

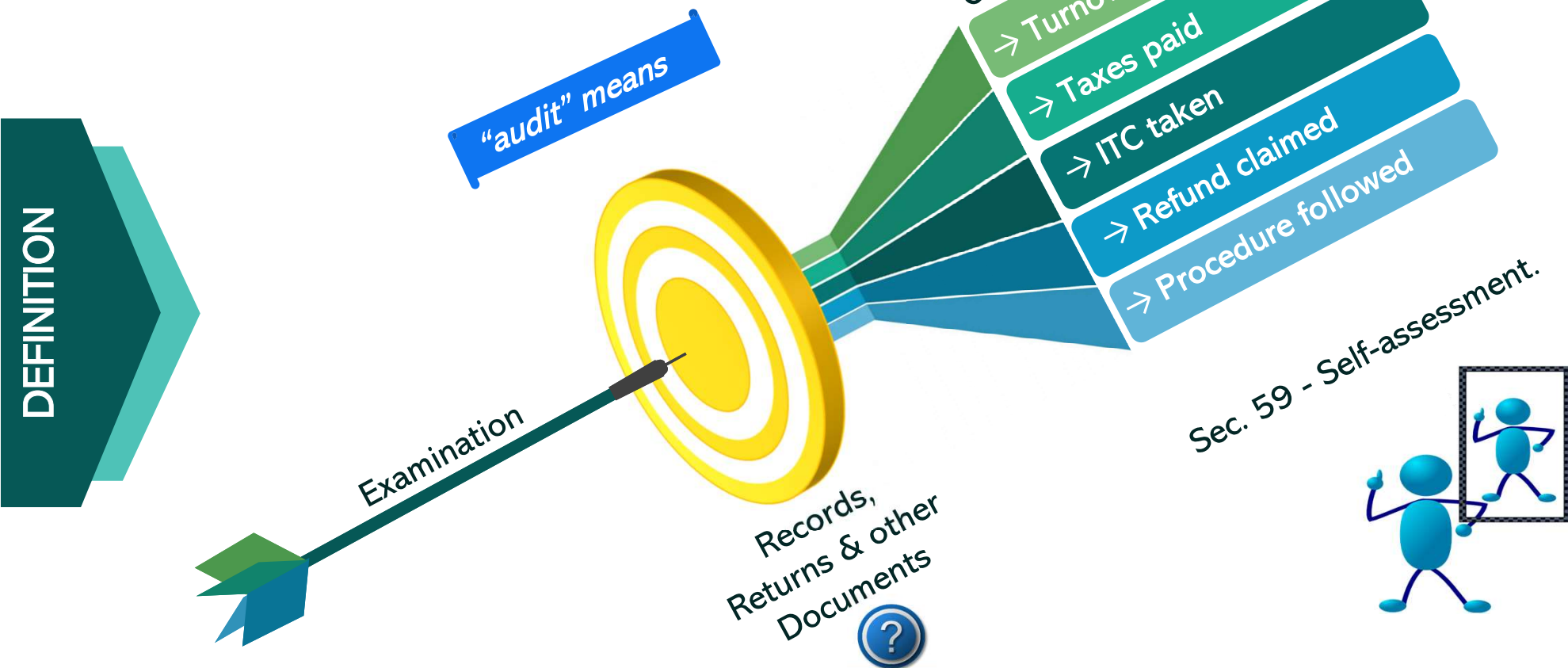
# MEETING THE CHALLENGES IN GST AUDIT UNDER SEC. 65

