



Seminar on “Precautions To Be taken While Filing Returns”

Organized by

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COVERAGE

- Why Precautions ?
- **Parameters for Notice**
- Important Reconciliations
- What is 'Supply' ?
- **GSTR-1 Statement of Outward Supplies**
- **GSTR-3B Summary Return**
- **How to File return online**

Why Precautions ?

- **Avoid Clerical / Typing Errors and Omissions**
- **Avoid Tax Discrepancies**
- **Correct Payment of RCM Liability & it's Input Tax Credit**
- **Correct availment of Input Tax Credit**
- **Enhanced Vendor / Customer Relationships**
- **Financial Planning and Budgeting**
- **Reduction of Audit Risks**
- **Supports Litigations & Investigations**
- **Smooth compliance of GSTR –9 & GSTR –9C**

There are total 15 parameters (Parameter 0069 to 0083) based on which GST department is issuing notices for scrutiny of returns are as follows:

- 1. In-eligible ITC claimed from non-genuine taxpayers (NGTPs) whose RC is canceled ab-initio**
- 2. Excess outward tax in GSTR-1 compared to GSTR-9 /GSTR-3B**
- 3. Excess Outward tax in E-Way Bills Compared to GSTR-3B**
- 4. In-eligible ITC claimed from GSTR-3B Non-filers**
- 5. Excess ITC claimed in GSTR-9/3B which is not confirmed in GSTR-2A or 8A of GSTR-9**
- 6. In-eligible ITC claimed from RC is canceled suppliers**
- 7. Less turnover is shown in GSTR-1 compared to GSTR-8 (TCS)**
- 8. Less turnover is shown in GSTR-3B compared to GSTR-7 (TDS)**
- 9. Less RCM liability disclosed in GSTR 9/3B/4 than shown by suppliers in GSTR-1**
- 10. ITC claims after the last date of availing of ITC as per section 16(4) GSTR-3B**
- 11. ITC on purchase invoices uploaded by the supplier in GSTR-1 filed after the last date of availing - 16(4)**
- 12. Interest on delayed payments made with GSTR 3B**
- 13. Excess IGST on imports shown in GSTR_6E vs. ICEGATE data**
- 14. Excess ISD ITC availed in GSTR9_6G Vs GSTR 2A_ISD**
- 15. Excess RCM ITC GSTR9_6CDF than liability shown in GSTR 9_4G**

Important Reconciliations

OUTWARD SUPPLY

- 1. Turnover as per Books Vs GSTR-3B**
- 2. GSTR-1 Vs GSTR-3B**

RCM

- 1. RCM liability as per notified exp Vs RCM liability paid in GSTR-3B**
- 2. RCM liability as per GSTR-2B Vs RCM liability paid in GSTR-3B**

INWARD SUPPLY

- 1. Purchase register Vs GSTR-2B**
- 2. GSTR-2B VS GSTR-3B**
- 3. RCM payment Vs RCM ITC Availed**

Common GST reconciliation items on which GST is not payable

- Zero-rated supply without payment of IGST
- Outward supply notified under RCM
- Outward supply wholly exempt under GST
- Non-GST supplies
- Schedule III Transactions
- Tax paid on Advance Received against Services in previous F.Y.
- Commercial / Financial Credit Notes
- Provisional Entries / Book Entries
- Unbilled revenue at the end of the FY (+/-)

