

Ultimate GST AUDIT CHECKLIST for Ensuring Compliance and **Avoiding Penalties** FY 2022-23



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Requirement of GST Compliance Checklist

Prior to getting started with the GST Audit procedure, it is essential to understand the concept of audit and the GST compliance checklist associated with it. Additionally, we will explore the process of obtaining a **Standard Operating Procedure** (SOP) for a GST Audit Checklist in Excel format.

1. Audit based on Turnover

This category of GST audit is conducted when the taxpayer's aggregate turnover exceeds 5 Crore INR. It is pertinent to note herein that earlier the taxpayer was required to engage a Chartered Accountant (CA) or Cost Accountant (CMA) to carry out the turnover-based audit. However, such requirement has been omitted now. Instead, a self-certified reconciliation statement, reconciling the value of supplies declared in the Annual Return (GSTR-9) furnished for the financial year, with the audited annual financial statement for every financial year shall be required to be filed vide Form GSTR 9C electronically.

2. General Audit

A general GST audit occurs when the GST Commissioner undertakes audit by issuing a notice vide Form GST ADT-01, informing the taxpayer, 15 working days prior to audit. The audit is conducted by either the CGST/SGST Commissioner or an authorized individual appointed by the GST Commissioner.

3. Special Audit

A special GST audit is initiated upon the order of the Deputy or Assistant Commissioner, with prior approval from the GST Commissioner. In this case, the GST Commissioner has the authority to appoint a CA or CMA, as required, to conduct the special audit.

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Checklist for GST Audit & Turnover Limit (FY 2022-23):

As per Section 44 of the CGST Act, 2017, read with Rule 80 of the CGST Rules, 2017 any registered person under GST with an aggregate turnover exceeding Rs. 5 crores in a financial year is obligated to file a self-certified reconciliation statement vide Form GSTR 9C along with the annual return (GSTR-9) through the GST common portal. The filing of GSTR-9 and GSTR-9C becomes mandatory when the aggregate turnover during a financial year exceeds Rs. 2 crores and Rs. 5 crores respectively. A summary of applicability of GSTR 9 & 9C has been enumerated below.

Aggregate GST Turnover	GSTR 9C	GSTR 9C
Upto Rs. 2 Cr.	Optional	Optional
More than Rs. 2 Cr to Rs. 5 Cr	Optional	Mandatory
More than Rs.5 Cr	Mandatory	Mandatory

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Essential Document Checklist for GST Audit

Here is a list of documents required from the taxpayer to initiate the GST Audit using ADT-01. Please note that depending on the nature of the business, additional documents may also be requested for the GST Audit:

- Balance Sheet and Profit and Loss account, along with their schedules.
- Trial balance specific to the relevant GSTIN.
- Inward and outward supply of goods or services or both
- Output tax payable and paid,
- Breakdown of Input Tax Credit (ITC) taken, invoice-wise or bill of entry-wise.
- [GST returns](#) such as GSTR-1, GSTR-3B, GSTR-2A/2B, GSTR-9, GSTR-9C, etc.
- Income Tax audit report, including Form 3CA, 3CD, etc.
- Statutory auditor's report
- Cost audit report, if applicable.

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Prerequisites for conducting GST Audit Program

SL #	Particulars
1	Thorough understanding of business operations.
2	Comprehensive understanding of automation/ERP systems and other GST-related reports.
3	In-depth review of outward supply of goods/services, including analysis of financial statements to determine GST impact.
4	Detailed examination of inward supply of goods/services, along with scrutiny of financial statements to assess GST impact.
5	Assessment of classification and valuation for goods or services supplied under GST.
6	Analysis of financial statements to understand related party transactions, etc.

7	Review of input tax credits and associated documentation.
8	Calculation of turnover per GSTIN: Entities with multiple GSTINs must calculate turnover for each GSTIN based on audited financial statements.
9	Reconciliation of differences: Identification of transactions causing variances between turnover as per books of account/audited financial statements and the Annual Return (GSTR-9)
10	Calculation of taxable turnover: Derivation of taxable turnover after adjustments for: a. Exempted/Non-GST/Nil rated/No-supply turnover b. Zero-rated supply without tax payment c. Supplies where tax is to be paid by the recipient under reverse charge.
11	Calculation of additional tax payable: Determination of additional amount to be paid in cash due to differences identified in Sl. No. 3, 4 & 5.
12	Analysis of input tax credits as per books: Identification of credits availed in the books of account at an aggregate level (per GSTIN) and separately for each expense category.
13	Reconciliation with GSTR-3B: Comparison of output/input in the books of account with those in the GSTR-3B, using working papers of GSTR-3B.
14	Reconciliation of credit differences: Matching and reconciliation of credit differences between GSTR-9 and books of account, reporting any unreconciled differences in ITC along with reasons.

