



WHAT IS YOUR EXPERIENCE?



Type of Notices

- Difference in Annual Return and GSTR -3B
- Difference in Annual Return and GSTR-1
- Difference in Annual Return and Books of Account
- Difference in Annual Return and GSTR-2A / 2B
- Difference in Tax Payable and Tax paid
- Difference in HSN Summary and Figures in Tables
- Difference in Figures in Table 5O of 9C and Revenue from operations in AFS
- Difference in tax paid under RCM and RCM ITC claimed
- Difference in Table 6J of GSTR-9 (due to following of Instructions under Rule)

In all this... Your Expressions!





Factors in Reporting the Data in Annual Return

- Tax is paid through GSTR-3B, Outward Supplies are reported through GSTR-1
- Annual Return has tables akin to tables in GSTR-1
- Tax paid cannot be changed, Tax payable can be changed
- Tax payable is calculated on Taxable Value
- Taxable Value is originally extracted from books of account



Approach to Report Outward Supplies





GST ANNUAL RETURN & RECONCILIATION FOR F.Y. 22-23



Section 44

Up till 31.07.21

- **44. (1)** Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year.
- **(2)** Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.

From 01.08.21

- **SECTION [44. Annual return.** — Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable **person shall furnish an annual return which may include a self-certified reconciliation statement,** reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed :
- Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section :

Audited AFS are not available because audit not done?



Rule 80

Up till 31.07.2021

- (3) Every registered person [other than those referred to in the proviso to sub-section (5) of section 35,] 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.

From 01.08.2021

- (3) Every registered person, other than those referred to in the second proviso to section 44, an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, whose aggregate turnover during a financial year exceeds five crore rupees,
- **shall also furnish a self-certified reconciliation statement as specified under section 44 in FORM GSTR-9C along with the annual return referred to in sub-rule (1),**
- on or before the thirty-first day of December following the end of such financial year, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.]



What is the Portal asking for?

Upload Relevant Documents Help ?

1 File with PDF or JPEG format is only allowed
2 Maximum 2 files and 5 MB for each file allowed

Balance sheet * * Indicates Mandatory Fields

No file chosen

Profit & loss statement/Income & Expenditure Statement *

No file chosen

Other Document 1, if any No file chosen

Other Document 2, if any No file chosen

Verification

I hereby solemnly affirm and declare that the information given herein above is true and correct and nothing has been concealed therefrom. I am uploading this self-certified reconciliation statement in FORM GSTR-9C. I am also uploading other statements, as applicable, including financial statement,



WHAT IS THE CURRENT STATUS?

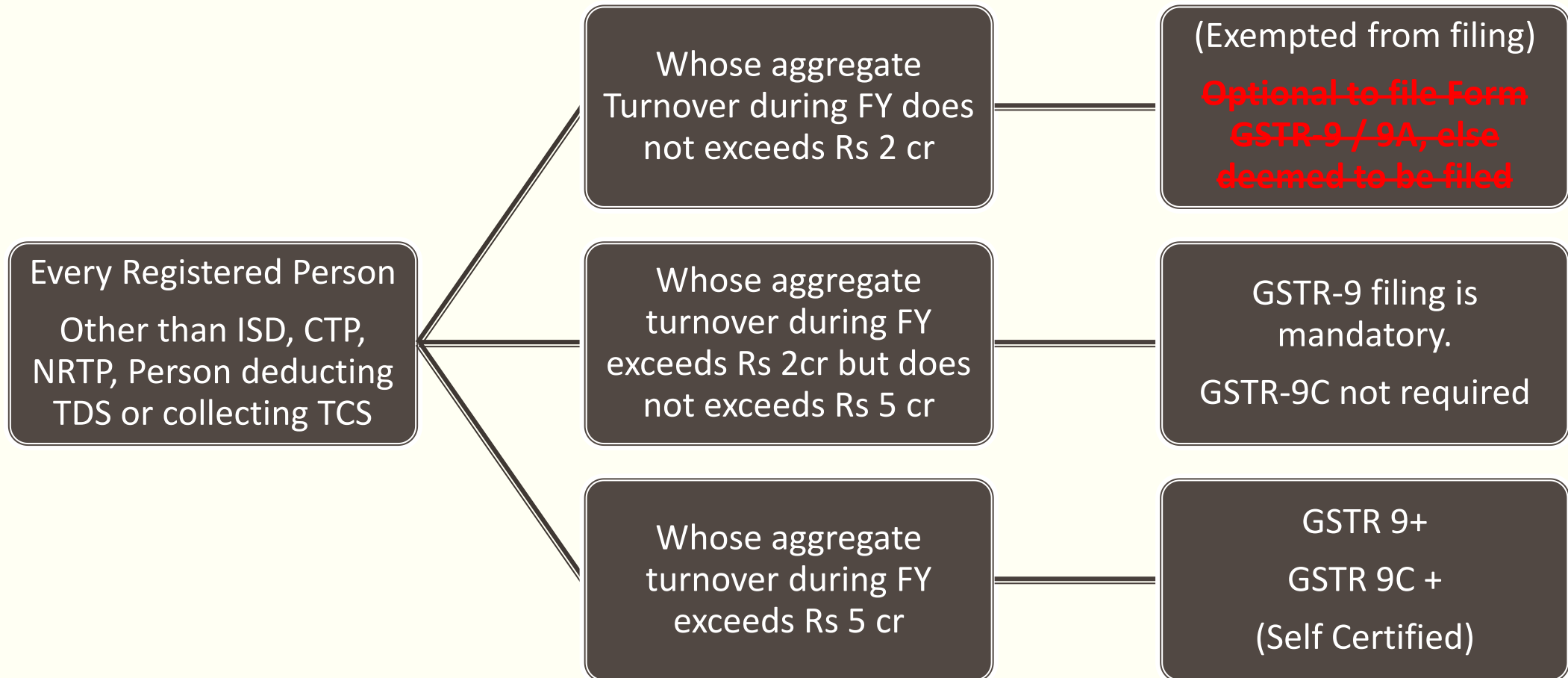


Notification No. 33/2023-C.T., dated 31-07-2023

- Annual return — Exemption to registered person whose Annual Aggregate Turnover (AATO) in the Financial Year 2022-23 is upto ` Two Crore
- In exercise of the powers conferred by the first proviso to section 44 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby exempts the registered person whose aggregate turnover in the financial year 2022-23 is up to two crore rupees, from filing annual return for the said financial year.



What is the Current Scenario for FY 22-23?





RELAXATION IN PUNCHING OF DATA



Relaxations withdrawn in Information Punching in Form GSTR 9

- **Notification No 38/2023- Central Tax dated 04.08.2023**
- GSTR 9
- **Table 4I and 4J-**
- Value of credit notes and debit notes w.r.t. B2B supplies, exports, SEZ supply, and deemed exports to be shown in FY 22-23. This was an optional field till FY 20-21
- **Table 4K-** Details of amendments made w.r.t. B2B supplies, exports, SEZ supply, deemed exports, credit notes, and debit notes are to be shown in FY 22-23. This was an optional field till FY 20-21
- **Table 5D, 5E, 5F-** The Non-GST supply shall be shown in Table 5F separately and the exempt and nil-rated supply can either be shown separately in Table 5D and 5E or the consolidated information for these two heads can be shown in the “exempted” row only in Table 5D. Till FY 20-21, a taxpayer could report consolidated information for all these three heads in the “exempted” row only.



Relaxations withdrawn in Information Punching in Form GSTR 9

- **Notification No 38/2023- Central Tax dated 04.08.2023**
- GSTR 9
- **Table 6C, 6D-**
 - The taxpayer has to provide the details of inward supplies on which RCM is payable separately under Table 6C and Table 6D. Table 6C is for inward supplies from Unregistered persons whereas Table 6D is for inward supplies from Registered persons.
 - Till FY 20-21, a taxpayer had the option to either report Table 6C and Table 6D separately or report the consolidated details of Table 6C and 6D in Table 6D only.
- **Table 17-**
 - The taxpayer has to furnish the HSN-wise summary of outward supplies. This was an optional field till FY 20-21



Relaxations withdrawn in Information Punching in Form GSTR 9C

- **Notification No 38/2023- Central Tax dated 04.08.2023**
- GSTR 9C
- **Table 5C to 5O**
- To be punched separately
- **Table 12B-**
 - The taxpayer has to report any ITC which was booked in FY 20-21 but availed during FY 21-22 under this table. This was an optional field till FY 20-21
- **Table 12C-**
 - The taxpayer has to report any ITC which was booked in FY 21-22 but availed during FY 22-23 under this table. This was an optional field till FY 20-21



Relaxations in Information Punching in Form GSTR 9

- **Notification No 38/2023- Central Tax dated 04.08.2023**
- CN, DN and amendmenet of exempted, nil rated, non taxable, LUT Supplies
- Bifurcation of Inputs/ Input Services / ~~Capital Goods~~ not required in ITC
- Reversals can be reported in consolidated manner
- Filing of Table 12, 13, 15, 16 & 18 made optional.