Common GST reconciliation item which are not recorded in revenue side

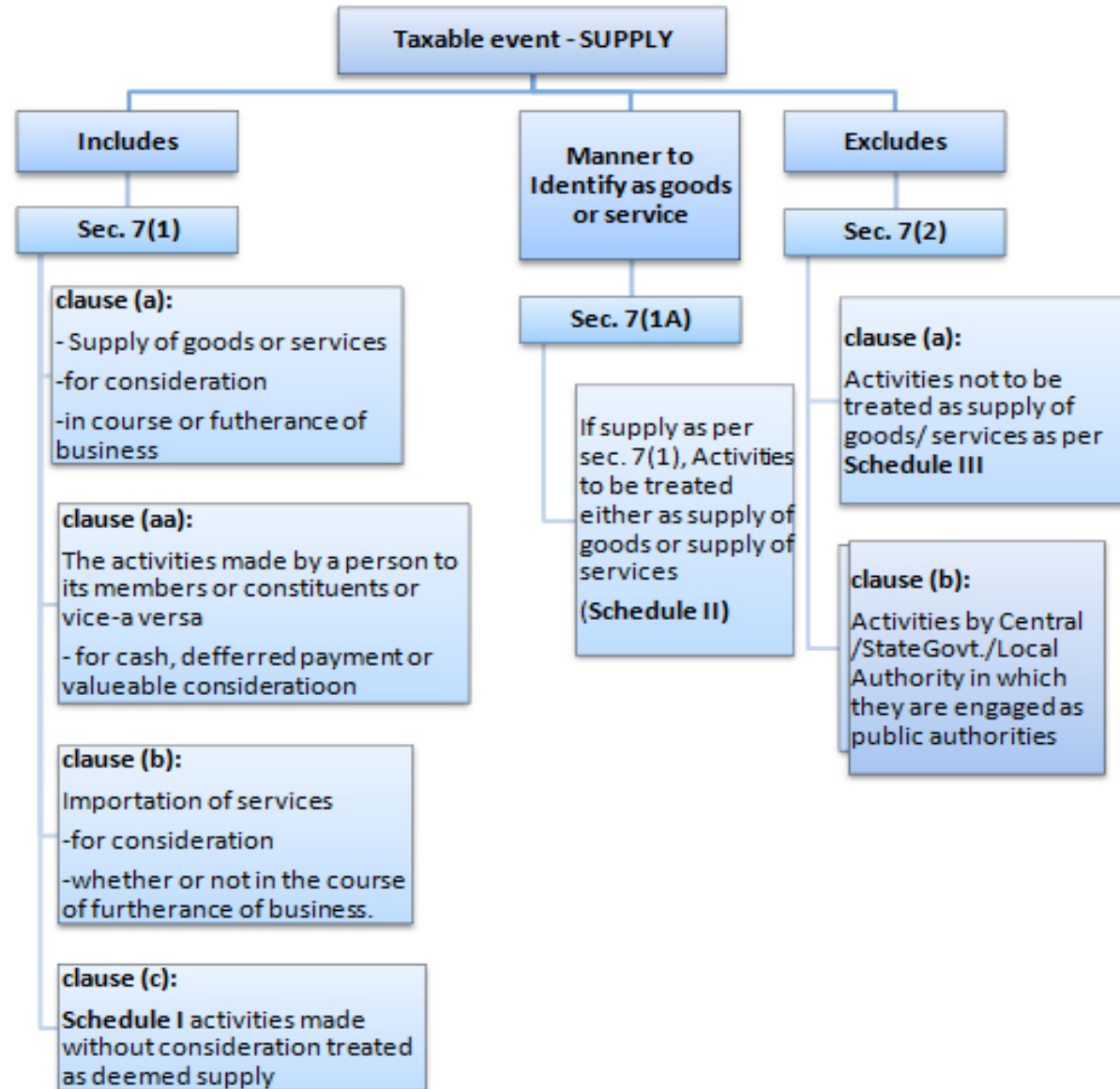
- Unadjusted advance received against services during the F.Y.
- Section 15 Valuation adjustments
- Schedule I activities
- Sale of Capital Goods
- Income adjusted against expenses

Important Points to be taken care of in GST reconciliations

Following are some points needs to keep in mind:

- Incorrect exemption or classification leading to non/short/excess payment of GST.
- Incorrect rate adopted leading to short/excess payment of taxes.
- Classification of supply as composite or mixed supply.
- Whether the IGST or CGST and SGST is charged as per the correct place of supply?
- Needs to apply proper valuation provisions u/s 15 read with rules made thereunder.
- GST paid on advance received against services and it's adjustment later on.

