



Webinar on

Accounts & Records

Documents to be maintained under GST

Various reconciliations

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~ CA. Yogesh Ingale

Session 1

Accounts & Records

Documents to be maintained under GST

Relevant section & rules

Chapter : Tax invoice, Credit Notes, Debit Notes



Section 31 : Tax invoice

Section 34 : Debit notes / Credit notes



Rule 46 to rule 55



Section 31 : Tax invoice

Section 31 (1) – Supply of goods

Tax invoice to be issued **before or at the time of**

- a) Removal of goods for supply to the recipient, where supply involves movement of goods
- b) Delivery of goods or making available thereof to the recipient, in other case

Relevance of invoice for determining time of supply of goods
Section 12 : Time of supply of goods

Earliest of -

- a) Date of issue of **invoice** or last date of issue of invoice
- b) Date of receipt of payment (not relevant now)

Section 31 : Tax invoice

Section 31 (2) – Supply of services

Tax invoice to be issued **before or after the provision** of service but **within prescribed time***

** Rule 47 – In case of supply of services, invoice to be issued **within a period of 30 days** from the date of the supply of service*

Relevance of invoice for determining time of supply of services

Section 13 : Time of supply of services

Earliest of -

- a) Date of issue of **invoice** if it is issued **within prescribed time**
- b) Date of receipt of payment
- c) Date of provision of service if invoice is not issued within prescribed time

Other provisions related to tax invoice

- ✓ Revised invoices can be issued for period – Effective date of registration and till the date of issuance of certificate
- ✓ Invoice may not be issued if value of supply to unregistered person < Rs. 200 where recipient does not require invoice (Consolidated invoice to be issued for a day)
- ✓ For exempt supply or composition scheme – Bill of supply
- ✓ Against advance – Receipt voucher to be issued
- ✓ If no supply subsequently after receipt of advance – Refund voucher to be issued against the payment

Other provisions related to tax invoice

- ✓ Self invoice -
Where Reverse charge is to be paid and supplier is unregistered
- ✓ Section 31(7) –
For goods sent on approval, invoice to be issued – Before or at the time supply or within 6 months

Ex. FMCG products

Section 34 : Credit notes or debit notes

Credit note can be issued for

- ✓ Taxable value or tax charged is found exceed
- ✓ Where goods or services are found to be deficient
- ✓ Goods return

Time limit to issue credit note

- ✓ Upto September of next Financial Year from the date of supply of date of relevant annual return whichever is earlier

Section 34 : Credit notes or debit notes

Debit note can be issued for

✓ Taxable value or tax charged is found to be less

Time limit to issue debit note

✓ No time limit to issue debit note

“Invoice / Debit note is an important document to avail ITC”

Rule 55 : Delivery challan

Transportation without issue of invoice but under delivery challan in following cases -

- ✓ Supply of unknown quantity of liquid gas
- ✓ Transportation of goods for job work
- ✓ Transportation of goods for reason other than by way of supply – Ex.
Intrastate branch transfer
- ✓ Other notified supplies

Section 35 : Accounts and records

Every registered person to keep and maintain, **at principal place of business**, a true & correct account of -

- Production or manufacture of goods
- Inward & outward supply of goods or services or both
- Stock of goods
- ITC availed
- Output tax payable & paid
- Other prescribed particulars

Section 35 : Accounts and records

- Every owner or operator of warehouse or godown or any other place used for storage **and**
- Every transporter shall maintain records of
 - Consigner
 - Consignee
 - Other details of the goods

Rule 56 : Maintenance of accounts at glance

- ✓ Records of inward / outward with relevant documents to be maintained
- ✓ Records of stock of goods including opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed off by way of gift, free sample, scrap, wastage
- ✓ Storage of goods at place other than declared place of business, proper officer may determine liability as if such goods are supplied
- ✓ Manufacturer to maintain monthly production records showing quantitative details

Section 36 : Period of retention of accounts

- ✓ Books of accounts and other records to be maintained
- ✓ and shall retain until expiry of **72 months** from the due date of furnishing respective annual return

Demand & recovery :

Notice can be issued from the due date of furnishing of relevant annual return

- Section 73 – within 3 years (36 months)
- Section 74 – within 5 years (60 months)