15	Calculation of tax payable on unreconciled ITC differences.
16	Review of reverse charge mechanism (RCM) transactions as per books: Examination of expense ledgers to identify transactions subject to tax payment under reverse charge.
17	Reconciliation with GSTR-3B for RCM: Alignment of RCM liability & ITC in the books of account with that in GSTR-3B using working papers of GSTR-3B and reporting of any unreconciled differences, along with reasons.
18	Calculation of tax payable on unreconciled RCM differences.
19	Assessment of impact in subsequent financial years: Identification of tax on outward supplies, RCM, and ITC for which impact is reflected in the subsequent year's GSTR-3B.
20	Calculation of interest and late fees: Computation of interest on delayed tax payments and late fees, if applicable, due to delayed filing of monthly returns or GSTR-9.

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Sample GST Audit Checklist:

Below is a sample checklist to consider during the GST audit. Please note that the checklist may vary depending on the industry and specific client requirements:

GST Registration (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify whether the client has applied for new registration or migrated from previous tax regimes under GST.		
2	Assess the number of registrations held by the client.		
3	Validate the accuracy of information provided in the GST Registration Certificate, including the principal place of business, additional place of business, details of partners/directors, relevant HSN codes, correct address, and proper documentation for authorized signatories.		
4	Examine whether any casual registrations were obtained during the audit period and if they have been surrendered.		

5	Ensure that the GSTIN/Registration Certificate is prominently displayed at all locations specified in the GST Registration Certificate.		
6	Verify if the client has obtained any Input Service Distributor (ISD) registration.		

Invoice Documentation (17 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify compliance with GST provisions regarding issuance of tax invoices, bill of supply, Credit/Debit Notes.		
2	Ensure inclusion of place of supply for inter-state supplies and applicability of RCM in the invoice.		
3	Confirm reporting of credit notes till 30th November of the succeeding F.Y.		
4	Determine if any debit notes need to be issued for the F.Y under Audit.		

5	Verify that the signatory on tax invoices matches the authorized signatory mentioned in the registration certificate.		
6	Validate compliance with provisions of time of supply for issuance of tax invoices.		
7	Check for any goods sent on sale or approval basis beyond 6 months without proper tax invoice issuance.		
8	Confirm proper delivery challan and maintenance of a separate series for inputs sent to job worker for job work.		
9	Verify matching of taxable value between GSTR-1 and e-waybill data; prepare a reconciliation statement if necessary.		
10	Ensure timely issuance of tax invoices for supply of services within 30 days from the date of service completion.		
11	Confirm separate series and issuance of bill of supply for non-GST and exempted supplies.		

12	Verify compliance with provisions disallowing the cancellation of documents such as Tax Invoice, Bill of Supply, Credit/Debit Note, Payment Voucher, Refund Voucher, Receipt Voucher, Delivery Challan.		
13	Check for revised invoices and ensure they are updated in GSTR-1 accordingly.		
14	Confirm issuance of receipt vouchers for advance receipts for services.		
15	Verify the issuance of self-invoices for RCM Payments.		
16	Confirm the maintenance of e-waybill register and delivery challan register.		
17	Verify the matching of document series between GST Returns and the series maintained in the books of accounts.		

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Goods Dispatched to Job Work (5 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify if all the provisions of Job Work are complied with. In GST, the job worker is not allowed to add its own materials to the job. Minor additions are allowed.		
2	Confirm if delivery challans are issued when materials are shipped to the location of the job worker.		
3	Check if the GST registration is updated with the job worker's location when goods are directly shipped from there.		
4	Ensure that the job worker endorses the challans before the material is returned to the client.		
5	Check if the delivery challans issued for the job work are separately numbered.		

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Supply (10 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Ensure proper classification for Taxable, Exempted, or Nil Rated supply of goods or services in accordance with the GST law.		
2	Review all transactions to determine if they fall within the scope of supply and if the appropriate taxes are levied on them.		
3	Verify the correct implementation of interstate and intra-state supply.		
4	Confirm if supplies made to Special Economic Zones (SEZ) or SEZ Developers qualify as Zero Rated supplies.		
5	Verify the application and validity of Letter of Undertaking (LUT) for suppliers to SEZ or SEZ Developers to avail tax exemptions.		
6	Confirm the correct implementation of the principle of taxability for composite supplies.		

7	Determine if supplies are correctly classified as mixed supplies.		
8	Ensure proper tax rate application for mixed supplies.		
9	Verify the accurate application of tax rates for advances received on supplies of goods or services with different tax rates.		
10	Check if the correct tax is levied on receipt vouchers when the place of supply is unknown at the time of advance receipt.		