What is Supply ?



GSTR-1 Statement of Outward Supplies

- **Basic details – GSTIN, Name, period, Turnover in last Financial Year**
- **Invoice level details**

B2B supplies, interstate and intrastate, interstate B2C supplies more than Rs. 2.5 lakh

1. GSTIN of recipient
2. Invoice details – Number, date, Value, HSN/SAC, Taxable value
3. Tax – IGST, CGST, SGST – Rate and Tax amount
4. Place of Supply (relevant for interstate supplies)

- **Details of supplies to customers**

1. HSN/SAC
2. Place of Supply
3. Aggregate value
4. Tax – IGST, CGST, SGST – Rate and tax amount

GSTR-1 Statement of Outward Supplies

- **Credit and Debit Notes –**
 1. Document number
 2. Original Invoice Number
 3. Deferential amount and deferential tax
- **Reverse Charge**
- **Details of exports – with and without payment of tax**

Invoice details, Shipping Bill/Bill of Export, tax details
- **Details of exempt, Nil rated and Non-GST supplies**

Interstate and Intrastate B2B and B2C supplies
- **Tax paid on advances and adjustment of advances**
- **Amendment of any of the above details filed in previous months**

Check E – Invoicing / QR Code of the invoices to be reflected in Returns :

- **E-Invoice applicability from Aug 2023 for company whose turnover has crossed Rs. 5 Crore :**
 - If, turnover of the company has crossed Rs.5 crore in a year, from any of the year between 2017 to 2024, then in such case, from 1st April 2024, E – Invoice is applicable to that company.
- **IRN for invoices of F.Y 2023-24 :**
 - Companies to whom E-invoice is already applicable, kindly check that IRN is generated for all invoices of FY 2023-24 with respect to :
 1. B2B Supplies, B2B Credit/Debit Notes
 2. Exports
 3. Supplies to SEZ
- **QR Code on Invoices :**
 - Taxpayer with aggregate turnover more than Rs 500 crore in any of year from 2017 till Mar 2023, is required to ensure that QR is issued on all invoice of B2C

EXPORTS/SEZ SUPPLY :

- **LUT Application:** Application for Letter of Undertaking (LUT) to be filed for FY 2024-25 on GST Portal
- **Missed shipping bill details in GSTR 1:** In case of Export of goods, check whether correct shipping bill details updated on GST Portal in GSTR 1
- **Merchant Export:** If you have made supply to Merchant Exporter at concessional rate (0.05% +0.05% or 0.10%) in FY 2023-24, then ensure that condition as per NN 40/2017 CT Rate dated 23rd Oct 2017 is complied with.
- **Refund claim:** Kindly ensure to file refund claim within 2 years as specified in GST Law.

Intricacies in Cross-Border Transaction :

- According to the IGST Act, for a transaction to be considered as an export of goods or services, all conditions outlined in the relevant section must be fully complied with; otherwise, IGST will be applicable. For instance, if remittance in foreign exchange is not received or received after the specified time limit, the transaction should be classified as taxable, and IGST is payable, even if the other conditions are complied.
- Typically, when the supplier is in India, the service recipient is outside India, and consideration is received in foreign exchange, the transaction is treated as an export of services. However, in such cases, the provisions of the place of supply are crucial in determining the nature of the transaction. In case of intermediary services or processing of goods made available by the customer or on his behalf by any other person, place of supply will be the location of the service provider. Therefore, in that case IGST will be payable.

Amendment / Correction in GSTR-1

- Amendment / Correction in GSTR 1 of FY 2023-24 can be made till maximum 30th Nov 2024 (It means can be made till Oct 2024 return to be filed before 30th Nov 2024).
- Kindly ensure to make the corrections/amendment (if any) within said due date.
- It is recommended that said amendment / correction should be made till Mar 2024 return. This makes the reconciliation easy in GSTR 9/9C and easy to explain officer in case of any notices/audit/enquiry.
- Auto Populated GSTR 1 Vs 3B comparison sheet can be used for this.

