



# MVAT AUDIT REPORT FORM 704 ANNEXURE A TO J

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CA JAGDISH KHATRI



# Audit Report in Form 704

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- Relevant for Audit of dealers to whom section 61 of MVAT Act is applicable
- W e f 26.06.2014 (F Y 13-14) :
- Sales and value of goods transferred outside the state other than by way of sales should exceed 1 crore (Earlier purchases were also considered)
- Dealers holding E C are liable irrespective of turnover
- Liquor dealers / manufacturers are liable only if turnover exceeds the limit



# Audit report in Form 704

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- Rule 66 – Due date for report submission nine months and fifteen days from end of the year
- Report has to be complete audit report i.e. only if all items, certificates, tables, schedules and annexure are filled and arithmetically self consistent
- If a dealer fails to furnish audit report or knowingly submits report which is not complete –penalty 0.1% of the Turnover



# Structure of Form 704

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- Statement of Submissions by the dealer, Acceptance Auditor's Recommendations
- Part-I : Verification, certification and computation of tax liability as per return and as determined in audit
- Part-II : General Information related to dealer under audit
- Part three-Various Schedules and annexure, different combinations of schedules possible

# Structure of Form 704

## Part –III Contd.

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- Schedule-I- Return in Form 231
- Schedule-II- Return in Form 232
- Schedule-III- Return in Form 233
- Schedule-IV-Return in Form 234
- Schedule-V- Return in Form 235
- Schedule-VI-Return in Form IIIE(CST)
- Annexure- A to K



# ANNEXURES A TO J

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- These annexure are certificates- have to be true and correct
- Due care to be taken as no provision for filing Revised audit report-except limited revision of J-1 and J-2 possible
- Figures must be as determined in audit
- Determination of VAT and CST liability and even customers' liability depends on correctness of these annexure
- Annexure should be filled first, then schedules



# PREPERATIONS BEFORE FILLING AUDIT FORM

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- Copies of returns filed , challans and summary of sales , purchases
- Audited Accounts with Tax Audit Report
- Determine sales with bifurcation in to Local, OMS, Direct Exports, Indirect Exports, Stock Transfers etc.
- Party wise Local Sales with TIN and VAT
- Similar details of Purchases
- Co-relate with other records like Excise



# ANNEXURE-A

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- Particulars in respect of Challans and return under MVAT Act are to be entered, tax and interest paid U/s 30(2) are to be filled
- Penalty/ Late fee paid are not to be entered
- All payments to be entered separately, 99 rows are provided
- Interest payable is calculated automatically
- Interest and tax paid is reflected in Part I Table 2 automatically but to be filled in Schedule I to V
- If dues are adjusted in any period R A O to be filled



# ANEEXURE -A

## Details of the Amount Paid along with returns and or Challan corresponding to Schedule I/II/III/IV/V under MVAT Act, 2002.

Sr. No.	Period		Due Date	Type of return (Original or Revised)	Date of filing	Amount of tax paid	Date of payment	Amount of interest on delayed payment	Amount of interest paid
	From	To							
1									
98									
99	<b>Total of remaining payments</b>								
<b>Details of RAO</b>									
Sr. No.	RAO No.			Amount Adjusted (Rs.)			Date of RAO		
	<b>TOTAL</b>								

# ANNEXURE -B

## Details of the Amount Paid along with returns and or Challan corresponding to Schedule VI for CST Act, 1956.

Sr. No.	Period		Due Date	Type of return (Original or Revised)	Date of filing	Amount of tax paid	Date of payment	Amount of interest on delayed payment	Amount of interest paid
	From	To							
1									
98									
99	<b>Total of remaining payments</b>								
<b>Details of RAO</b>									
Sr. No.	RAO No.		Amount Adjusted (Rs.)			Date of RAO			
	<b>TOTAL</b>								



# ANNEXURE-C

**Details of Tax Deducted at Source (TDS) certificates received corresponding to item (vi) (c) of Table No.-2 of Part-1.**

Sr. No.	Name and address of the employer deducting the tax	TIN of the employer, if any	Date of Certificate.	Amount of TDS as per certificate.
99				
	Total of remaining certificates received			
	<b>Total</b>			