Relaxations in Information Punching in Form GSTR-9C

- **Notification No 38/2023- Central Tax dated 04.08.2023**
- Reporting of all adjustments in 5B can be done in any other adjustment
- Reporting in Table 14 made Optional
- Additional Liability due to Non-Reconciliation instead of Auditor's recommendation on additional Liability due to non-reconciliation



Verification

- **Up till 31.07.2021**
- Verification by CA / CWA:
 - I hereby solemnly affirm and declare that the information given herein above is **true and correct** to the best of my knowledge and belief and nothing has been concealed there from.
 - **Verification of registered person:**
 - I hereby solemnly affirm and declare that I am uploading the reconciliation statement in FORM GSTR-9C prepared and duly signed by the Auditor and nothing has been tampered or altered by me in the statement. I am also uploading other statements, as applicable, including financial statement, profit and loss account and balance sheet etc.
- **From 01.08.2021**
- Verification by Registered Person
 - I hereby solemnly affirm and declare that the information given herein above is **true and correct** ~~(to the best of my knowledge and belief)~~ and nothing has been concealed there from. I am uploading this self-certified reconciliation statement in FORM GSTR-9C. I am also uploading other statements, as applicable, including financial statement, profit and loss account and balance sheet, etc.”
 - **Part B : Certification : Omitted**



Additional Burden on Taxpayer

- **Internally derived Turnover for multiple GSTIN**
 - No GST Auditor, no plea that total turnover reconciliation at PAN level is not available
 - Internally derived turnover cannot be wrong. Onus on the taxpayer

- **ITC claimed as per books is eligible and self assessed**
 - Internally derived ITC in case of multiple GSTIN
 - E-Invoice VS E-Way Bill VS accounting
 - Receipt of Goods / Services
 - Payment of Tax by Supplier

- **Applicable Rate of Tax**
 - HSN Code Matching

- **Comments on reconciling items**
 - Reason for not paying tax is declared by tax payer now

- **Refund claims**
 - In case of erroneous refund to be paid back, same needs to be reported in Part V of GSTR-9C

- **Credit Notes**
 - Non passing of incidence



Section 71

- SECTION 71. Access to business premises. — (1) Any officer under this Act, authorised by the proper officer not below the rank of Joint Commissioner, shall have access to any place of business of a registered person to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.
- (2) Every person in charge of place referred to in sub-section (1) shall, on demand, make available to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66 —
 - (i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;
 - (ii) trial balance or its equivalent;
 - (iii) statements of annual financial accounts, duly audited, wherever required;
 - (iv) cost audit report, if any, under section 148 of the Companies Act, 2013 (18 of 2013);
 - (v) the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961); and
 - (vi) any other relevant record,
- for the scrutiny by the officer or audit party or the chartered accountant or cost accountant within a period not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.



APPROACH TO REPORT OUTWARD SUPPLIES



Compliance Work Flow





Outward Compliance- IRN

- Applicable for B2B, B2G and Export transaction
- E-Invoicing Mandatory w.e.f. 01.08.2023 if AATO > 5 Crores
- 2FA Mandatory w.e.f. 01.11.2023 if AATO>20 Crores
- Time limit of 30 days for reporting of e-invoices for AATO>100 Crores w.e.f. 01.11.2023
- IRN can be cancelled only within 24hrs
- Linkages
 - GSTR1 of the Supplier
 - GSTR2A of the Counterparty on Realtime or T+2 basis
 - GSTR2B of the Counterparty at the time of generation of GSTR2B



Outward Compliance – E Way Bill

- EWB must accompany movement of goods
 - Supply- Invoice + IRN
 - Other than Supply – Delivery Challan
- Valid for prescribed time (based on distance of movement)
- Can be generated by anyone- Communicated by SMS
- Can be rejected in 72 hrs- Deemed Acceptance if not rejected
- Non filing of 2 GSTR-3B can lead to blocking of EWB
- Penalty upto 200% of tax amount in case of movmenet without proper EWB



Outward Compliance- GSTR 1

- Auto-population of IRN data with facility to edit
- Reconciliation of IRN not generated/ wrongly generated required
- Manner of reconciliation
 - Updation of Unmatched Details
 - Bulk Rejection and re-upload
- Blocking of GSTR 1
 - Previous GSTR 1 not filled
 - Previous GSTR 3B not filled
 - Notice in DRC-01B/DRC-01C not responded

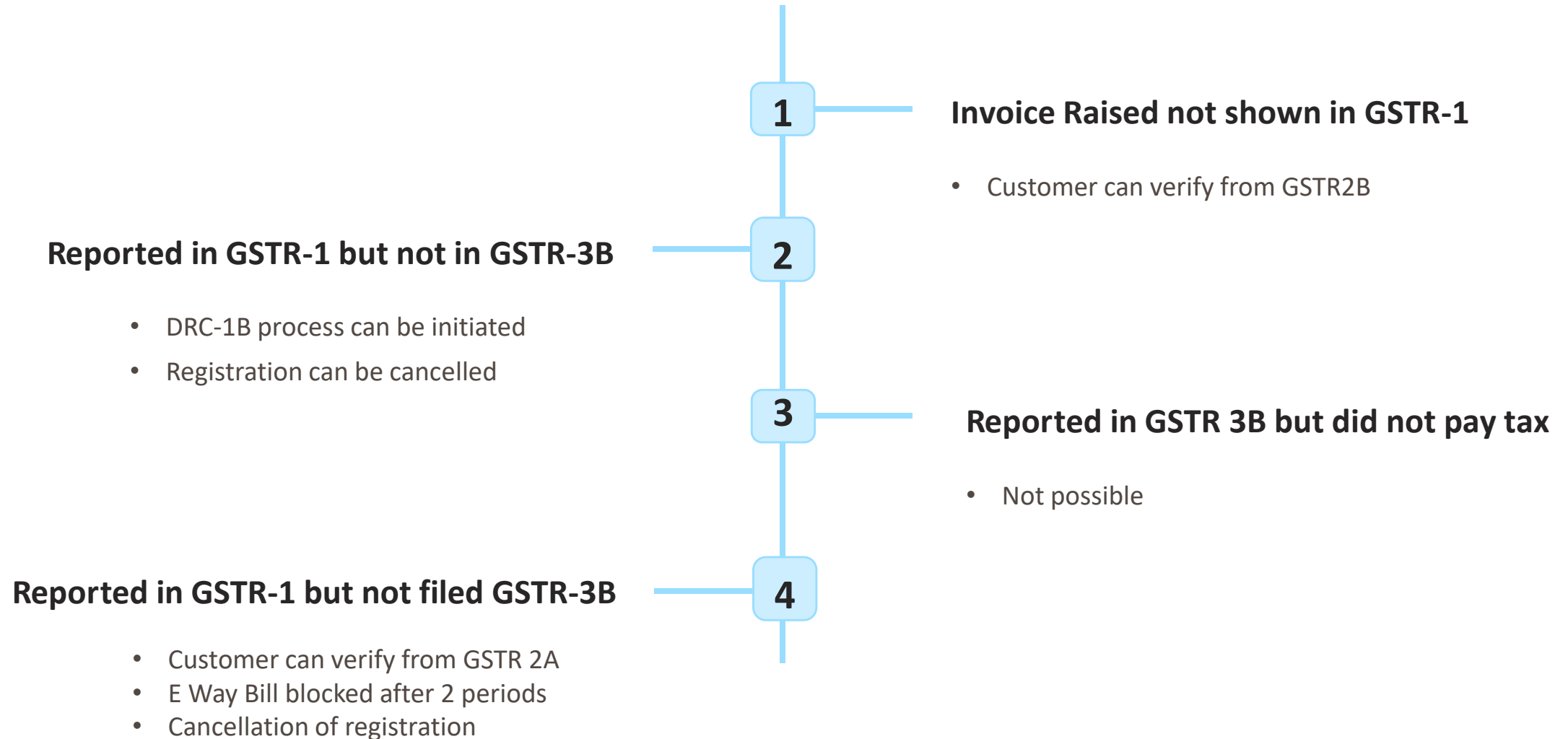


Outward Compliance- GSTR 3B

- Auto-population of GSTR 1 data
- Auto-population of ITC data through GSTR 2B
- Return can not be filled without payment
- Disclosure in GSTR 1 but not in GSTR 3B
 - Deemed tax liability (Form DRC-01B)
 - DRC-01B process will be initiated to recover from Supplier
 - May lead to Cancellation of registration