GSTR-3B Summary Return

- GSTR-3B is a self-declared summary GST return filed every month (quarterly for the QRMP scheme).
- Taxpayers need to report the summary figures of Outward Supplies, ITC claimed, Liability under RCM and net tax payable in GSTR-3B.
- A separate GSTR-3B must be filed for every GSTIN
- The GST liability must be paid on or before the date of filing GSTR-3B, earlier of its due date
- The GSTR-3B once filed cannot be revised, adjustment with the future return is permissible to rectify the error / mistake
- Even in case of a Zero liability, GSTR-3B must be compulsorily filed as Nil Return

Who should file GSTR-3B?

Every person who is registered under GST must file GSTR-3B.

Following registrants do not have to file GSTR-3B :

- Taxpayers registered under the Composition Scheme
- Input Service Distributor
- Non-resident suppliers of OIDAR service
- Non-resident taxable persons

Conditions for availing Input Tax Credit (Section 16)

Requirement for availing input tax credit

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

(aa) Supplier has reported the invoices or debit notes referred in (a) above in statement of outward supplies and such details have been communicated to the recipient in Form GSTR-2

(b) Recipient has received the goods or services or both

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

(c) Tax charged in respect of such supply has been actually paid by the supplier to the government, either in cash or through utilization of input tax credit admissible in respect of the said supply

(d) Recipient has furnished the return under sec 39

Reversal of the ITC in case of non-payment of consideration within 180 days by recipient (Section 16)

- Recipient fails to pay supplier (other than RCM) within 180 days from the date of issue of invoice.
- Then amount equal to the ITC availed by the recipient shall be temporarily reversed
- He shall be entitled to re-avail the ITC as and when the payment is made by him.
- Interest computation to start from date of availing of credit and not from the date of invoice.
- No ITC reversal required when payment made through setting off book debt
- **Exceptions to the 180 days payment rule for ITC :**
 - (a) Reverse charge supplies
 - (b) Schedule I entries

Compliances Relating to Input Tax Credit (ITC) :

- Check if there is any Blocked Credit as per Section 17(5).
- When there is exempt supply, we must check applicability of rule 42/43 and its calculations
- ITC needs to be availed as per reconciliation of ITC availed in Books / GSTR-3B and GSTR-2B.
- Identify the supplier who has not paid tax / whose registration is cancelled and take appropriate steps for ITC safeguard
- Pending ITC of FY 2023-24 (if any) as per reconciliation can maximum be availed till 30th Nov 2024 (It means can be availed till Oct 2024 GSTR-3B Return to be filed before 30/11/2024).
- Send mail to supplier / Make follow up, in case they have not disclosed / incorrectly disclosed invoices of FY 2023-24 and ask them to take corrective steps

Presentation of Input Tax Credit(ITC) :

From July 2022 onwards, CBIC has changed ITC reporting manner in Form GSTR–3B via Notification No. 14/2022–CT, read with Circular No. 170/02/2022.