# ANNEXURE-D

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- Check Register in Form 404 for details
- Verify copies of Form 424 filed, w.e.f 01.05.13 to be filed annually within three months from the end of the year
- Calculate interest and show details
- Interest payable is not reflected in the recommendations by the auditor
- PAN is to be furnished if the deductee does not have TIN w.e.f 23.08.13



# ANNEXURE-D

**Details of Tax Deducted at Source (TDS) certificates issued.**

Sr. No.	Name of the dealer	TIN if any	Turnover on which TDS made	Amount of tax to be deducted. (Rs)	Amount of tax deducted (Rs)	Interest payable if any	Amount paid (Rs.)
499							
500	Total of Remaining TDS Certificates issued						
	<b>TOTAL</b>						



# ANNEXURE-E

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- It has six sections
- First section covers tax paid on purchases including Capital assets and Purchase –tax paid (w e f 23.08.13)
- Second Section for set off not admissible u/r 54
- Third Section specifies Capital Assets on which full set off is admissible



# ANNEXURE-E

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- Section 4 specifies reductions in set off under various sub rules of rule 53
- In Section 5 details of tax paid on purchases, on which full set off is allowed is calculated
- Section 6 contains final working of set off allowable as claimed in returns and as determined by the auditor



# ANNEXURE-E

## Computation Of Set-Off Claim On The Basis Of Tax Paid Purchases Effected

### From Registered Dealers.

**SECTION -1 Total tax paid and URD purchases effected from the local Supplier**

**during the period under audit (Including Capital Asset)**

Sr. No.	Particulars/ Tax Rate (%)	Quantity( In case of petroleum dealers) In Liters	Net Purchase value	Tax Amount	Total tax paid or Payable	Gross Total (c+d)
a	b		c	d		
1						
10	<b>Purchase tax Payable</b>					
	<b>Total</b>					



## ANNEXURE-E SECTION -2

### DETAILS OF TAX PAID ON PURCHASES ON WHICH SET OFF IS NOT ADMISSIBLE u/R 54(out of Section-1)

Sr. No	Sub-rule under which the set-off is not admissible	Particulars	Net Purchase Value	Tax Amount	Gross Total (d+e)
1	54(a)	Passenger Vehicles & Parts			
2	54(b)	Motor Sprit			
3	54(c)	Crude oil used for refining			
4	54(d)	Dealer Principally engaged in job work			
5	54(e)	Purchases by PSI dealer			

## ANNEXURE-E SECTION -2

### DETAILS OF TAX PAID ON PURCHASES ON WHICH SET OFF IS NOT ADMISSIBLE u/R 54

Sr. No	Sub-rule under which the set-off is not admissible	Particulars	Net Purchase Value	Tax Amount	Gross Total (d+e)
6	54(f)	Intangible goods (not eligible)			
7	54(g)	Work contract results in immovable property other than plant and machinery			
8	54(h)	Erecting of immovable property other than plant and machinery			
9	54(i)	Liquor dealer opting for composition			

## ANNEXURE-E SECTION -2

### DETAILS OF TAX PAID ON PURCHASES ON WHICH SET OFF IS NOT ADMISSIBLE u/R 54

Sr. No	Sub-rule under which the set-off is not admissible	Particulars	Net Purchase Value	Tax Amount	Gross Total (d+e)
10	54(j)	Purchases by Mandap Keeper under composition			
11	54(k)	Purchases of Capital Assets by hotelier which do not pertain to service of food			
12	w.e.f 23.08.13	Purchases of the taxable goods from registered dealers on which set-off is not claimed			
		Total			



# ANNEXURE-E

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## SECTION-3 :-Details of Tax paid purchases of Capital Assets

on which full set off is available (Out of Section-1)

Sr. No.	Particulars/Tax Rate	Net Purchase Value	Tax	Gross Total (c+d)
a	b	c	D	e
1				
	<b>Total</b>			