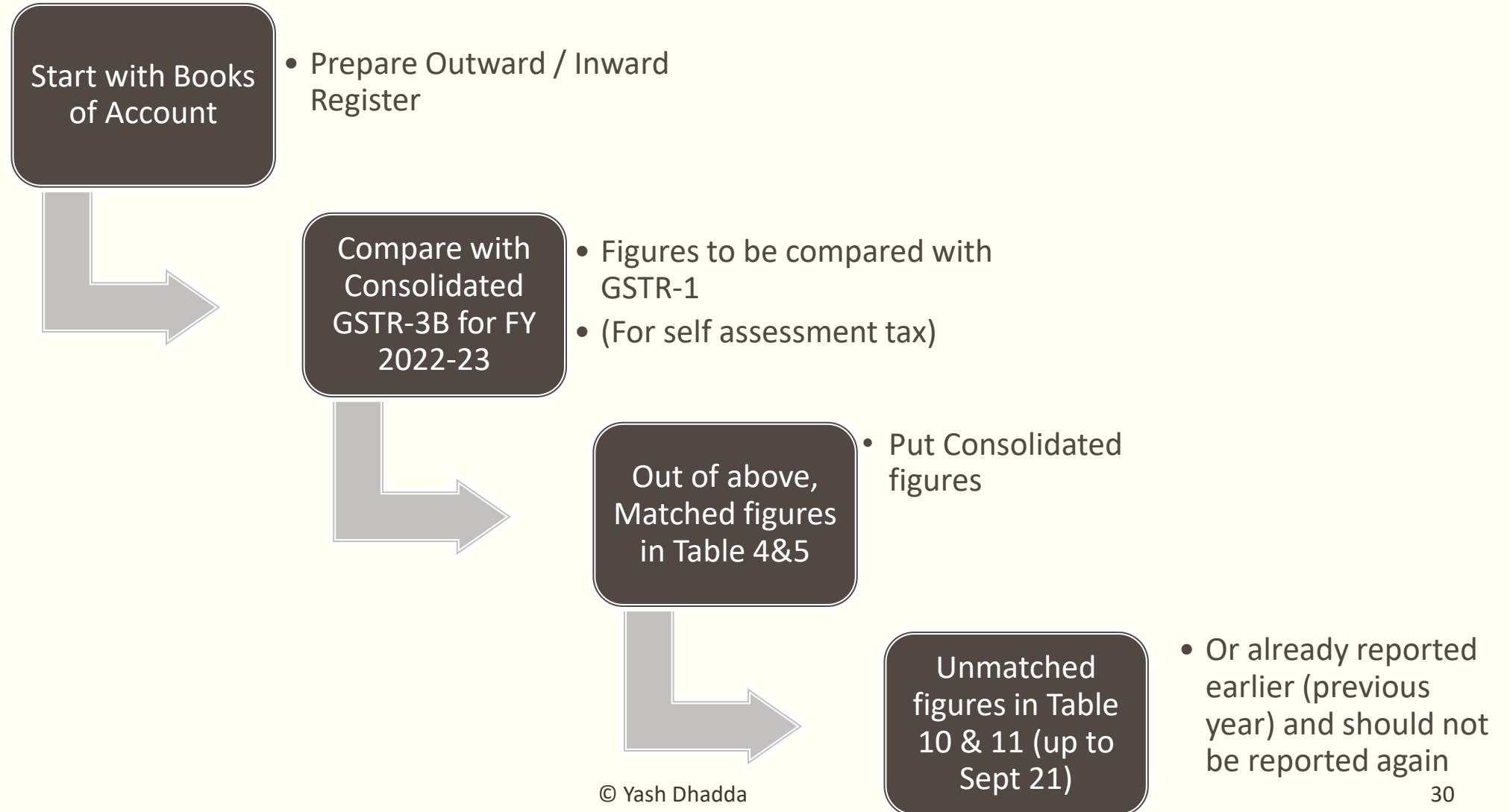


Non-Compliance of Outward Supplies





Steps adopted for Filing Outward Details in Annual Return





SELF ASSESSED TAX



Recovery Proceedings – Section 75

Changes:

75(12) - Notwithstanding anything contained in section 73 or section 74, where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 79.

Explanation - For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39

Effective Date:

- 1-1-2022

Impact:

- In a judgment passed by Hon'ble MP High Court in case of M/s Kabear Reality Pvt Ltd that tax declared in GSTR-1 is self assessed tax.
- Now, it has been provided that if a supplier only provides outward supplies in GSTR-1 without including such supplies in GSTR-3B, then the government can directly opt for recovery of taxes under Section 79 without issuance of any show cause notice u/s 73 or 74.



Recovery of Interest

- **M/S RAJKAMAL BUILDER INFRASTRUCTURE PRIVATE LIMITED vs UOI- Guj HC**
- 13 Thus, the aforesaid provisions make it abundantly clear that notwithstanding anything contained in section 73 or Section 74, if there is any amount of interest payable on tax and which had remained unpaid, the same has to be recovered under the provisions of Section 79.
- 14 Section 79 is with respect to recovery of tax. Section 79 provides for the modes of recovery.
- 16 Rule 142 makes it clear that the order referred in subrule (5) shall be treated as the notice for recovery.
- 17 From the aforesaid, we have reached to the conclusion that the notice should have been issued in Form GST DRC 07. The Notice should specify the amount of tax, interest and penalty payable by the person chargeable with tax.

Implication for Table 10 of GSTR-9 also



APPROACH TO REPORT RCM LIABILITY



RCM Reporting in GSTR-9

G	Inward supplies on which tax is to be paid on reverse charge basis					
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INSTRUCTIONS:

Aggregate value of all inward supplies (including advances and net of credit and debit notes) ***on which tax is to be paid by the recipient*** (i.e. by the person filing the annual return) on reverse charge basis.

Table 4G to include all RCM related liabilities and no Impact of same should be given in Table 10 or 11.

ITC of RCM in Table 6C + 6D + 6F should be less than or equal to Figure reported in 4G



TABLE 5 WITH NO SUPPLY



Table 5: Supplies with No Tax Implication

5	Details of Outward supplies made during the financial year on which tax is not payable					
A	Zero rated supply (Export) without payment of tax					
B	Supply to SEZs without payment of tax					
C	Supplies on which tax is to be paid by the recipient on reverse charge basis					
D	Exempted					
E	Nil Rated					
F	Non-GST supply (includes 'no supply')					
G	Sub-total (A to F above)					
H	Credit Notes issued in respect of transactions specified in A to F above (-)					
I	Debit Notes issued in respect of transactions specified in A to F above (+)					
J	Supplies declared through Amendments (+)					
K	Supplies reduced through Amendments (-)					
L	Sub-Total (H to K above)					
M	Turnover on which tax is not to be paid (G + L above)					



- No spill over effect to be given in Table 10 & 11 of supplies pertaining to Table 5.
- Report Correct Value



Approach to Punch Figures in No Supply?

- What is no Supply?
 - Schedule-III
 - Supply of Items which are neither goods nor services

- Can Annual Return incorporate all transactions of books of account?
 - Balancing figure in No Supply?

- Whether these are also no supplies?
 - Valuation exclusions? (Pure Agent)
 - Accounting Provisions
 - Exchange Rate Differences
 - Credit in Expense Side

- Whether No Supply can trigger?
 - Issuance of Bill of Supply
 - ITC reversal



PAYMENT OF TAX



Table 9 of GSTR-9

Pt. IV	Details of tax paid as declared in returns filed during the financial year						
	Description	Tax Payable	Paid through cash	Paid through ITC			
Central Tax				State Tax / UT Tax	Integrated Tax	Cess	
9	1	2	3	4	5	6	7
	Integrated Tax						
	Central Tax						
	State/UT Tax						
	Cess						

Part IV is the actual tax paid during the financial year. Payment of tax under Table 6.1 of **FORM GSTR-3B** may be used for filling up these details.