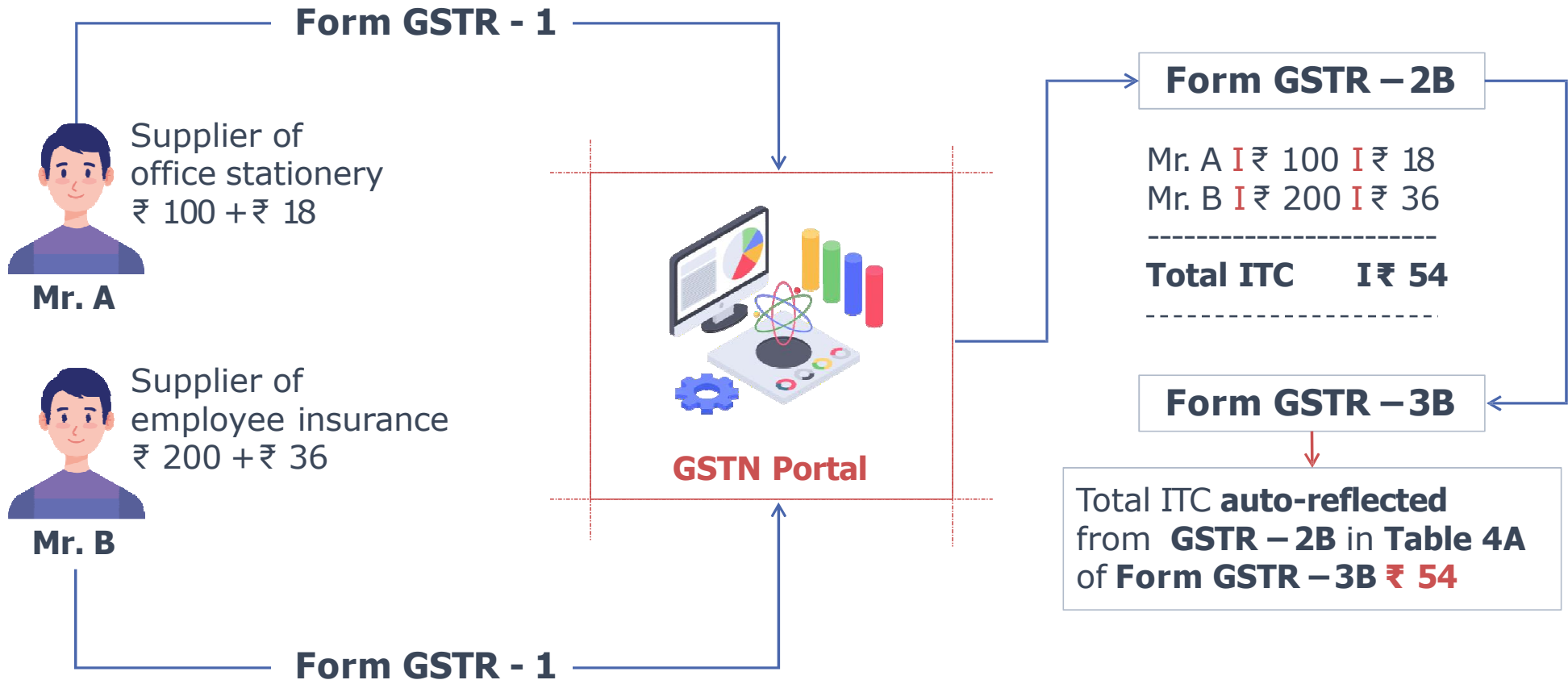
Following is the crux of the said changes:

Total ITC (eligible as well as ineligible) of the taxpayer will be **auto-populated** from statement in **FORM GSTR – 2B** in different fields of **Table 4A of FORM GSTR 3B**

Except:

- Ineligible ITC on account of limitation of time period as specified in section 16(4)
- Where location of the recipient is different that place of supply

Understanding the crux of the changes :



What Actually Changed ?

Current manner

New manner



Mr. A

Supplier of
office stationery
[₹ 100 + ₹ 18]

Particulars	Dr	Cr
Purchase	₹ 100	
ITC	₹ 18	
Mr. A		₹ 118

Particulars	Dr	Cr
Purchase	₹ 100	
ITC	₹ 18	
Mr. A		₹ 118



Mr. B

Supplier of
employee insurance
[₹ 200 + ₹ 36]

Particulars	Dr	Cr
Purchase	₹ 236	
Mr. A		₹ 236

Particulars	Dr	Cr
Purchase	₹ 200	
ITC (Ineligible)	₹ 36	
Mr. A		₹ 236

**Reporting in
Form GSTR – 3B**

Only eligible ITC is reported
in Table 4A of GSTR – 3B

Both eligible & ineligible ITC
is to be reported in Table 4A
of GSTR – 3B

What Actually Changed ?