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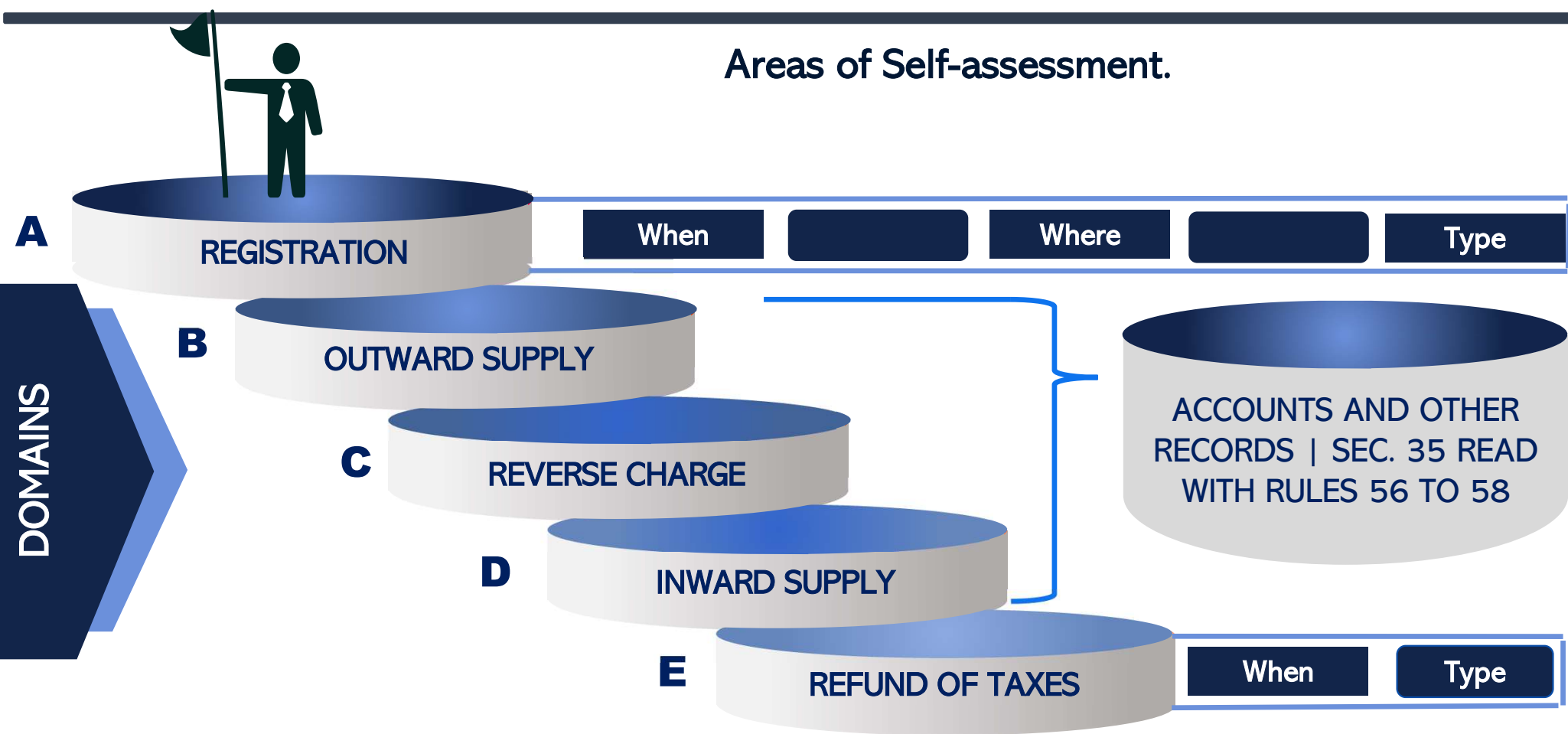


## MEETING THE CHALLENGES IN GST AUDIT

### Sub - sec. (13) of sec. 2 of the CGST Act, 2017



Areas of Self-assessment.



## MEETING THE CHALLENGES IN GST AUDIT



*Note: PoB - Place of Business*

## MEETING THE CHALLENGES IN GST AUDIT

### OUTWARD REGISTER

- Classification of Transaction
- Nature of Supply
- Point of Supply

### INWARD REGISTER

- Type of Inward
- Documentary Evidence
- Classification as per R. 42 / R. 43
- Abide with Sec. 16 (4) & R. 37

