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# UPDATION IN GSTR 1 AND GSTR 3B

## I. Background

1. Every person registered under the GST Laws (other than input service distributor, person registered Section 51 of Central Goods and Services Tax Act, 2017 (for brevity, 'CGST Act') for remittance of TDS, person registered under Section 52 of the CGST Act for remittance of TCS, casual taxable person and non-taxable person) is required to file Annual return in Form GSTR 9 (in short, 'Form GSTR 9'). Form GSTR 9 should be filed for every registration (GSTN wise) obtained in each State separately. A registered person whose aggregate turnover PAN India during the financial year 2021-22 is less than Rs. 2 crore is exempted from filing Form GSTR 9 (Notification No. 10/2022 CT dated 05.07.2022). Aggregate turnover is to be determined as tabulated hereunder:

Inclusion in Aggregate Turnover	Inclusion in Aggregate Turnover
Taxable supplies, Inter-State supplies, exports and exempt supplies	CGST, SGST, UTGST, IGST, Cess and Value of inward supplies on which tax is payable under reverse charge

1. Form GSTR 9 is prescribed for regular dealers (i.e. non-composition dealers) and Form GSTR 9A for composition dealers. The due date for filing Form GSTR 9 and Form GSTR 9A for the period April 2021 to March 2022 is December 31, 2022.
2. A registered person whose aggregate turnover PAN India during the financial year 2021-22 exceeds Rs. 5 crore is required to file Reconciliation Statement in Form GSTR 9C (in short, 'Form GSTR 9C'). Aggregate turnover would have to be determined as discussed in para 1 supra.
3. In this article some important areas which in the view of the paper writer needs attention has been discussed.

## I. Form GSTR 9

1. Outward supplies and inward supplies made during the financial year 2021-22 is required to be disclosed in the relevant parts of the Form.
2. CBIC vide Notification No. 14/2022 – Central Tax dated 05.07.2022 has made certain tables mandatory for the financial year 2021-22 which were optional in the earlier years. The summary of mandatory fields are as under:

Table	Table Description	Disclosure requirement
4I of Part II	Credit Notes issued in respect of transactions specified in 4B to 4E of Form GSTR 9	<b>Mandatory</b> – The reporting of details in said tables are now made mandatory,
4J of Part II	Debit Notes issued in respect of transactions specified in 4B to 4E of Form GSTR 9	
4K of Part II	Supplies / tax declared through Amendments	
4L of Part II	Supplies / tax reduced through Amendments	
5D, 5E & 5F of Part II	Details of following outward supplies on which no tax is payable: 5D: Exempted 5E: NIL rated 5F: Non-GST supply (includes 'no supply')	<b>Mandatory</b> – Details of Non-GST supplies to be disclosed separately in Table 5F separately. <b>Optional</b> – Details of Exempted and NIL rated supplies may be combined and reported in heading "Exempted" (Table 5D).
17 of Part VI	HSN Wise Summary of outward supplies	<b>Mandatory – Details of HSN summary for outward supplies (Table 17)</b> Details to be furnished in the following manner: (a) <b><u>If annual turnover &gt; 5 Cr in preceding year:</u></b> To report outward supplies at 6 digits HSN level; (b) <b><u>If annual turnover ≤ 5 Cr in preceding year:</u></b> To report B2B supplies at 4 digits HSN level.

A. Outward supplies- Following outwards supplies are required to be disclosed in the Form:

**B2C supplies:** All supplies made to unregistered person (B2C), including supplies made through e-commerce operator, net of debit note / credit notes should be disclosed in Table 4A of the Form.

**B2B supplies:** Supplies to registered persons including supplies made through e-commerce operator (excluding supplies liable to tax under reverse charge mechanism) should be disclosed in Table 4B of the Form (B2B). Effect of debit note / credit note should not be given in this table. The details of credit notes / debit notes to be disclosed separately in Table 4I and 4J of the Form respectively. Supplies on which recipient is liable to pay tax under reverse charge mechanism to be disclosed in Table 5C of the Form.

Zero rate supplies: Zero rated supplies with payment of taxes (other than supplies to SEZ) to be disclosed in Table 4C of the Form. Effect of debit note / credit note should not be given in this table. The details of credit notes / debit notes to be disclosed separately in Table 4I and 4J of the Form respectively.

Export without payment of tax be disclosed in Table 5A of the Form. The details of credit notes / debit notes to be disclosed separately in Table 5H and 5I of the Form respectively

- **SEZ supplies:** Supplies to SEZ with payment of tax to be disclosed in Table 4D of the Form. Effect of debit note / credit note should not be given in this table. The details of credit notes / debit notes to be disclosed separately in Table 4I and 4J of the Form..

