidential.

Either GST Act or DVAT Act purchasing dealer or recipient has no right to access the details of selling dealer or supplier related to the returns. Therefore on the ground that purchasing dealer fails to check the details of the seller that he has not deposited amount of tax to the govt revenue cannot reject ITC of the recipient.

3. Transactions entered for the fraudulent purpose

GST Act:

Section 132 of the CGST Acts clearly states that if supply is made without issuance of proper tax invoice or Invoices issued without any supply and avail ITC or collects amount of tax but fails to deposit it or fraudulently avails ITC then revenue has right to reject ITC or put liability on the registered person to pay the liability to the Govt.

DVAT Act:

Section 40A of the DVAT Act deals with the provisions where fraudulent transactions done. If there is any arrangement or agreement has been entered into between two or more dealers to defeat the law or fraudulently avail the ITC then commissioner has right to increase the liability of tax payment which is payable by the dealer.

Thus As per section 132 of the CGST Act or section 40A of the DVAT Act the liability can be fastened on a person who either acts fraudulently or has been a party to the collusion or connivance with the offender.

GST Act constitutes same provisions as contained in the DVAT Act. Thus this judgment may not limited only to the DVAT Act but may also be considered as applicable to the GST Act.

Rapprochement de la Variance

(French – First country to introduce GST)

Reconciliation of Variance

Item No 5M of GSTR 9C

CA Falguni Haresh Katarmal

M.Com., ACA

With this edition of newsletter we are very close to end of 2018 and countdown for New Year has begun. 2018 has turned out as to add to the list of due dates, revision of due dates and then revision of revised due dates. Nothing less from this is expected for due date for filling of GSTR 9 - the annual return.

Since the initial week of September and notification of new form for annual return, there comes a crisp layer of haze, about the errors or possibility of alternate interpretations or say level of ultimate accountability cast on auditor on account of errors in annual return with respect to monthly returns filled. There is an expectation of modification in annual return form and extension of due date but yet there is no announcement from the department relating to modification of Form. However, Due date to file Annual return has been extended from 31st December 2018 to 31st March 2019 by way of press release dated 7th December 2018.

With all the thoughts shared, let's move towards article. In this article we will have a look at a single entry of the form.

Entry M of Table 5 of form GSTR 9C

5M	Adjustments in turnover under section 15 and rules thereunder	(+/-)
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Though the entry is single liner it requires significant consideration.

Analysis:

There may be cases where the taxable value and the invoice value differ due to valuation principles under section 15 of the CGST Act, 2017 and rules thereunder. Therefore, 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.

Before determine differences let us have a quick glance of section 15 of the

cost act and rules relating to valuation.

Section 15:

(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include:

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) Interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply shall not include any discount which is given:

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if:

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices;

and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

Rules relating to valuation of Supply:

Section 15 (4) where the value of the supply of goods or services cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

Value of goods and/or services u/s 15 = Transaction Value when supply is made to unrelated person and price is the sole consideration. When value cannot be determined u/s 15, the same will be determined using Valuation Rules.

Valuation Rules

RULE 1 : Where the consideration is not wholly in money

Value shall be either of the following in the given order

- open market value
- total of consideration in money + amount equal to the consideration not in money
- value of supplies of like kind and quality
- Consideration in money + money value of consideration as per rule 4 or 5 in that order.

RULE 2 : Where supply is between distinct or related persons, other than agent

Value shall be either of the following in the given order:

- open market value
- value of supplies of like kind and quality
- value as per rule 4 or 5 in that order.

RULE 8 : Rate of exchange of currency, other than Indian rupees, for determination of value

It shall be applicable reference rate for that currency as determined by the RBI on the date when point of taxation arises in respect of such supply.

RULE 3 : When supply made or received through an agent

Value shall be either of the following in the given order:

- open market value or 90% of price charge by recipient to his unrelated customer for supplies of like kind and quality;
- value as per rule 4 or 5 in that order.