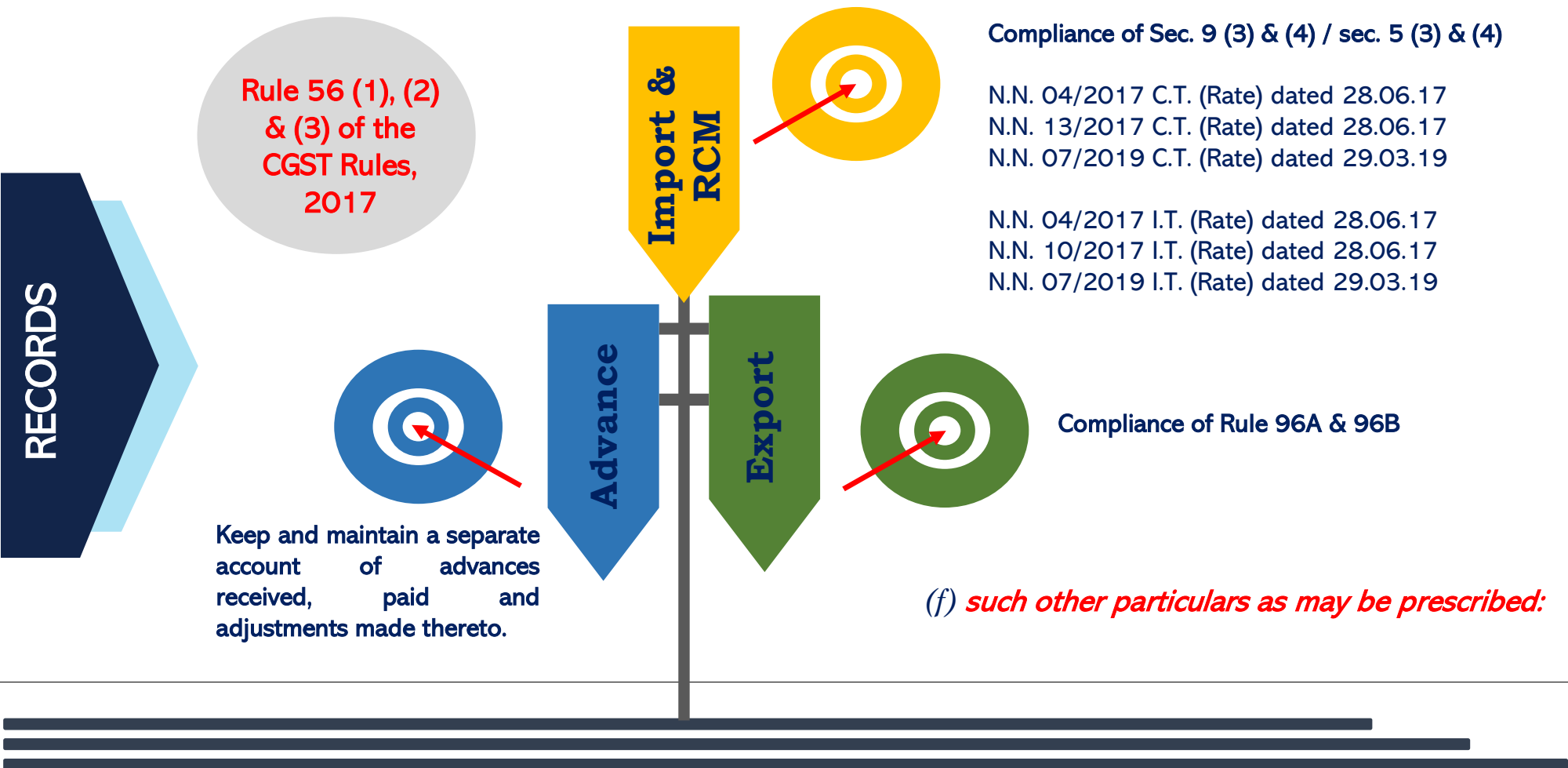
## PRINCIPAL RECORDS

### STOCK REGISTER

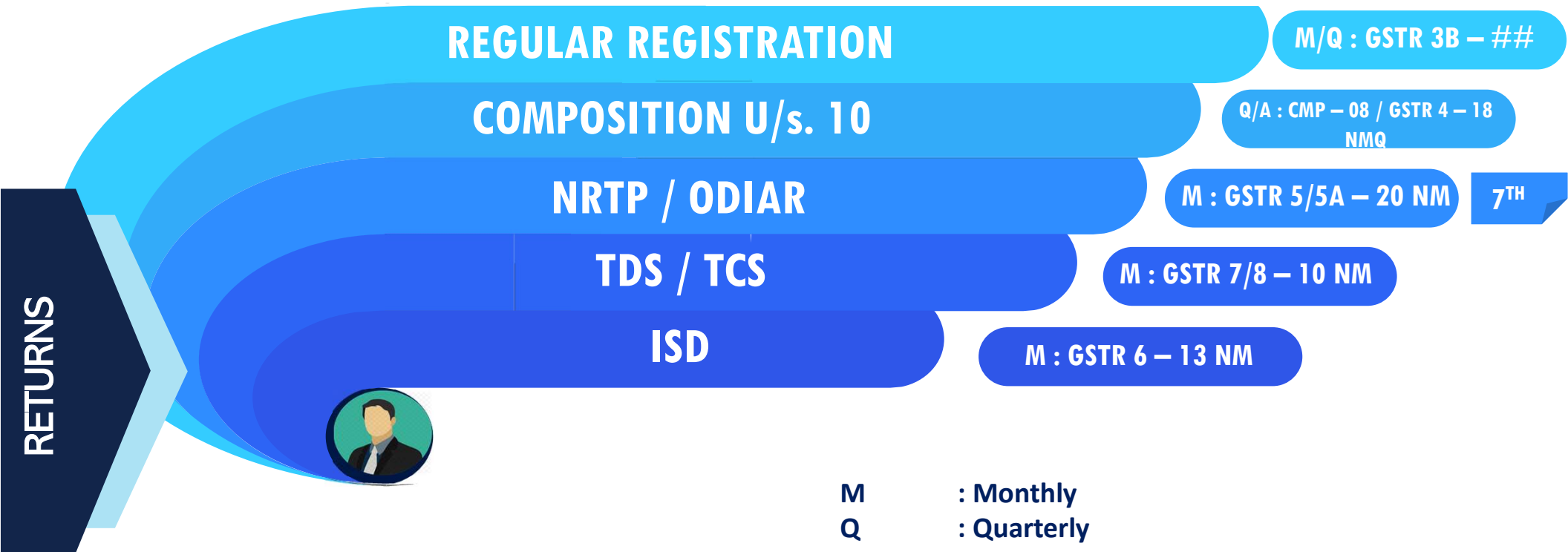
- Date of Inward and Outward
- Document Reference for pay-out
- Reversal U/Sec. 17 (5)