Short Comings of Table 9

- **No Impact of Circular No 26/26/2017 i.e. adjustment of excess tax paid in previous FY**
- **Adjustment of Difference in figures of last year's Table 9?**
- **Payment of Taxes could have been made through DRC-03 in 2022-23 for**
 - ITC reversal
 - Payment of Additional Tax in pursuance to a Notice
 - E-Way Bill related Notices
 - Payment of Tax, Interest in Annual Return
- To be checked and at appropriate Tables should be reported.
 - **If related to a supply,**
 - Report in Table 4,
 - It shall increase Tax Payable in Table 9
 - Tax Paid shall not change
 - Difference to be disclosed through a note to be attached with GSTR-9C



TABLE 6 & 7



Inward Compliances

- Credit available only based on matching
- Starting point is GSTR-2B
- Arrive at eligible ITC by making permanent and temporary reversal
- Reclaim temporary reversal by separately disclosing in returns
- Cumulative tracking of reclaim maintained from August 2023
- Opening Balance up to 31.07.2023 to be reported separately



Background of ITC Reporting

- No additional ITC can be claimed through GSTR-9
- In Table-6 & 7 no ITC as such could be reversed also.
- Table 6&7 are reconciliation tables
- Reporting in Table 12 & 13 is optional.
- Data of Table 13 should reconcile with Table 8C of GSTR-9 and Table 12C of GSTR-9C
- Data of Table 12 was treated as an unreconciled item in Table 12 & 14 of GSTR-9C.



Table 6

6 Details of ITC availed during the financial year						
A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)		<Auto>	<Auto>	<Auto>	<Auto>
B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	Inputs				
		Capital Goods				
		Input Services				
C	Inward supplies received from unregistered persons liable to reverse charge (other than B above) on which tax is paid & ITC availed	Inputs				
		Capital Goods				
		Input Services				
D	Inward supplies received from registered persons liable to reverse charge (other than B above) on which tax is paid and ITC availed	Inputs				
		Capital Goods				
		Input Services				
E	Import of goods (including supplies from SEZs)	Inputs				
		Capital Goods				
F	Import of services (excluding inward supplies from SEZs)					
G	Input Tax credit received from ISD					
H	Amount of ITC reclaimed (other than B above) under the provisions of the Act					
I	Sub-total (B to H above)					
J	Difference (I - A above)					



Table 7 of GSTR-9

7	Details of ITC Reversed and Ineligible ITC for the financial year			
A	As per Rule 37			
B	As per Rule 39			
C	As per Rule 42			
D	As per Rule 43			
E	As per section 17(5)			
F	Reversal of TRAN-I credit			
G	Reversal of TRAN-II credit			
H	Other reversals (pl. specify)			
I	Total ITC Reversed (Sum of A to H above)			
J	Net ITC Available for Utilization (6O - 7I)			

Details of input tax credit **reversed** due to ineligibility or reversals required under rule 37, 39, 42 and 43 of the CGST Rules, 2017 shall be declared here



Possibilities

Table No	Particulars	GST
6A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)	10,00,000/-
6B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	7,50,000/-
6J	ITC of previous year availed in current year GSTR-3B (left as difference automatic)	50,000/-
6M	Any other ITC availed but not specified above [ITC reversals 4.B.1 & 4.B.2 claimed and reversed – total]	2,00,000/-
6O	Total ITC Availed	9,50,000/-
7C	Reversal as per Rule 42 [from 4.B.1]	50,000/-
7D	As per Section 17(5) [from 4.B.1]	50,000/-
7H	Other Reversal [from 4.B.2]	1,00,000/-
7J	Net ITC available for utilization	7,50,000/-



REPORTING CHALLENGE



Disclosure in GSTR 3B - FY 2022-23

April 2022 to December 2022

Table 4A of GSTR-3B does not include Credit note (Gross ITC)

January 2023 to March 2023

Table 4A of GSTR-3B include Credit note (Net ITC)



TABLE 8



Table 8 of GSTR-9

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	>		>
C	[For FY 2017-18] ³⁶ ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2017-18 but availed during April [2018 to March 2019] ³⁷ [For FY 2018-19 , ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2018-19 but availed during April 2019 to September 2019] ³⁸				
D	Difference [A-(B+C)]				
E	ITC available but not availed				
F	ITC available but ineligible				
G	IGST paid on import of goods (including supplies from SEZ)				
H	IGST credit availed on import of goods (as per 6(E) above)	<Auto	>		
I	Difference (G-H)				
J	ITC available but not availed on import of goods (Equal to I)				
K	Total ITC to be lapsed in current financial year (E + F + J)	<Auto	>	<Auto>	<Auto

Can ITC on imports lapse?



Table 8- Reconciliation with GSTR-2A

- It has been clarified to be an informational Table (Press release dated 03.07.2019)
- However can be used to issue Scrutiny Notices u/s 61.
- Should not be sole basis for issuance of SCN
 - B2B reported as B2C
 - Wrong GSTIN
 - Paid through DRC -03
- After insertion of Section 16(aa) & 16(ba) with Rule 36(4), the given table is relevant
- Figures need not be punched in 8E and 8F
- Figures in 8C should match with Table 13 except for ITC of RCM which can be mentioned in Table 13 but not in Table 8C.



Implication

GSTR-2A

- System-generated (auto-populated) statement reflecting inward supplies (purchase-related transactions)
- It is dynamic and is updated continuously
- Doesn't provide bifurcation of eligible input tax credit and ineligible input tax credit
- Collects/ complies data on the basis of returns filed by the supplier in Form GSTR-1; Form GSTR-5; Form GSTR-6; Form GSTR-7 and Form GSTR-8

GSTR-2B

- System-generated (auto-populated) statement reflecting input tax credit details.
- It is a static documents on the 12th of the succeeding month
- Briefly bifurcates the eligible and ineligible input tax credit.
- Complies data from Form GSTR-1; Form GSTR-5 and Form GSTR-6 filed by the supplier.



Implication

GSTR-2A

- When Supplier files return of any previous period, then ITC will be reflected in the GSTR – 2A of the previous period for which it is filed.
- Eg: GSTR 1 of April filed in July , ITC will be reflected in GSTR – 2A of April.

GSTR-2B

- When Supplier files return, of any previous period then ITC will be reflected in the GSTR – 2B of the current period in which it is filed.
- Eg: GSTR-1 of April filed in July , ITC will be reflected in GSTR – 2B of July .



Reasons why ITC is not shown in Table 8A

Reason	Details of the reason
Reverse charge document	When the supplier has filed the document in GSTR-1 indicating the supply as reverse charge.
POS lies in supplier's State	When the supplier's State code and POS lie in the same State, but recipient's State is different.
GSTIN is amended	When the supplier has amended the GSTIN, Credit shall be available to amended GSTIN only.
Taxpayer opted for composition scheme	When the document date is during the period when supplier was under the composition scheme.
Invoice date is after supplier's cancellation date	When the document date is after the effective date of cancellation of supplier.



Changes in GSTR-3B

	Particulars	IGST	CGST	SGST/UTGS	Cess
(A) ITC Available whether in full or part					
1	Import of Goods	-	-	-	-
2	Import of Services	-	-	-	-
3	Inward Supplies liable to Reverse Charge	-	-	-	-
4	From ISD	-	-	-	-
5	All other ITC	-	-	-	-
(B) ITC Reversed					
1	AS per rules 38, 42 and 43 of CGST Rules and section 17(5) CGST Act, 2017	-	-	-	-
2	Others	-	-	-	-
(C) Net ITC Available (A-B)					
(D) Ineligible ITC Other Details					
1	As per section 17(5) ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period	-	-	-	-
2	Others Ineligible ITC under section 16(4) and ITC Restricted due to PoS provisions	-	-	-	-



Reporting of ITC Availed and Reversal

Reporting Input Tax credit accurately and properly ensuring any eligible and non-eligible reversals are correctly reported in Table 4 of FORM GSTR-3B.