Suppliers to SEZ without payment of tax be disclosed in Table 5B of the Form. The details of credit notes / debit notes to be disclosed separately in Table 5H and 5I of the Form respectively

- Deemed exports: Deemed exports to be disclosed in Table 4E of the Form. Effect of debit note / credit note should not be given in this table. Following supplies constitute deemed exports in terms of Section 147 of the CGST Act read with Notification 48/2017 dated 18.11.2017:
  - Supply of goods by a registered person against Advance Authorisation.
  - Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation.
  - Supply of goods by a registered person to Export Oriented Unit.
  - Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30th June, 2017 against Advance Authorisation.
- The details of credit notes / debit notes to be disclosed separately in Table 4I and 4J of the Form.

#### **Conclusion:**

**From the above one can conclude that, while filing returns lot of care is to be ensured.**

**Unadjusted advances:** Unadjusted advance (i.e. tax paid on advance and tax invoice not raised) on which taxes have been remitted should be disclosed in Table 4F of the Form. Tax on advances received for supply of **goods (other than composition dealers)** is exempt from tax vide Notification No. 66/2017 – Central Tax dated 15.11.2017. Thus, advances received for services would have to be disclosed here for FY 2021-22.

**Inward supplies liable under RCM:** Inward supplies liable to tax under reverse charge mechanism (RCM) to be disclosed in Table 4G of the Form. Following supplies are liable under RCM to be disclosed:

- ✓ Supply of notified goods (Notification No.4/2017-Central Tax (Rate) dated 28.06.2017) / notified service (Notification No.13/2017-Central Tax (Rate) dated 28.06.2017 under Section 9(3) of the CGST Act, 2017.
- ✓ Supply of goods / services from unregistered person (Notification No. 07/2019-Central Tax (Rate) dated 29.03.2019.
- ✓ Import of services.

**Exempted and Nil rated supplies:** To be disclosed in Table 5D and 5E respectively of the Form. Exempted supply is defined Sec 2(47) – which attracts Nil rate of tax or wholly exempt u/s 11 of the CGST Act, 2017. Nil rated is not defined. In paper writer's view there is not much distinction between exempt / Nil rate supplies. The details of credit notes / debit notes to be disclosed separately in Table 5H and 5I of the Form respectively.

- **Non-GST supplies:** To be disclosed in Table 5F of the Form. Following transactions are Non-GST supplies:
  - ✓ Supply of alcoholic liquor for human consumption.
  - ✓ Supply of petroleum crude, HSD, Motor spirit, natural gas and ATF.
  - ✓ Transactions enlisted in Schedule III of the CGST Act, 2017.
- Amendments to invoices relating to outward supplies reported in April 2021 to March 2022 in Form GSTR 1 made during April 2022 to October 2022 by way of increase / decrease in value of supplies / tax should be declared in Table 10 and Table 11 respectively. Differential tax paid, if any, on account of this adjustment should be disclosed in Table 14 of the Form.

#### A. **Inward supplies:**

- Following value of inwards supplies and tax on the same of which input tax credit (ITC) is **availed** needs to be captured to disclose in Table 6 of the Form
  - ✓ Supplies from registered person including services from SEZ bifurcating inputs, Capital goods and input services – Table 6B of the Form.
  - ✓ Supplies from unregistered person liable to tax under reverse charge mechanism bifurcating inputs, Capital goods and input services – Table 6C of the Form.
  - ✓ Supplies from registered person liable to tax under reverse charge mechanism bifurcating inputs, Capital goods and input services – Table 6D of the Form.
  - ✓ Import of goods including supplies from SEZ bifurcating inputs and capital goods – Table 6E of the Form.
  - ✓ Import of services – Table 6F of the Form.
  - ✓ Input tax credit received from input service distributor (ISD) – Table 6 of the Form.

- ✓ Input tax credit received from input service distributor (ISD) – Table 6 of the Form.
- ✓ Input tax credit reclaimed which was reversed – Table 6H of the Form. For instance, ITC reversed due to non-payment to vendors within 180 days from the date of invoice and reclaimed upon payment will be disclosed here. ITC which has been availed and reversed during 2021-22 and reclaimed in 2022-23 should not be disclosed in this Table.

Total ITC in Table 6A would be auto populated by the GSTN portal in the Form from Table 4A of Form GSTR 3B.