# ANNEXURE- E

## SECTION-4 :-Details of Tax paid purchases on which set-off is admissible after reduction under rule 53

Sr. No.	Sub-rule under which set off is reduced	Particulars	Net Purchases value	Tax	Total (d+e)	Reduction	Tax amount eligible for set-off (e-g)
a	b	c	d	e	f	g	h
1	53(1)	Fuel					
1A	53(1A)	Natural Gas					
2	53(2)	Tax Free Goods					
3	53(3)(a)	Branch Transfer					
3A	53(3)(b)	Branch Transfer(D Sch goods)					
4	53(4)	WC Composition					

# Annexure –E

## Part 4 Contd--

Sr. No.	Sub-rule under which set off is reduced	Particulars	Net Purchases value	Tax	Total (d+e)	Reduction	Tax amount eligible for set-off (e-g)
A	b	c	d	e	f	g	h
5	53(5)	Business discontinued					
6	53(6a)	Restaurant not corresponding purchases					
7	53(6b)	Sales less than 50% of G Receipts					
8	53(7)	Liquor MRP					
9	53(7A)	Office Equipments Furniture					
10	53(7B)	Generation transmission or Distribution of Electricity					
11	53(10)	Processing of Textiles					
<b>Total</b>							

# ANNEXURE –E

## Section-5

**Details of Total Tax paid purchases Effected from Registered Dealers on which Full Set-off is calculated and allowed as per Rule 52, 52A, and 55B**

Sr. No.	Tax Rate (%)	Net Purchase Value	Tax Amount	Gross Total (3+4)
1	2	3	4	5
Set off U/r 52 A Set off U/r 55B				
	<b>Total</b>			



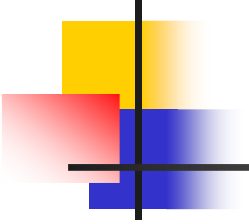
# ANNEXURE -E

## SECTION-6:-Amount of Total Set-off Available to Dealer

Sr. No.	Particulars	Amount of Set-off claimed by the dealer in Return	Set-off determined by auditor	Difference (c- d)
a	b	c	d	e
1	Gross Input Tax			
2	Set off (ITC) not admissible			
3	Reduction in set off			
4	Balance Available set off			
Reasons for Excess or Short claim Set-off:-				



# ANNEXURE-F

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- G P Ratio & N P Ratio are to be given for entire business and Other ratios for state activities
  - Gross Turnover of sales defined in Section 2(33)
  - Gross Receipts defined in rule 53(6)
  - Other terms

# ANNEXURE-F



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**Financial Ratios for the year under audit and other information.**

**a) As per Profit and Loss  
Account**

**(To be reported as determined by the  
Auditor)**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
1. Gross Profit to Gross Sales		
2. Net Profit before tax to Gross Sales		

## ANNEXURE-F

### (b) Information to be furnished in relation to sales effected within/from Maharashtra

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
1	Ratio Net Sales in Maharashtra State to Total Sales (Rs.) (excluding tax under VAT & CST Acts.)		
2	Ratio Inter-State Stock Transfer from Maharashtra State to Total Sales (Rs )		
3	Ratio of Non Sales (e.g. Job work, Labour charges etc) receipts to Total Sales (Rs.)		
4	Ratio Inter-State Stock Transfer to net local sales from row 1		

## ANNEXURE-F

### (b) Information to be furnished in relation to sales effected within/from Maharashtra

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
5	Ratio of the net Local Sales of taxable goods to net sales from row 1		
6	Ratio of the net Local Sales of tax free goods to net sales from row 1		
7	Percentage of net inter- State sales excluding Exports to net sales from row 1		
8	Ratio of Export sales to net sales from row 1		
9	Ratio of Gross turnover of sales to Gross receipts		

## ANNEXURE-F

### (b) Information to be furnished in relation to sales effected within/from Maharashtra

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
10	Ratio of set off claimed to net sales from row 1		
11	Ratio of Gross Tax (MVAT & CST) to turnover of net sales from row 1		
12	Ratio of Closing stock of finished goods to Net Sales from row 1		
13	Out of Maharashtra purchases which are capitalized.		