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Time of supply (5 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify proper adherence to Time of Supply rules for the inward supply of goods or services where the recipient is liable to pay the tax.		
2	Review transactions involving Time of Supply for goods sent on sale or approval and ensure appropriate documentation is in place.		
3	Ensure compliance with Time of Supply provisions for issuing tax invoices for the supply of goods or services.		
4	Verify correct implementation of Time of Supply provisions for continuous supplies.		
5	Check if the issuance of vouchers is in accordance with the provisions of Time of Supply.		

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Value of Supply (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify compliance with the provisions of Section 15 regarding the determination of the value of supply.		
2	Review if any post-supply discounts are provided and assess the GST implications if such discounts are not documented in sales agreements, contracts, or sales orders.		
3	Evaluate the process followed for determining the valuation of goods or services consumed internally		
4	Assess the pricing methodology employed for branch transfers.		
5	Ensure that all taxes and levies other than GST are properly included in the valuation of goods or services.		
6	Check for any agreements involving pure agents and verify compliance with the applicable legal provisions for pure agents.		

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Place of Supply (8 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify if the Place of Supply is accurately determined for both inter and intra-state transactions in accordance with the provisions of the IGST Act, for both inward and outward supplies.		
2	Check if all the necessary conditions are met to classify the transaction as an export of goods or services.		
3	Verify compliance with all provisions related to the import of goods or services.		
4	Assess if all the conditions for zero-rated supplies are fulfilled.		
5	Evaluate how the place of supply is determined and if the provisions are met for high-sea sales.		
6	Check if the client engages in intermediary supplies under GST and ensure that all conditions are satisfied.		

7	Verify if the conditions for the location of the supplier and recipient are met as per legal provisions, resulting in the accurate determination of the place of supply.		
8	Check if the place of supply is correctly determined for supplies made to SEZ/SEZ Developers.		

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Input Tax Credit (18 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify that input tax credit is claimed only upon receipt of goods or services.		
2	Ensure that input tax credit is claimed based on the original tax invoice received.		
3	Confirm that input tax credit is claimed only upon receipt of the final lot if goods are received in batches.		

4	Validate the eligibility of the claimed input tax credit.		
5	Check for any transactions where input tax credit is not availed.		
6	Verify that the claimed input tax credit amount is accurately reflected in the GSTR-3B.		
7	Check for any inputs used for both taxable and exempt supplies.		
8	Ensure that input tax credit is reversed as per the provisions of the law in such cases.		
9	Verify the matching between GSTR-2A and the purchase register.		
10	Confirm that input tax credit is correctly accounted for under the categories of inputs/input services, capital goods and import of goods/services in the books of accounts.		

11	Check the process followed for the reversal of input tax credit when capital goods are sold before the completion of their asset life.		
12	Identify any invoices that remain unpaid for more than 180 days and ensure that input tax credit is reversed and interest is paid accordingly.		
13	Verify that tax invoices, debit/credit notes received from suppliers comply with the provisions of the law.		
14	Check that the correct GSTIN is mentioned on the supplier's tax invoice when claiming input tax credit.		
15	Identify any credit falling under blocked input tax credit.		
16	Verify if any transitional credit was claimed in GST TRAN-1/2 and ensure that the assessment is complete.		
17	Confirm if ITC is availed on capital goods purchases and considered for depreciation computation.		
18	Check for any input tax credit claimed from the transition from a composition taxpayer to a regular taxpayer.		

Classifications (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify the correct classification of goods according to the Customs Tariff Act.		
2	Confirm the accurate classification of services based on Notification No. 11 of Central Taxes dated June 28, 2017.		
3	Ensure compliance with the applicable tax rates on goods and services as per relevant notifications.		
4	Verify whether the client identifies the HSN (Harmonized System of Nomenclature) based on the Customs Tariff Act before determining the tax rate.		
5	Check if the client has filed any Advance Rulings for the classification of goods or services, rate determination, or HSN code determination.		
6	Confirm the number of digits of the HSN code included in the item master created in the systems is up to date.		

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Input Tax Service Distributor (5 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify if the client has obtained registration as an Input Service Distributor.		
2	If yes, confirm whether the returns have been filed within the specified timelines.		
3	Ensure that the distribution of credit is conducted accurately in accordance with the provisions of the GST Law.		
4	Check the proper issuance of tax invoices for the distribution of input tax credit.		
5	Verify if any ineligible input tax credit has been distributed and take appropriate action accordingly.		