Following details of ITC reversed and ineligible ITC needs to be captured to disclose in Table 7 of the Form:

- ✓ ITC reversed for non-payment to vendors within 180 days from the date of invoice – Table 7A of the Form.
- ✓ ITC reversed of ISD – Table 7B of the Form.
- ✓ Reversal of ITC of input and input services attributable to non-business supplies and exempt supplies as determined in terms of Rule 42 of the CGST Rules, 2017– Table 7C of the Form.
- ✓ Reversal of ITC of capital goods attributable to non-business supplies and exempt supplies as determined in terms of Rule 43 of the CGST Rules, 2017– Table 7D of the Form.
- ✓ Blocked credits in terms of Section 17(5) of the CGST Act, 2017– to be disclosed in Table 7E of the Form only if the same had been included in Table 4A of Form GSTR 3B.
- ✓ Reversal of Tran -I and Tran-II credit – Table 7E and Table F respectively of the Form.

ITC of inward supplies received during April 2021 to March 2022 but availed in Form GSTR 3B between April 2021 to October 2022 should be disclosed in Table 8C and Table 13 of the Form.

- Input tax credits wrongly claimed (for instance credit of blocked credit claimed or non-reversal of ITC by applying Rule 42 / 43 of CGST Rules, 2017) during April 2021 to March 2022 but reversed in financial year 2022-23 should be disclosed in Table 12 of the Form.

A. **Refund and demand of tax:** Details of refund claimed, sanctioned and rejected and details of taxes demanded, paid and pending to be disclosed in Table 15 of the Form.

B. **Information of other supplies:**

- ✓ Supplies received from composition dealers to be declared – Table 16A of the Form.
- ✓ Value of supply and tax in respect of inputs sent to job work and not received back by the principal within 1 year of their dispatch and capital goods (other than moulds, dies, jigs and fixtures) sent for job work and not received back by the principal within 3 years to be disclosed – Table 16B of the Form.
- ✓ Value of supply and tax of goods sent on approval basis and not received within 180 days from date of removal to be disclosed – Table 16C of the Form.

C. **HSN summary**

- ✓ **Outward supplies** - HSN wise summary of outward supplies namely unit quantity code, total quantity, taxable value, rate of tax and tax to be disclosed (Disclosure based on Table 12 of GSTR-1 filed for the financial year) – Table 17 of the Form

Threshold limit of turnover (Rs.)	HSN digits
Less than or equal to 5 Cr in preceding year	4 digits
Above 5 crores	6 digits

- ✓ **Inward supplies:** HSN wise summary of inward supplies namely unit quantity code, total quantity, taxable value, rate of tax and tax to be disclosed where such supplies independently account for 10% or more of total inward supplies - Table 18 of the Form.

A. **Late fee:** If annual return is filed belatedly, details of late fee to be provided in Table 19 of the Form. The late fee for delay in filing of Annual Returns is Rs 200 per day (Rs.100/- CGST+Rs.100/- SGST) subject to a maximum of 0.5% of the turnover in the State.

B. **Additional Liability:**

- ✓ Towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in the Form GSTR 9, through FORM DRC-03.
- ✓ Taxpayers shall select Annual Return in the drop down provided in FORM DRC-03.
- ✓ It may be noted that such liability can be paid through electronic cash ledger only

### III. Form GSTR 9C

**Reconciliation of turnover declared in audited financial statement with turnover declared in Annual Return in Form GSTR 9 (Part II of the Statement):** This part of the Statement seeks to determine the various reconciliation items for difference between turnover declared in audited financial statement with turnover declared in Annual Return in Form GSTR 9. The reconciliation begins with turnover from the financial statements (GSTIN wise) and seeks to arrive turnover as per Annual Return in Form GSTR 9; the reconciliation items is discussed below:

#### a. Subtraction to be made

- Credit notes issued after March 2022 but within the prescribed period for supplies made in 2021-22 – Table 5E.
- Turnover for the period April 2017 to June 2017 – Not applicable for FY 2021-22 – Table 5G.
- Unbilled revenue at the end of the financial year – Table 5H.
- Unadjusted advances at the beginning of the financial year – Table 5I.
- Supplies by SEZ to DTA – since it considered as import of goods by DTA if the bill of entry for such supplies is filed by DTA – Table 5K.
- Turnover under composition scheme – Table 5L.

#### b. Additions to be made

- Unbilled revenue at the beginning of the financial year – Table 5B.
- Unadjusted advances at the end of the financial year – Since advances received on goods are not taxable from November 15, 2017, this would ideally include unadjusted advances received for services – Table 5C.
- Deemed Supplies under Schedule I – branch transfer of goods from State to another State, cross charge to branches, supply of goods / services to related persons – Table 5D.
- Trade Discounts not permissible under GST – Table 5F.
- Credit Notes not permissible under GST – Table 5J.