Total ITC:

Auto-populated from FORM FORM GSTR-2B in Table 4A of of FORM GSTR-3B, except for for ineligible ITC on account of of time limitations and due to to POS provision

Reversals:

- Absolute not reclaimable Report in Table 4(B)(1)
- Not permanent in nature and and can be reclaimed Report Report in Table 4(B)(2)

Reversal Due to Inadvertent Mistake:

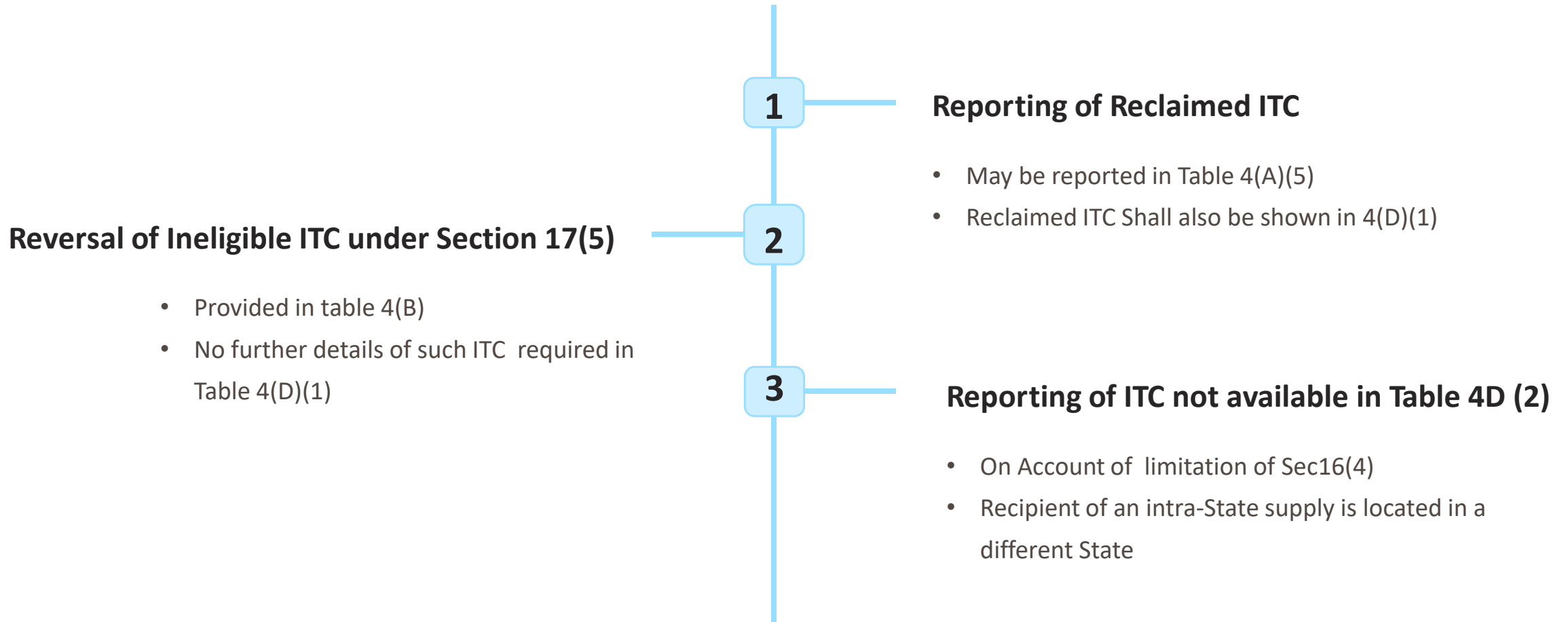
Table 4 (B) (2) may also be used by registered person for reversal of any ITC availed in Table 4(A) in previous tax periods because of some inadvertent mistake.

Net ITC available:

Calculate in Table 4(C) using the formula $4A - [4B(1) + 4B(2)]$, and this amount should be credited to the ECL of the registered person. registered person.



Reporting of ITC Aailed and Reversal





Conditions for taking ITC (in force currently)

Basis - Tax invoice / debit note issued by a registered supplier, or other prescribed taxpaying document

Details of Tax Invoice / DN are uploaded by supplier in GSTR-1 and communicated to recipient

ITC should not be restricted in GSTR-2B

Goods and/or services have been received

Tax actually paid by the supplier to the credit of the appropriate Government, either in cash or by utilization of ITC

He has furnished the monthly return in Form GSTR-3B under Section 39



Eligibility and Conditions for taking ITC – Section 16

Changes:

16 (2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed

(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37 (IN FORCE ALREADY)

(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;”

(c) subject to the provisions of [section 41 or ~~section 43A~~], the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply;

Effective Date for clause (ba):

- Date of Enactment i.e. 01.10.2022



Auto Generated ITC Statement (Sec 38(2))

Part whose ITC can be claimed	Part with ITC whose ITC is restricted under Section 16(2)(ba)
Details of inward supplies in respect of which credit of input tax may be available to the recipient	Supplies furnished by the supplier within an initial period of taking registration
	Supplier has defaulted in payment of tax continuously for prescribed period
	Difference between GSTR-1 and GSTR-3B of supplier for prescribed period
	Difference between GSTR-2B and GSTR-3B of supplier exceeding a limit
	Tax paid through ITC more than prescribed limit
	Falls under such other class of persons as may be prescribed



Section 41: Availment of ITC

Current Provision	Proposed Provision
<p>(1) Every registered person shall subject to such conditions and restrictions as may be prescribed, be entitled to take the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.</p> <p>(2) The credit referred to in sub-section (1) shall be utilised only for payment of self-assessed output tax as per the return referred to in the said sub-section.</p>	<p>41. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.</p> <p>(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:</p> <p>Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.”.</p>



Implication of the newly “substituted” Section 41

- The concept of provisional ITC is scrapped. ITC claimed in monthly returns is **FINAL**.
- The concept of reversal of ITC if tax is not paid by supplier is an additional condition for **availment of ITC**. In addition to the conditions for entitlement of ITC under Sec 16.
 - But is it possible to avail ITC if supplier has not paid tax. Is it not barred under Sec 16(2) read with New Sec 38?
- Payment of interest shall be only when said ITC is also utilized
- The time limit of Sec 16(4) shall be applicable for re-availment ?
 - Or Section 16(4) has nothing to do with re-availment
- Rule 37 shall come to rescue?
 - (4) The time limit specified in sub-section (4) of section 16 shall not apply to a claim for re-availing of any credit, in accordance with the provisions of the Act or the provisions of this Chapter, that had been reversed earlier.



Rule 37A

Requirement of ITC reversal on non-filing of GSTR-3B by Suppliers

✓ **Which ITC:**

ITC on invoices or debit notes, details of which has been furnished by supplier in Form GSTR 1 but corresponding **GSTR 3B not filled till 30th day of September** following the end of financial year

✓ **When to be reversed?**

Said ITC shall be reversed by the said registered person, while furnishing a return in FORM GSTR-3B **on or before the 30th November** following the end of such financial year

1st Proviso – Interest payable on Non-reversal

Interest shall be payable under Section 50 : If reversal not done before 30th November following the end of such financial year

2nd Proviso – Re-availment

Re-availment: When supplier subsequently furnishes the return in FORM GSTR-3B



2B Matching not sufficient, also check 3B filing by Supplier

- ✓ **How to check whether supplier has filed GSTR-3B for the month for which invoice has been issued to recipient?**
 - Mentioned in GSTR-2A of recipient in Column ‘Paid Status’ against the invoice detail.

- ✓ **When to check whether GSTR-3B has been filed by supplier?**
 - Reversal is attracted only if supplier has not filed GSTR-3B up to 30th September following the end of financial year in which the ITC has been availed
 - So filing status can be verified once for the year (annually and not monthly) before filing GSTR-3B for October 2023



Time Zones for “MATCHING” of ITC

1-7-17 to 8-10-19	9-10-2019 to 31-12-2021	1-1-2022 to 30-09-2022	From 1-10-2023
<p>GSTR-2A / 3B matching was not mandatory</p> <p>All notices for reversal of ITC are invalid</p> <p>Take certificate from supplier</p> <p>If certificate not possible, contents on merits</p>	<p>GSTR-2A/ 3B matching was required up to extent of 120 % / 110% or 105%</p> <p>Matching could have been done on gross basis post-facto</p> <p>Take certificate from supplier basis above limits</p>	<p>GSTR-2B / 3B matching is mandatory.</p> <p>The matching has to be on individual invoice level but not on gross level</p> <p>GSTR-3B filing status of supplier is irrelevant</p>	<p>GSTR-2B /3B matching is mandatory</p> <p>GSR-2A / GSTR-3B yearly matching is mandatory.</p> <p>Non filing of GSTR-3B to cause ITC reversal subject to reclaiming on filing of GSTR 3B</p>



Whether ITC is available?