RECORDS

## MEETING THE CHALLENGES IN GST AUDIT



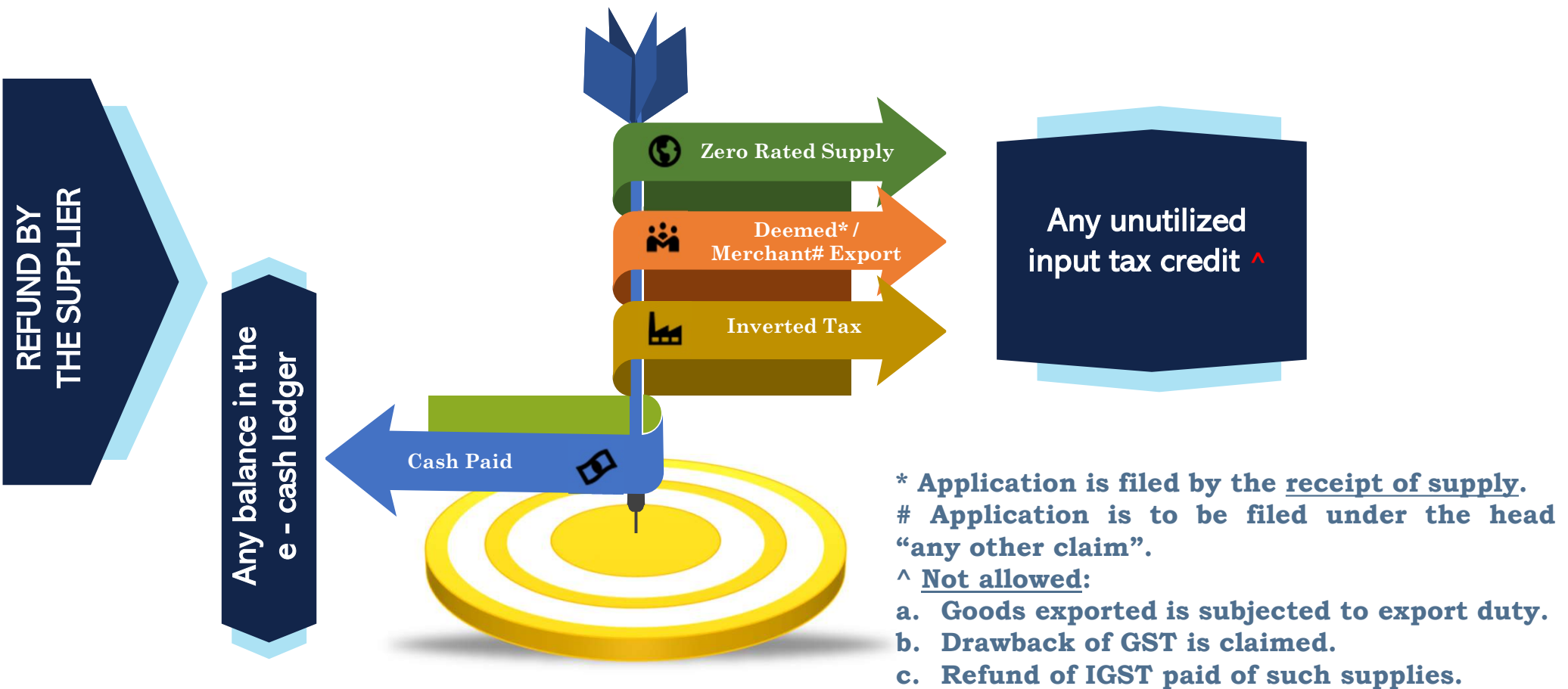
MEETING THE CHALLENGES IN GST AUDIT



M : Monthly  
Q : Quarterly  
NM : Next Month  
NMQ : Month following the Quarter

## 20 NM/ 22NMQ / 24NMQ

## MEETING THE CHALLENGES IN GST AUDIT





## MEETING THE CHALLENGES IN GST AUDIT

### REFUND BY ANY PERSON

#### SUPPLIER



**RESTRICTION** - U/r 96 (10) – Export with payment of IGST.

#### RECEIVER

**CASE REFERENCE** : ADDISON & CO. LTD V/s. CCE, MADRAS [2016] 73 taxmann.com 319 (SC)  
MAFATLAL INDUSTRIES LTD. V/s. UNION OF INDIA 1996 (12) TMI 50 - SC

## MEETING THE CHALLENGES IN GST AUDIT

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### CASE STUDY

#### Case No. 01

A manufacturing unit is registered under GST. One of their vendors paid his GST Liability for 2020-21 in Mar-23. He also filed Form GSTR-1 in the month of Mar-23 and the same is reflected in GSTR-2A. ITC was availed against the above vendor's Tax Invoice in FY 20-21 even when the same was not reflected in 2A.

→ Whether **ITC taken should be allowed during the assessment or not?**

→ Whether the answer will be the same **if the supplier had not paid the taxes**, but reported the invoice details in GSTR 1 and his registration has been cancelled as of the date of assessment?



#### Case No. 02

XYZ filed a legal case against the customer, who cancelled the order placed in central excise regime for the tailored made tool. The verdict was in favour of XYZ. Therefore, the customer gave the compensation amount to XYZ but during the GST era. Whether XYZ is required to pay GST on the compensation received amounts to tolerate an act? | **Circular No. 178/10/2022-GST, dated 03-08-2022**

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## MEETING THE CHALLENGES IN GST AUDIT

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### CASE STUDY

#### Case No. 03

M/s. Lala & Bala is manufacturer of Pharmaceutical Machinery & Equipment registered under GST Act. They have imported free bottle sample from customer for machine trial purpose. Customer has shipped bottle sample declaring a value. Custom duty, IGST on assessable value declared by the customer was duly remitted.