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Returns (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify that the returns are filed by the due date for all registrations.		
2	Confirm the accuracy of the amount paid as late fees.		
3	Ensure that the liability reflected in GSTR-3B matches with the liability in GSTR-1 and the sales register.		
4	Verify if any interest payment on delayed payments has been made.		
5	Check if the liability reported in GSTR-1 matches the liability reported in the filed GSTR-9.		
6	Confirm that all amendments to invoices are appropriately reflected in GSTR-1 and GSTR-3B, if applicable.		

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GST Collections and Payment Verification (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify if the GST liability has been settled within the prescribed time frame.		
2	Confirm whether interest has been paid in accordance with the provisions of Section 50 for any delayed tax payments.		
3	Ensure that the amount of tax collected does not exceed the tax payable by the recipient.		
4	Check that the tax liability has been discharged under the appropriate heads and not under incorrect heads.		
5	If there are any cases where tax liability has been discharged incorrectly, assess if a refund has been claimed or how it has been adjusted.		
6	Verify that the Liability register is accurately updated with the tax payable and paid amounts.		

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Reverse Charge (6 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify whether reverse charge tax has been paid in accordance with Section 9(4) of the CGST Act 2017 until October 12th, 2017.		
2	Confirm if taxes have been paid under reverse charge for notified supplies as per Section 9(3) and 9(5) of the CGST Act 2017.		
3	Check the accuracy of payments made for reverse charge transactions.		
4	Ensure that input tax credit for reverse charge payments is claimed only when eligible.		
5	Verify if all the conditions for reverse charge are met.		
6	Check if payment vouchers have been issued for reverse charge payments.		

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Refund (11 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify the client's eligibility to claim a refund as per the provisions of the law.		
2	Check if all filed refund applications have been processed or if any applications are still pending.		
3	Ensure that the refund is claimed in accordance with the provisions of the GST.		
4	Verify if there are any discrepancies between the claimed and sanctioned refund amounts.		
5	Investigate the reasons behind any such discrepancies.		
6	Confirm if the refund amount is correctly credited to the Electronic Credit Ledger.		

7	Check all the documents submitted with the refund application.		
8	Verify if any of the refund applications have been rejected, and if so, investigate the reasons for rejection.		
9	Determine if the client is eligible to claim a refund for the inverted duty structure.		
10	Confirm that the accounting entries in the books of accounts are accurately recorded for the claimed and received refund.		
11	Check for any delays in the processing of refunds and, if applicable, ensure that interest has been credited for the delayed refund.		

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Maintenance of Books of Accounts (12 Points)

SL#	Checklist Points	Checked? (YES / NO)	Comment
1	Verify if the books of accounts are kept at the Principal Place of Business.		
2	Confirm that the accounts are maintained in compliance with the provisions of the GST Law.		
3	Check if the client has maintained separate accounts for received and paid advances.		
4	Verify if the client has maintained complete records of suppliers from whom goods or services (or both) have been purchased.		
5	Check if the client has maintained complete records of customers to whom goods or services (or both) have been supplied.		

6	Ensure that the client has maintained a Production Register.		
7	Verify if the client has maintained Stock Register, Purchase Register, and Sales Register.		
8	Check if proper records are maintained for any appointed agents.		
9	Confirm whether the supplier maintains a Cash/Bank Register to record transactions by entity.		
10	Determine if the books of accounts are maintained in a centralized or decentralized manner.		
11	Check if books of accounts are maintained for each registration separately.		
12	Verify if the client has maintained a Trial Balance and Profit & Loss statement for each registration number.		

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It is recommended to ensure that you follow the GST Audit Checklist appropriate for your situation. We hope that this article has addressed any concerns you may have had regarding the GST audit for the FY 2022-23.

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AWARDS & RECOGNITIONS

INDIAN EDUCATION EXCELLENCE AWARDS



Best Vocational Training Institute in India, 2018

ASSOCHAM SKILLING AWARD



Quality Skill Development

CERTIFICATE OF EXCELLENCE



Best Vocational Training Institute

NATIONAL EDUCATION EXCELLENCE



Brands Academy, 2016

ASIA EDUCATION SUMMIT & AWARDS



Worldwide Achievers, 2017

GLOBAL QUALITY AWARDS



Quality Vocational Training, 2015

BEST BRANDS OF THE YEAR



Brands Achiever Initiative, 2015

INDIAN EDUCATION AWARD



Vocational Education Programme of The Year 2014

CERTIFICATE OF APPRECIATION



Most Innovative Course Mumbai University, 2015

EDUCATION EXCELLENCE AWARDS



Best Vocational Training Company in India, 2014

CERTIFICATE OF PARTNERSHIP



NSDC, 2022-23



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