Sr. No.	Vendor return filing status		Whether ITC Availed ?
	<u>GST-1</u>	<u>GSTR-3B</u>	
1.	Filed before October 2023	Not filed	?
2.	Filed before October 2023	Filed before September 2023	?
3.	Not Filed	Not filed	?
4.	Filed before October 2023	Filed after September 2023	?
5.	Filed after October 2023	Filed after September 2023	?



Reversal of ITC due to wrong Place of Supply?

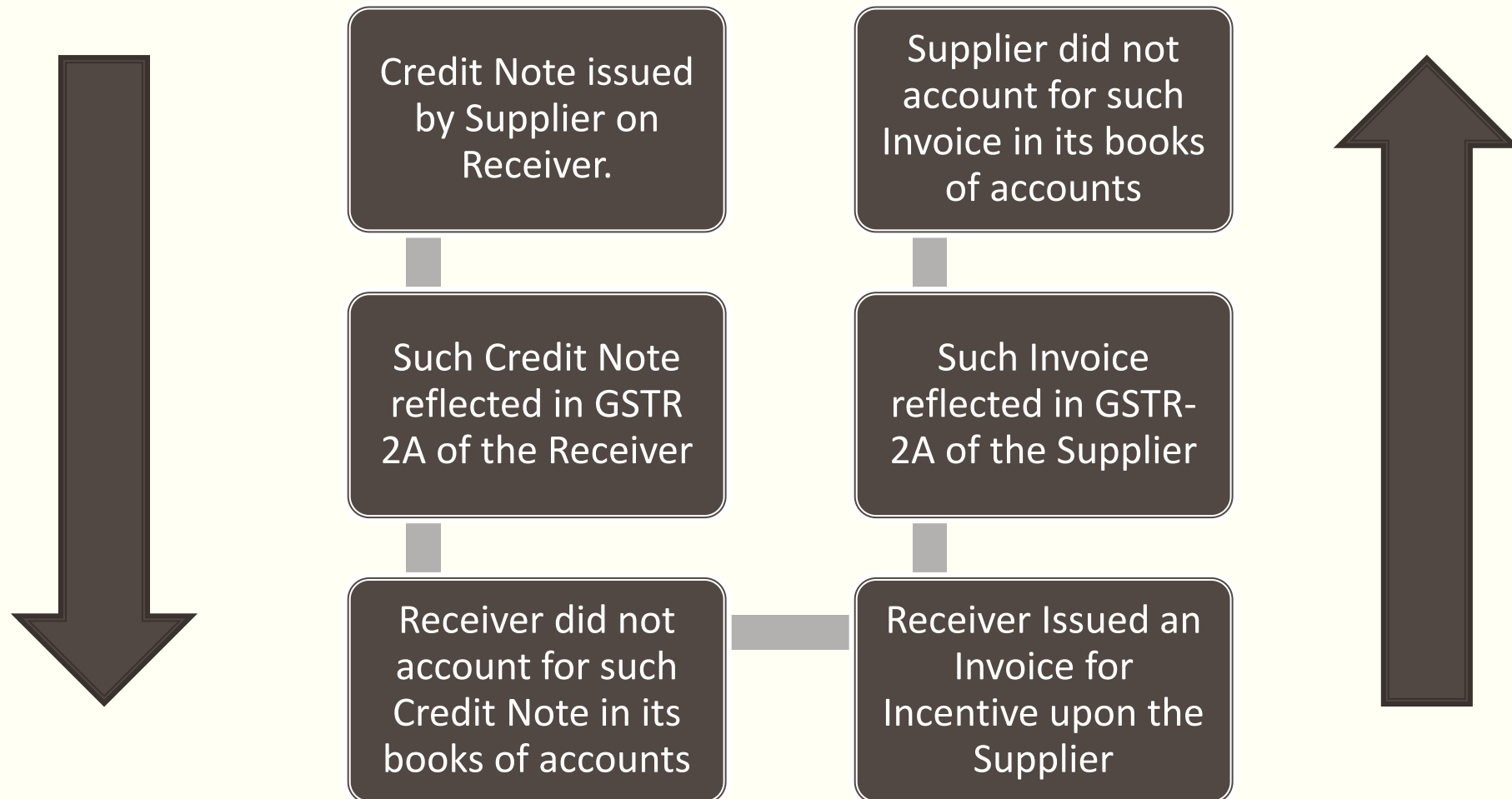
- IGST Credit claimed by a company located in Maharashtra claimed in which the invoice issued by Supplier had mentioned POS as Rajasthan? Should ITC be reversed?
 - Table 8A of GSTR-9 does not auto populates it?
 - Legal Backing?
- CGST & SGST credit claimed by a company located in Maharashtra, where the invoice was issued by a vendor located in Rajasthan?



CREDIT NOTES AND GSTR-2A



Issues in GSTR-2A- Credit Note vs Invoices





Credit Notes and Debit Notes

Credit Notes

- Proof of “Incidence of Tax” not passed on.
- Taking necessary certificate from the customer for reversal of ITC
- Copies of GRN, E-Way Bill for receipt of rejected goods
- Recording of Credit Note as Sales Return or part of claims, damages
- To ensure Purchase Invoice of customer is not entertained
- Delinking of C/N does not mean that time limit for issuance has been extended from 17.09.2020

Debit Notes

- Segregating Financial vis-à-vis GST Debit Notes
- Ensuring to GST effect not taken of Debit Note issued by the customer.
- Taking ITC of Debit Notes issued for prior periods also from the supplier in the current FY (2020-21) after 1.01.2021
- For debiting account of customer, employee or vendor for tolerating any situation check if requirement of issuance of “Tax Invoice” is there.



Key Cross Matching

Outward Supply	<ul style="list-style-type: none">• Table 5N reconcile with GSTR-1 and GSTR-3B• Table 5N and Table 10, Table 11 reconcile with books of account
Inward Supply	<ul style="list-style-type: none">• ITC reconcile with GSTR-3B• ITC reconcile with 2B
GST Payment	<ul style="list-style-type: none">• Table 9 to be reconcile with liability payable as per Table 4



TABLE 5 OF GSTR 9C



Table 5

Pt. II	Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR9)		
5	Reconciliation of Gross Turnover		
A	Turnover (including exports) as per audited financial statements for the State/UT (For multi-GSTIN units under same PAN the turnover shall be derived from the audited Annual Financial Statement)		
B	Unbilled revenue at the beginning of Financial Year	(+)	
C	Unadjusted advances at the end of the Financial Year	(+)	
D	Deemed Supply under Schedule I	(+)	
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(-)	
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
G	Turnover from April 2017 to June 2017	(-)	
H	Unbilled revenue at the end of Financial Year	(-)	
I	Unadjusted Advances at the beginning of the Financial Year	(-)	
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
L	Turnover for the period under composition scheme	(-)	
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
O	Adjustments in turnover due to reasons not listed above	(+/-)	
P	Annual turnover after adjustments as above		<Auto>
Q	Turnover as declared in Annual Return (GSTR9)		
R	Un-Reconciled turnover (Q - P)		AT1
6	Reasons for Un - Reconciled difference in Annual Gross Turnover		

Key Highlights



Table 5B

- Unbilled Revenue at the beginning of the year can be merged and disclosed in table 5O (Reason not listed)

table 5C to 5N

- Must be disclosed separately and cannot be clubbed under Table 5O. Earlier, relaxation was available till FY 2021-22 as
- single disclosure in table 5O.



Some Learnings

- Turnover should be
 - Revenue from Operations?
 - Total of Credit Side?
 - Total of Outward Register?

- 50 should contain figures?
 - Eg : Accounting Provisions
 - Minimum figures
 - Reason for figures in 50 should be mentioned in Table 6



RATE WISE LIABILITY TABLE



Other Cross Head Taxes?