RULE 4 :Value of supply based on cost

Value shall be 110% of cost

RULE 5 : Residual method for determination of value of supply

Value shall be determined using reasonable means consistent with the principles and general provisions of section 15 & valuation rules. For services, rule 5 can be adopted before rule 4.

RULE 7: Value of supply in case of pure agent

Costs incurred by the supplier as a pure agent of recipient shall be excluded from value of supply.

RULE 6 : Value of supply in respect of certain supplies

- **Purchase/sale of foreign currency:** When exchanged from, or to, (INR), value = [Buying rate/Selling rate – RBI reference rate at that time] x total units of currency. If no RBI reference rate, value = 1% of INR received/ provided. If the currencies exchanged are not in INR, value = 1% of lesser of two amounts that would have been received by converting any of two currencies into INR at RBI reference rate. OR specified % for different slabs of the gross currency exchanged.
- **Booking of tickets by air travel agent:** Value = 5% of basic fare for domestic bookings, and 10% of the basic fare for international bookings.
- **Life insurance business:** Value = gross premium charged from a policy holder reduced by amount allocated for investment OR specified % of premium in 1st and subsequent years.
- **Buying & selling of second hand goods:** Value = Selling price – Buying price (ignore if value is –ve).
- **Coupon/voucher:** Value = money value of supplies redeemable against such voucher/ coupon.
- **Notified supplies under Entry 2 of Schedule 1:** Value = Nil

After having overviewed the valuation aspect of supply under GST, let us come to the point of difference, the cases where there will be variance actual invoice value which is reflected in audited annual turnover and the taxable value for the purpose of charge of GST.

POINT OF DIFFERENCE	EXPLANATION	RECONCILIATION
❖ Any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than GST, if charged separately by the supplier;	Such taxes will form part of taxable value even if separately show in invoice. In books it such taxes collected will be credited against tax expense booked, and hence will not be part of turnover.	We need to Add . Such taxes, duties, fees in the turnover as Audited annual financial statement to arrive at turnover as annual return.
❖ Any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;	Any expenses paid by consumer on behalf of supplier in relation to supply under consideration will form part of taxable value. Supplier has not paid such expenses, so these may not find place in his billing amount and hence not part of his turnover.	We need to Add such payment of expenses directly by consumer in turnover as per Audited Annual Financial statement to arrive turnover as per annual return.
❖ Incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;	Generally such incidental expenses are debited and recovery of such expense is in form of reimbursement hence credited against such expense. Though such expenses form part of invoice value for the purpose of charge of GST, such reimbursements may not be included in income.	We need to Add . Such reimbursements in the turnover as Audited annual financial statement to arrive at turnover as annual return.
❖ Interest or late fee or penalty for delayed payment of any consideration for any supply;	Charges recovered on account of delayed payment forms part of value of supply. Though not included in direct income, same is included in other income.	Point of difference does not occur.

❖ Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.	Such subsidies form part of value of supply. In books it may either be reflected as reduced cost or financial credit note.	We need to Add . Such subsidies in the turnover as Audited annual financial statement to arrive at turnover as annual return.
❖ Discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply;	Discount mentioned in the invoice shall be allowed as deduction to determine value of supply.	Reconciliation is not required if discount has been reduced from value of sales at time of recording of transaction. In other cases discount has to be deducted from turnover as per books to arrive at turnover as per annual return.
❖ Discount which is given after the supply has been effected, if (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply	If both the stated conditions are satisfied such discount is allowed as deduction to arrive at transaction value and not otherwise. Such discounts are called ‘ Off bill discounts’	In case of allowable Off bill discount, such discount shall be reduced from turnover as per book to arrive at turnover as per annual return. In other case no reconciliation is required as such discount are not booked against invoice in books and charged as expense.

In addition to above, there may be cases of difference due to applicability of valuation rules in certain cases. In all such situation sales value in books will be far more different then value of supply. Each such supply which is valued in terms of valuation rules is to be considered and variances are to be determined for reconciliation.