# ANNEXURE-F

## B) Other Information

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
1	Opening Stock of Raw material (in Maharashtra) Rs.		
2	Opening Stock of WIP (in Maharashtra )		
3	Opening Stock of Finished goods (in Maharashtra) Rs.		
4	Opening Stock of Packing material (in Maharashtra ) Rs.		
5	Opening Stock of the stores & spares (in Maharashtra) Rs.		
6	Closing stock of Raw material (in Maharashtra) Rs		

# ANNEXURE-F

## B) Other Information

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
7	Closing Stock of WIP (in Maharashtra) Rs		
8	Closing Stock of Finished goods (in Maharashtra ) Rs.		
9	Closing Stock of Packing material (in Maharashtra) Rs.		
10	Closing Stock of stores & spares (in Maharashtra) Rs.		
11	Sales of Fixed Assets Rs.		

# ANNEXURE-F

## B) Other Information

<b>Sr. No</b>	<b>Particulars (to be reported as determined by the Auditor)</b>	<b>Current Year</b>	<b>Previous year</b>
12	Gross receipts as defined in MVAT Rule 53(6) Rs.		
13	Turnover of sales As per profit and Loss Account		
14	Turnover of Purchases As per profit and Loss Account		
15	Total of non sales income		





# ANNEXURE-G

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- Declarations/certificates received under CST Act including TIN to be given and Includes
- Form C- For Interstate Sales
- Form E-I and E-II for Sales in Transit
- Local Form H- for deemed Exports
- Interstate Form H- for Deemed Exports
- Form I -Sales to SEZ- Sales U/s 8(6)
- Form-J Sales U/s 6(4) to Missions, Consulates UN or Other International Bodies



# ANNEXURE-G

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- Verify validity of Forms, Period covered, completeness and must be duly signed
- Gross amount as per invoice (Net of returns) and amount of declarations to be given
- Total 4999 rows provided , balance to be given in 5000 th row (w e f 23.08.13)

# ANNEXURE-G

Details of Declarations or Certificates Received  
(In descending order)

<b>Sr. No</b>	<b>Name of the dealer who has issued Declaration or Certificates</b>	<b>TIN / RC No</b>	<b>Declaration or Certificate type</b>	<b>Issuing State</b>	<b>Declaration No.</b>	<b>Gross amount as per invoice (Net of goods returned) (Rs</b>	<b>Amount for which declaration received (Rs</b>
<b>5000</b>	<b>Remaining Transaction total</b>						
	<b>Total</b>						



## ANNEXURE-H

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- Deemed exports to local dealers Form H not received to be filled
- Local rate of tax is to be filled correctly
- 200 lines provided
- Liability gets reflected in table 2, row XIV of Part I

## ANNEXURE-H

### Details of declarations or Certificates (in Form– H-Local) not received (In descending order)

Sr. NO	Name of the dealer who has issued Declara tion or Certific ates	TIN if applicabl e	Invoice No.	Date of Invoi ce	Taxable amount (Rs.) (Net )	Rate of tax applic able (Local Rate)	Tax Liabili ty (Rs
200	Remaini ng Transac tion total						



## ANNEXURE- I

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- Declarations balance in Form C,F,H(OMS),E-I, E-II and J are to be filled
- Differential liability over concessional rate to be calculated. Invoice wise details are to be given
- For sales U/s6(2) separate figures for balance C forms and E-I/E-II are to be given
- To be filled very cautiously for later compliances
- Do not give figures in decimals
- Differential liability is reflected in Table 3, Part -1, row XI

**ANNEXURE- I**  
**Declarations or Certificate not received Under Central Sales**  
**Tax Act, 1956**  
**(other than local Form –H)**

<i>Sr No</i>	<i>Nam e of the Deale r who has issue d Decla ratio ns or Certif icates</i>	<i>CST TIN if any</i>	<i>Decla ratio n or Certif icate type (pleas e specif y)</i>	<i>Invoice No</i>	<i>Invoi ce Date</i>	<i>Taxable amount (Rs.) (Net)</i>	<i>Tax amo unt</i>	<i>Ra te of tax ap pli ca ble (L oc al Ra te</i>	<i>Amo unt of Tax (as per 7*9% )</i>	<i>Diffe rentia l tax liabili ty (Rs.) (Col. 10- Col.8 )</i>
5000	Rem ainin g Tran sacti									