Reporting in Form GSTR – 3		<u>Current manner</u>	<u>New manner</u>
Table 4A : ITC Available [Eligible ₹ 18 & permanent Ineligible ₹ 36]		₹ 18	₹ 54
Table 4B : ITC Reversed			
As per rules 38, 42, and 43 of CGST Rules and sub-section (5) of section 17	Permanent reversal	-	₹ 36
Others [Rule 37, 37A etc]	Temporary reversal		
Table 4C : Net ITC Available (A-B)		₹ 18	₹ 18
Table 4D : Other Details			
ITC reclaimed which was reversed under Table 4(B)(2) in the earlier tax period	Reclaim of temporary reversal		
Ineligible ITC under section 16(4) and ITC restricted due to POS provisions	Exceptions		

What Actually Changed ?




Reporting in Form GSTR – 3B	<u>April</u>	<u>Sept</u>	<u>Oct</u>
Table 4A : ITC Available [Eligible - ₹ 18 & Temporary Ineligible ₹ 36]	₹ 54	-	₹ 36
Table 4B : ITC Reversed			
As per rules 38, 42, and 43 of CGST Rules and sub-section (5) of section 17	Permanent reversal	-	-
Others [Rule 37, 37A etc]	Temporary reversal	-	₹ 36
Table 4C : Net ITC Available (A-B)	₹ 54	(₹ 36)	-
Table 4D : Other Details			
ITC reclaimed which was reversed under Table 4(B)(2) in the earlier tax period	Reclaim of temporary reversal	-	-
Ineligible ITC under section 16(4) and ITC restricted due to POS provisions	Exceptions	-	₹ 36
		-	-

Scenarios of Ineligible ITC under GST

Permanent reversal:

-  Ineligible ITC in terms of Section 17(5)
-  Ineligible ITC due to difference in place of supply
-  Ineligible ITC on time-barred invoices in terms of Section 16(4)
-  Ineligible ITC used exclusively for non-business & exempted supply –Section 17(2)/(3) Ineligible ITC used
-  Commonly for non-business & exempted supply –Rule 42/43

Temporary reversal:

-  Ineligible ITC due to non-fulfilment of condition of Section 16
-  Ineligible due to non-Payment of consideration within 180 days [Rule 37]
-  Ineligible ITC due to non filing of GSTR –3B of the respective supplier [Rule 37A]

Compliances Relating to RCM :

- **RCM LIABILITY –**

- Check whether any RCM liability is unpaid.
- Reconcile RCM liability Reflected in GSTR2B and RCM liability paid in GSTR 3B.
- High Value RCM Liability Category: Specific attention of RCM liability is to be given to – Import of Service, Payment to director (other than salary), Sponsorship amounts, since, in general, said amounts are of high value.

- **RCM ITC –**

- Check RCM ITC with respect to all eligible RCM liabilities is taken properly in GSTR 3B [RCM Liability Vs RCM ITC].
- Check RCM ITC is correctly recorded in books.
- RCM Self Invoice – RCM ITC is available based on RCM Self Invoice. Kindly ensure that same is prepared and kept in file.