Scenario	Possible Outcome
Correct IGST charged in invoice and collected from customers. Tax wrongly paid as CGST + SGST	
Wrong CGST+SGST charged on invoice instead of IGST. However, while paying correct type of taxes IGST paid.	
Wrong CGST + SGST charged from Customer and paid instead of IGST	



TABLE 12 & 14



Table 12 & 14

Pt. IV		Reconciliation of Input Tax Credit (ITC)		
12		Reconciliation of Net Input Tax Credit (ITC)		
A	ITC availed as per audited Annual Financial Statement for the State/UT (For multi-GSTIN units under same PAN this should be derived from books of accounts)			
B	ITC booked in earlier Financial Years claimed in current Financial Year	(+)		
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	(-)		
D	ITC availed as per audited financial statements or books of account			<Auto>
E	ITC claimed in Annual Return (GSTR9)			
F	Un-reconciled ITC			ITC 1
13		Reasons for un-reconciled difference in ITC		
A	Reason 1	<<Text>>		
B	Reason 2	<<Text>>		
C	Reason 3	<<Text>>		
14		Reconciliation of ITC declared in Annual Return (GSTR9) with ITC availed on expenses as per audited Annual Financial Statement or books of account		
	Description	Value	Amount of Total ITC	Amount of eligible ITC availed
	1	2	3	4



PART V : ADDITIONAL TAX PAYMENT



Part V: Additional Liability due to Non Reconciliation

- **No longer it is a certification by CA / CWA**
- Any other amount paid for supplies not included in Annual Return (GSTR-9)
- Erroneous refund to be paid back
- Outstanding demands to be settled

Pt. V	[Additional Liability due to non-reconciliation]					
	Description	Value	To be paid through Cash			Cess, if applicable
			Central tax	State tax/ UT tax	Integrated tax	
1	2	3	4	5	6	
5%						
12%						
18%						
28%						
3%						
0.25%						
0.10%						
[Others					-]	
Input Tax Credit						
Interest						
Late Fee						
Penalty						
Any other amount paid for supplies not included in Annual Return (GSTR-9)						
Erroneous refund to be paid back						
Outstanding demands to be settled						
Other (Pl. specify)						



DOCUMENTATION



Standard & **Ideal** Documentation

Outward Register with **E-Way Bill Details**

Inward Register **reconciled with GSTR 2A**

RCM Register with **bifurcation of R/UR supplier**

Stock Register **with details of wastage & E-Way Bill**



Annexures with GSTR-9C

Disclosures with Cavets

Observations

Methodology adopted for Filing GSTR-9

Table 8 or 9 of GSTR-9



THINGS TO WATCH OUT



Points to Consider

- Disallowance of Expenses in IT Return u/s 37.
 - ITC reversal?
- Delayed monthly returns
 - Disclosure Note on Sec 16(4)?
- Giving Additional Notes
 - Non reversal of ITC under Rule 42
 - Non checking condition of payment of tax within 180 days
 - Non maintenance of Stock Records
 - Payment of Tax under Protest / Tax Positions taken

Sec 126(5) When a person voluntarily discloses to an officer under this Act the circumstances of a breach of the tax law, regulation or procedural requirement prior to the discovery of the breach by the officer under this Act, the proper officer may consider this fact as a mitigating factor when quantifying a penalty for that person.



180 DAYS NON PAYMENT TO THE SUPPLIER



Memorandum to the Finance Bill 2023

- For Changes in Section 16
- Second and third provisos to sub-section (2) of section 16 of the CGST Act are being amended to align the said sub-section with the return filing system provided in the said Act.



2nd Proviso to Section 16(2): 180 Days Payment Condition

Existing Provision

- Provided further that where a **recipient fails to pay** to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be **~~added to his output tax liability, along with interest thereon~~**, in such manner as may be prescribed

Proposed Changes

- Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be **paid by him along with interest payable under section 50**, in such manner as may be prescribed



Rule 37: Manner of ITC Reversal / Payment

- Old Rule
 - (1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within the time limit specified in the second proviso to sub-section (2) of section 16, **shall furnish the details of such supply**, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier **in FORM GSTR-2** for the month immediately following the period of one hundred and eighty days from the date of the issue of the invoice :
- New Rule (Amended from 1.10.2022)
 - —(1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, **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 along with the tax payable thereon**, within the time limit specified in the second proviso to sub-section(2) of section 16, **shall pay an amount equal to the input tax credit availed in respect of such supply along with interest payable thereon under section 50, while furnishing the return in FORM GSTR-3B for the tax period** immediately following the period of one hundred and eighty days from the date of the issue of the invoice:



Rule 37: Manner of ITC Reversal / Payment

▪ New Rule (Now Substituted)

- —(1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, **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 along with the tax payable thereon**, within the time limit specified in the second proviso to sub-section(2) of section 16, **shall pay an amount equal to the input tax credit availed in respect of such supply along with interest payable thereon under section 50, while furnishing the return in FORM GSTR-3B for the tax period** immediately following the period of one hundred and eighty days from the date of the issue of the invoice:

▪ New Rule (Amended from 1.10.2022)

- —[(1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, 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 **3[whether wholly or partly,]** along with the tax payable thereon, within the time limit specified in the second proviso to sub-section(2) of section 16, shall **pay 4[or reverse]** an amount equal to the input tax credit availed in respect of such supply **5[, proportionate to the amount not paid to the supplier,]** along with interest payable thereon under section 50, while furnishing the return in FORM GSTR-3B for the tax period immediately following the period of one hundred and eighty days from the date of the issue of the invoice:



Revised Rule 37

▪ Old Rule

- Pay Proportionate Tax if part payment is not made
- Disclosure in GSTR-2
- Added in output tax liability

▪ New Rule

- Pay full tax even if part payment of bill is not made (Now Rectified)
- Reversal in GSTR-3B
- No requirement of addition in output tax liability

New Rule is applicable for all pending reversals or for over dues arising from 1-10-2022?



Time Zones for “PAYMENT/ REVERSAL” of ITC

1-7-17 to 30-09-22	1-10-2022 to date of notification of FA 23	Finance Act 2023
<p>Section requires adding in Output Tax Liability.</p> <p>Manner of adding given in Rule</p> <p>Rule refers to GSTR-2</p>	<p>Section requires adding in Output Tax Liability.</p> <p>Manner of adding given in Rule</p> <p>Rule refers to GSTR-3B</p>	<p>Section requires payment of tax.</p> <p>Manner of payment given in Rule</p> <p>Rule refers to GSTR-3B</p>



3rd Proviso to Section 16(2): 180 Days Payment Condition

Existing Provision

- Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon.

Proposed Changes

- Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him **to the supplier** of the amount towards the value of supply of goods or services or both along with tax payable thereon.

Payment needs to be made to the Supplier but not to any other person or the authority.



VALUE OF EXEMPTED SUPPLY FOR ITC REVERSAL



Explanation to Section 17(3)

Existing Explanation

- For the purposes of this sub-section, the expression “value of exempt supply” shall not include the value of activities or transactions specified in Schedule III, except those specified in paragraph 5 of the said Schedule.]

Proposed Explanation

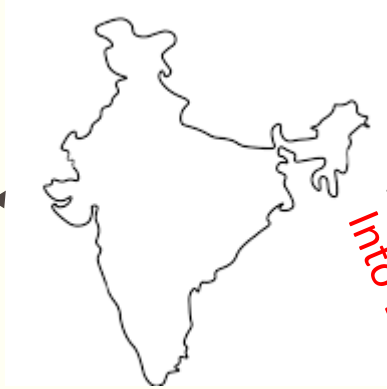
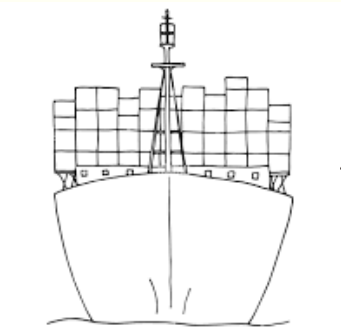
- For the purposes of this sub-section, the expression “value of exempt supply” shall not include the value of activities or transactions specified in Schedule III, except
 - **(i) the value of activities or transactions specified in paragraph 5 of the said Schedule; and**
 - **(ii) the value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of the said Schedule”**



Schedule -III

- **Activities Or Transactions Which Shall Be Treated Neither As A Supply Of Goods Nor A Supply Of Services**
- 5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- 8. (a) Supply of warehoused goods to any person before clearance for home consumption;
- (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.]