→ Whether ITC on **IGST paid on import is available?**

→ Whether **rule 37 of the CGST Rules, 2017** will attract and reversal has to be carried out for non-payment to supplier within 180 days?



#### 37. Reversal of input tax credit in the case of non-payment of consideration

*(1) A registered person, who has availed ....., **other than the supplies on which tax is payable on reverse charge basis, but fails to pay to the supplier thereof**, the amount towards the value of such supply, ....., within the time limit specified in the second proviso to sub-section (2) of section 16, shall pay or reverse an amount equal to the input tax credit availed in respect of such supply, .....*

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## *MEETING THE CHALLENGES IN GST AUDIT*

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### **CASE STUDY**

#### Case No. 04

Sun Ltd (supplier) has given a discount for the price difference to Moon Ltd. (recipient) by issuing a financial credit note, because as per Sec15 discount which has not been agreed upon at the time of supply cannot be reduced from the value of supply.

Moon Ltd. has not reversed the ITC proportionate to the price diff received from Sun Ltd. Moon Ltd. has shown the price diff as its income in P&L A/C.

1. Is there any need to reverse ITC proportionate to the price diff received?
2. Whether there is any GST liability on price diff shown as income in P&L?

(If ITC has not been reversed)



#### Case No. 05

Whether the job worker undertakes job work in his premises or in the premises of service receiver?

**Circular No. 38/12/2018 – GST Dated 26.03.2018**

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**Do not pray for an easy life,  
pray for the strength to  
endeavor.**

**- Bruce Lee**

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**Thank You**

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