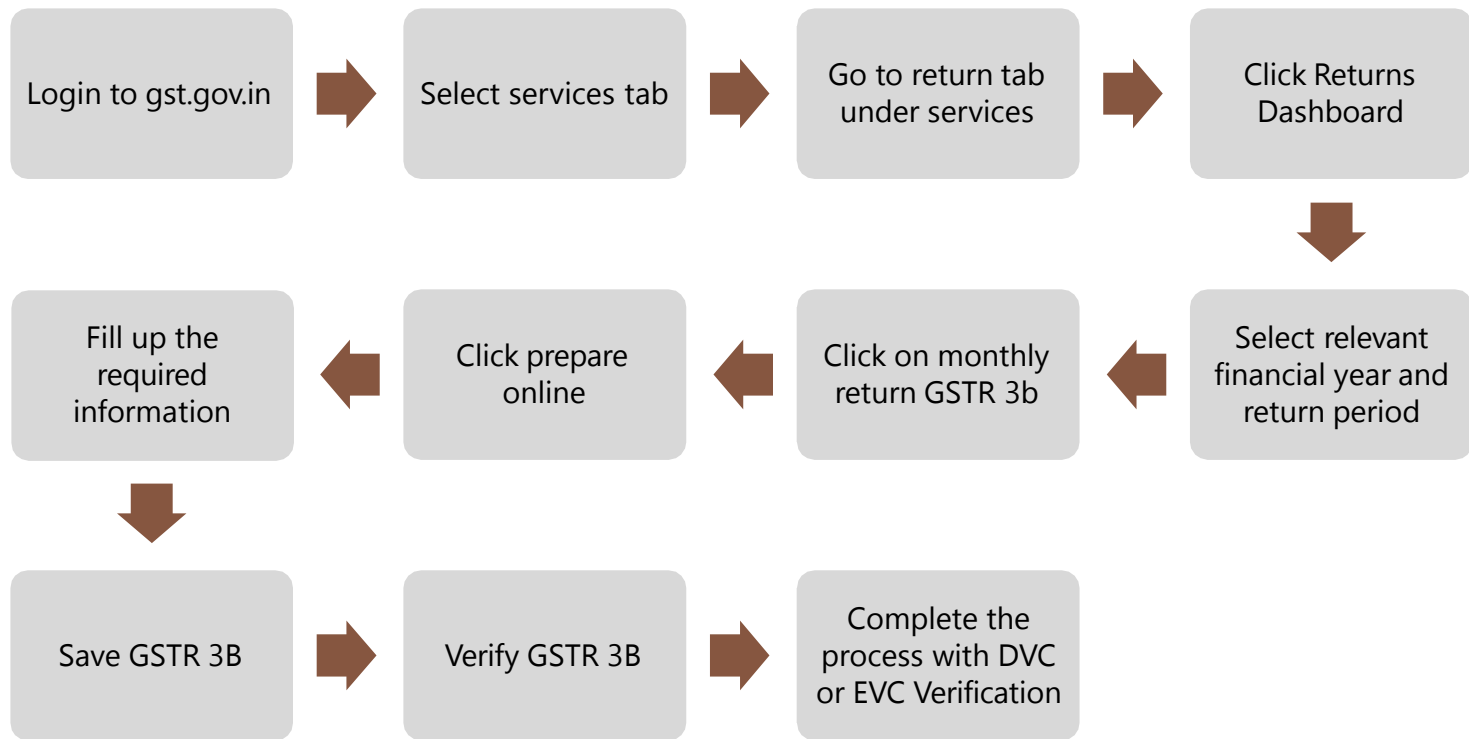
Impact on wrong classification

Particulars	Goods	Services
Description	Ice cream and other edible ice, whether or not containing cocoa	(ii) Supply of 'restaurant service' other than at 'specified premises
Not. No.	1/2017-CT	11/2017-CT
Rate	18%	5%
Heading / SAC	2105 00 00	Heading 9963 (Accommodation, food and Beverage services)

CIRCULAR NO. 164 /20 /2021-GST: *Ice cream parlors sell **already manufactured** ice-cream and they **do not have a character** of a restaurant. Ice-cream parlors **do not engage in any form of cooking** at any stage, whereas, restaurant service involves the aspect of cooking/**preparing** during the course of providing service. Thus, supply of ice- cream parlor stands on a different footing than restaurant service. Their activity entails supply of ice cream as goods (a manufactured item) and not as a service, even if certain ingredients of service are present.*

HSN code of the goods and/or SAC of the services dealt in by the supplier should be verified where available to ensure that such are in **conformity with the schedules/ notifications** and it is to be checked that the **proper rate of tax** thereupon is applied on outward supplies as shown in Form GSTR-1 & Form GSTR-3B.

How to Submit Return Online





“Wish you a smooth and healthy GST compliance”

Thank you!



Any Questions