§ Adjustment in turnover due to Valuation Rules – valuation under GST law generally enhances

a. Details of exempted turnover, non-GST supplies, zero rated supplies without payment of tax and supplies on which recipient is liable to pay tax under reverse charge to be disclosed in Table 7B to Table D respectively.

b. The derived Taxable Turnover is to be compared with the Taxable Turnover reported in the Annual Return in Form GSTR 9. Tables have been provided in the Statement to list out the reasons for differences between these turnovers. Any irreconcilable difference would require analysis as to whether payment needs to be made.

**A. Rate wise tax liability reconciliation (Part III of the Statement):**

a. The Taxable Turnover is required to be classified into various rates including turnover of where the recipient is required to pay taxes and arrive at the GST Payable.

b. The above GST payable arrived at is to be compared with the GST Paid in Annual Return in Form GSTR 9 and tables have been provided to list out the reasons for differences between payable and paid amounts. Any irreconcilable difference would require analysis as to whether payment needs to be made.

**A. Reconciliation of input tax credit (Part IV of the Statement):** This part of the Statement seeks to determine the various reconciliation items for difference between input tax credit (for brevity, 'ITC') availed as per audited financial statement with ITC claimed in Annual Return in Form GSTR 9. The reconciliation begins with ITC availed as per the financial statements (GSTIN wise) and seeks to arrive turnover as per Annual Return in Form GSTR 9; the reconciliation items is discussed below:

- a. Add ITC booked in earlier financial year claimed in current financial year – Table B.
- b. Subtract ITC booked in current financial year to be claimed in subsequent financial year – All amounts which are debited in books of accounts but not claimed as Credit should be reported here Table C; this should be matched with Table 8C of GSTR 9.
- c. The details on ITC required to be reported based on their grouping in the financial statements in Table 14 are as under:

Freight / Carriage	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free
Power and Fuel	Royalties
Imported goods (Including received from SEZs)	Employees' Cost (Salaries, wages, Bonus etc)
Conveyance charges	Bank Charges
Repair and Maintenance	Stationery Expenses (including postage etc.)
Capital goods	Other Miscellaneous expenses

The Statement requires details of ITC claimed and ITC eligible in respect of the above groupings which means that this part requires analysis and reporting of eligible ITC from the total ITC claimed by the registered person.

- a. The total of the credit availed is matched with the actual ITC availed as claimed in annual return in Form GSTR 9 and tables have been provided to list out the reasons for differences between the credits. Any irreconcilable difference would

### Additional Liability due to Non-Reconciliation

#### (Part V of the Statement):

Additional liability to be discharged by the taxpayer due to non-reconciliation of turnover or non-reconciliation of input tax credit to be disclosed in this table. Any refund which has been erroneously taken and shall be paid back to the Government shall also be declared in this table

#### A. Payment of additional tax: Towards, the end of the reconciliation statement, taxpayers shall be given an option to pay additional taxes through Form DRC-3.

*An attempt has been made in this article to provide an overview of Annual return and Reconciliation Statement under GST Laws. This article is written with a view to incite the thoughts of a reader who could have different views of interpretation. Disparity in views, would only result in better understanding of the underlying principles of law and lead to a healthy debate or discussion. The views written in this article is as on 15.11.2022. The author can be reached at siddeshwar@sduca.com.*

### Due Dates for the month of Dec-2022

Purpose	Due Date
TDS Payment for Nov.	07-12-2022
GSTR 1 (Monthly) for Nov.	11-12-2022
GSTR 1 IFF (Optional)(Nov 2022) for QRMP	13-12-2022
Advance tax Payment for Oct. to Dec. 2022	15-12-2022
PF Payment for Nov.	15-12-2022
Provident Fund (PF), ESI Payment for Nov.	15-12-2022
GSTR 3B for Nov for Monthly	20-12-2022
GST Challan Payment if no sufficient ITC for Nov (for all Quarterly Filers)	25-12-2022
Due date for Belated and Revised Income Tax Filing for AY 2022-23	31-12-2022
GST Annual Return Filing	31-12-2022

## PROGRAMME FOR THE MONTH OF DECEMBER 2022

### 1. Conduct of Chartered Accountancy Awareness

Day and Date	Tuesday, the 6 <sup>th</sup> December 2022
Time	9.30 am
Venue	Kanakadasa Shikshana Samiti's Arts & Commerce and Science College Vidyanagar, <b>HUBBALLI</b>
Speakers	<b>CA.Amit Babaji,</b> Chairman, Hubballi Branch of SIRC <b>CA.Sanjeevkumar Hadimani,</b> Secretary, Hubballi Branch of SIRC