## ANNXURE-J- SECTION-1

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- This sections gives details of customer wise local sales in descending order up to 4999 rows
- Validity of TIN is verified on submission
- Do not give figures in decimals
- Net sales and tax must match with relevant schedule /Part -1
- Sales to non-TIN holders added from 23.08.13



## ANNXURE-J- SECTION-1

**CUSTOMER WISE VAT SALES** Enter Vat amount wise Top (4999) separately in descending order and put total of remaining in (5000)th row

<b><i>Sr. No</i></b>	<b><i>TIN of Customers</i></b>	<b><i>Net Taxable amount Rs</i></b>	<b><i>VAT Amount Rs.</i></b>	<b><i>Gross Total Rs</i></b>
5000	Remaining Local transaction total where tax is collected separately not covered above			
5001	Local Sale to Non TIN holders			
5002	Gross local sales where tax is not collected separately			



## ANNEXURE-J SECTION-2

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- Details for dealer wise local purchases to be given, including that not allowable U/r 54 and subject to deduction U/r53
- Total must match with total set off in Section 1 of Annexure E
- Arrange in descending order up to 4999 rows
- URD purchases and Other RD rows are added  
W E F 23.08.13
- Total Local purchases must be consistent with purchases in Schedules

## ANNEXURE-J SECTION-2

Enter Vat amount wise Top (4999) separately in descending order and put total of remaining in (5000)th row SUPPLIERS WISE VAT PURCHASE

<b><i>Sr. No</i></b>	<b><i>TIN of supplier</i></b>	<b><i>Net Taxable amount Rs</i></b>	<b><i>VAT Amount Rs.</i></b>	<b><i>Gross Total Rs</i></b>
5000	Remaining Local transaction total where tax is paid separately not covered above			
5001	Gross Local Purchases from Non TIN holders			
5002	Gross local purchases where tax is not paid separately			
5003	Gross total			



## **ANNEXURE-J SECTION 5**

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- This section pertains to Direct Exports and High sea sales. Indirect Exports already covered in Annexure G, H and I
- Details can be given in 199 rows in descending order
- TIN not mandatory
- Name of Customer and Commodity to be given

# ANNEXURE-J SECTION 5 CUSTOMER WISE TRANSACTION OF DIRECT EXPORT AND HIGHSEAS SALES UNDER CST ACT, 1956

<i>Sr. No</i>	<i>Name of Customer</i>	<i>TIN of Customer</i>	<i>Transaction Type</i>	<i>Gross Total Rs.</i>	<i>Major Commodity</i>
200	Remaining Transaction total which not covered				
201	Gross Total				



## ANNEXURE-J SECTION 6

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- Details of party wise Interstate purchase transactions Viz. OMS Purchases, Direct Imports, High sea Purchases, Purchases U/s6(2) , Local Purchases against Form H and Branch Transfers received against Form F are to be given
- In descending order up to 999 rows and URD purchases under CST Act are to be given 1000 th row
- TIN is to be given wherever available

# ANNEXURE-J SECTION 6 SUPPLIER WISE TRANSACTION UNDER CST ACT, 1956

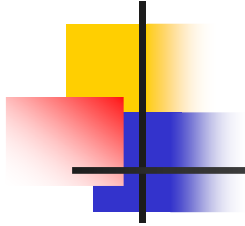
<i>Sr. No</i>	<i>Name of Supplier</i>	<i>TIN of Supplier</i>	<i>Transaction Type</i>	<i>Any other cost of purchase</i>	<i>Gross Total Rs</i>
1000	Remaining Transaction total which not covered				
1001	Purchases from unregistered dealer				
1002	Gross Total				

## **ANNEXURE – K**

### **Determination of Gross Turnover of Sales and Purchases along with reconciliation with Profit and Loss Account, trial Balance /Sales and Purchase register**

- Sales and Purchases as per returns/as determined in audit are to be reconciled with Profit and Loss account or Trial Balance





*GRATITUDE*

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**THANKS !**