Bond Transfer Sales



Into-Bond Bill of entry



Customs

Bill of entry for Home Consumption

Bonded Warehouse



Circular 46/2017-Cus., dated 24-11-2017

Circular 3/2018-Cus., dated 25-05-2018

Amendment to section 3 of the CTA (31-03-2018) to provide that the value for levy of IGST on clearance of warehoused goods shall be higher of the following two amounts:

- Transaction Value
- Valuation at the time of warehousing the goods



CSR & BLOCKED CREDITS



Blocking of ITC on CSR

- (5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely :—
- “(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013



CSR & ITC

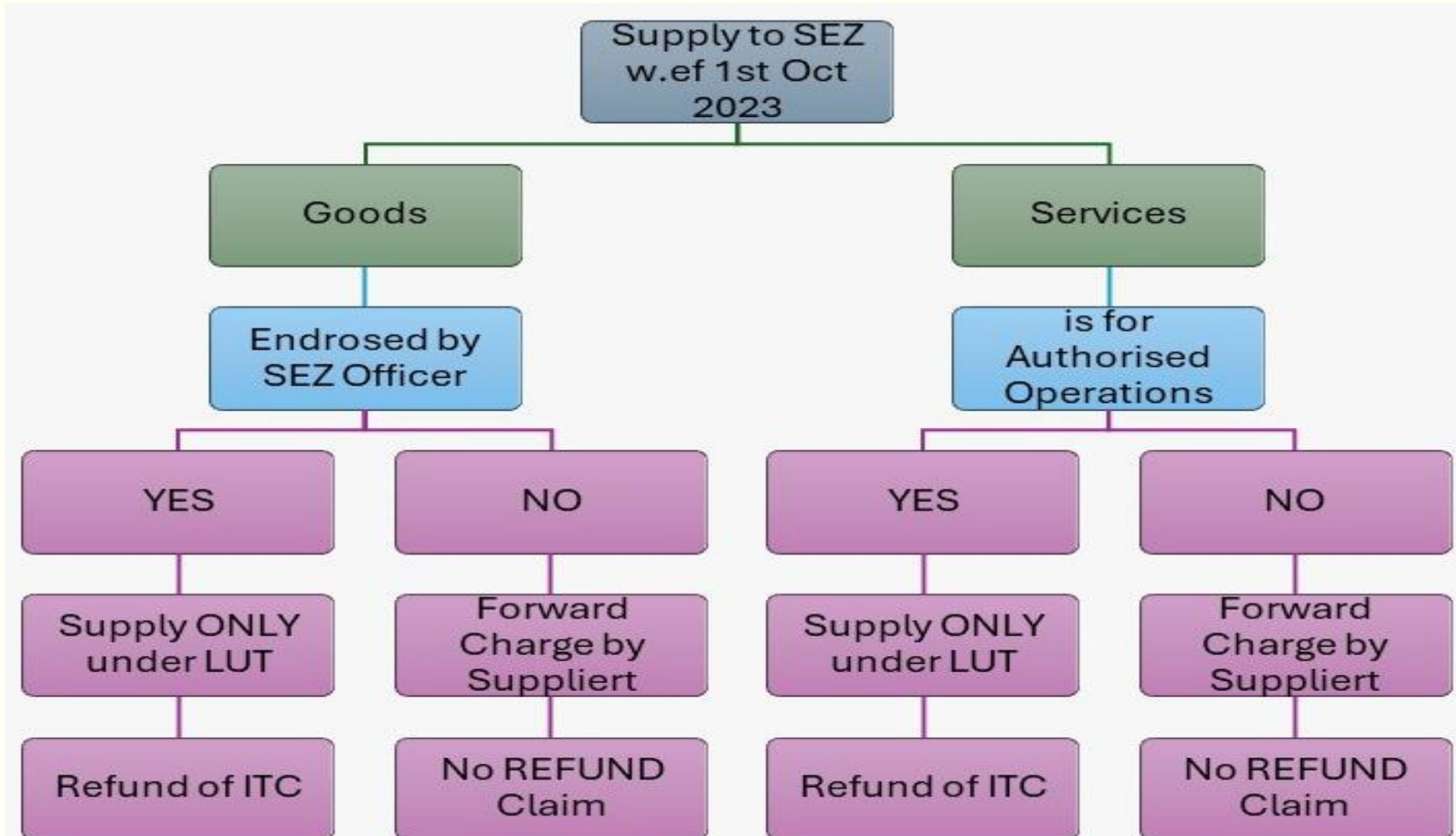
- Section 135 of the Companies Act, 2013 requires Companies with net worth of Rs. 500 crore or turnover of Rs. 1000 crore or a net profit of Rs. 5 crore or more to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years.
- Undertaking CSR is a statutory requirement under Companies Act, 2013. Companies (Corporate Social Responsibility Policy) Rules, 2014 clarifies that CSR spends exclude 'activities undertaken in pursuance of the normal course of business of the Company'
- Section 37 of the Income Tax Act, 1961 specifically disallows claiming of deduction of expenses incurred towards CSR as business expenditure. However, there is no specific restriction under GST law for availing ITC on expenses towards CSR
- Advance Ruling under GST and Service Tax Judgments allowed ITC of CSR.
- **Now same gets disallowed (prospectively).**



SUPPLIES TO SEZ



Supplies to SEZ





PLACE OF SUPPLY OF GOODS



Section 10

- [(ca) where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c), be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.
- Explanation. — For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person;]



OTHER CHANGES



Other Circulars and Changes

- No GST under RCM on personal Guarantee (Cir 204/16/2023 dt. 27.10.2023)
- GST on corporate guarantee (1% of amount guaranteed or actual consideration, whichever is higher)
 - Where the corporate guarantee is provided by a company to the bank/financial institutions for providing credit facilities to the other company, where both the companies are related, the activity is to be treated as a supply of service between related parties as per provisions of Schedule I of CGST Act, even when made without any consideration.
 - Similarly, where the corporate guarantee is provided by a holding company, for its subsidiary company, those two entities also fall under the category of 'related persons'. Hence the activity of providing corporate guarantee by a holding company to the bank/financial institutions for securing credit facilities for its subsidiary company, even when made without any consideration, is also to be treated as a supply of service by holding company to the subsidiary company, being a related person, as per provisions of Schedule I of CGST Act.



2nd Proviso to Rule 28

Notification No. 52/2023 –Central Tax dt. 26/10/2023

- Following sub-rule inserted into Rule 28
 - (2) Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher



Amnesty Scheme for filing Appeal

- Amnesty Scheme for condonation in filing of delayed appeals
 - Before 31.01.2014
 - Additional 2.5% Pre Deposit through cash ledger
 - Order dated up to 31.03.2023
 - No appeal against orders not involving tax
 - Order under Sec 73 or 74 only
 - Appeal not filed, not accepted or rejected



Other Circulars and Changes

- Reimbursement of Electricity Charges (Cir 206/18/2023 dated 31.10.2023)
 - It is clarified that whenever electricity is being supplied bundled with renting of immovable property and/or maintenance of premises, as the case may be, it forms apart of composite supply and shall be taxed accordingly. The principal supply is renting of immovable property and/or maintenance of premise, as the case may be, and the supply of electricity is an ancillary supply as the case may be. Even if electricity is billed separately, the supplies will constitute a composite supply and therefore, the rate of the principal supply i.e., GST rate on renting of immovable property and/or maintenance of premise, as the case may be, would be applicable.
 - However, where the electricity is supplied by the Real Estate Owners, Resident Welfare Associations (RWAs), Real Estate Developers etc., as a pure agent, it will not form part of value of their supply. Further, where they charge for electricity on actual basis that is, they charge the same amount for electricity from their lessees or occupants as charged by the State Electricity Boards or DISCOMs from them, they will be deemed to be acting as pure agent for this supply.



Other Changes

- The best judgement assessment order would be withdrawn if a return defaulter furnishes their return within 60 days (extendable by further 60 days on late fees of Rs. 200 / day)
- Place of supply in case of transport of goods (by sea / air / road) would be the location of recipient even if the goods are imported / exported.
- Revocation for cancelled registration can now be filed within 90 days (extendable by 180 days) if the same had been cancelled due to non-filing of returns
- Following returns are not allowed to be furnished after 3 years from their due date:
 - o GSTR-1
 - o GSTR-9 and 9C
 - o GSTR-8
- A person supplying goods can do so through e-commerce operator even if he is unregistered or is a composition dealer subject to certain restrictions
- High Sea Sales and Merchant Trading Transactions would not be regarded as a supply effective from 1st July 2017



Other Changes

- Omission of Payment of Tax under RCM on Ocean Freight (CIF Import Contracts) when shipping line is outside India
- If shipping line is in India, tax shall be charged by them in FCM (for FOB or CIF Contracts)
- If contract is for Import of Goods in FOB Contract, then tax is payable under RCM by the exporter in India



COURT RULINGS



Malik Traders vs State of UP

- The court held that producing
 - tax invoices,
 - e-way bills,
 - GR records, and
 - proof of payment,while important, was insufficient to establish the legitimacy of the transactions.

- Specific details such as
 - vehicle numbers used for transportation,
 - payment of freight charges,
 - acknowledgment of goods delivery, and
 - Toll Receiptswere deemed necessary to support their claim for input tax credit.



Thank You

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