Session 2

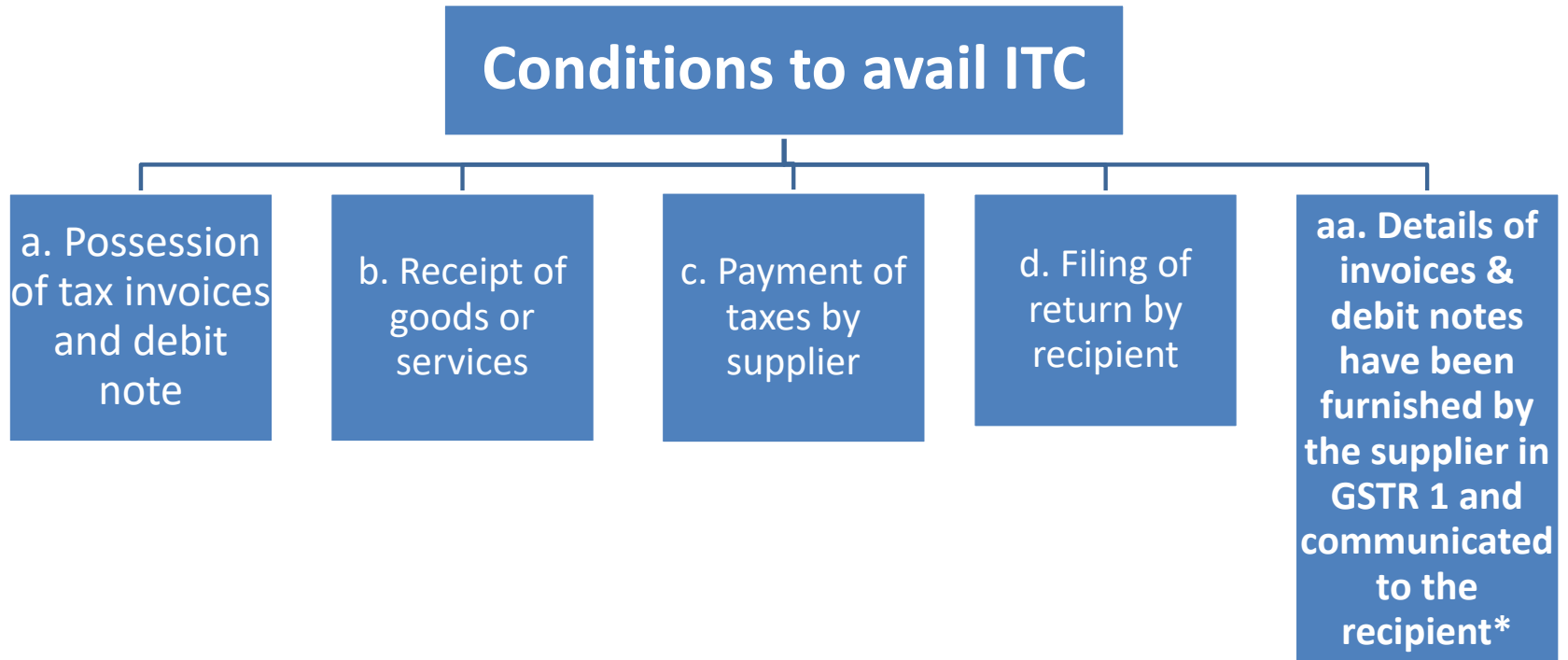
Various reconciliations to be performed periodically

What is the need of reconciliations ??

- ✓ To check the compliance w.r.t various provisions
- ✓ For department submissions
- ✓ To mitigate the risk of taxpayers
- ✓ To recover losses incurred if any

Let's have a look at various provisions & requirements

Section 16(2)



** Clause (aa) is made effective from 1st January, 2022 / Amended rule 36(4) states to avail ITC appearing in GSTR 2B*

Flow of returns

Supplier
(For outward Supply)

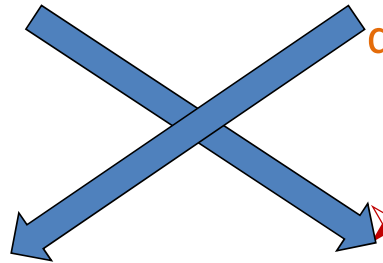
Recipient
(For inward Supply)

➤ GSTR 1
(by 10th day)

➤ GSTR 2
(after 10th but before 15th
day)

➤ GSTR 1A
(after filling of GSTR 2
- For any entry added,
corrected or deleted by
recipient in GSTR 2)

➤ GSTR 2A
(available after filling of
GSTR1)



GSTR 2A vs GSTR 2B

GSTR 2A	GSTR 2B
<input type="checkbox"/> Available & gets updated on real time basis	<input type="checkbox"/> Monthly statement available on 14 th of the next month - 6 days available
<input type="checkbox"/> For viewing purpose only	<input type="checkbox"/> For availing ITC as per rule 36(4) –ITC available in GSTR 2B
<input type="checkbox"/> ITC is reflected on the basis of filling of GSTR 1 as and when filed by the supplier	<input type="checkbox"/> ITC for the month is reflected on the basis of GSTR 1 filed by the due date
<input type="checkbox"/> ITC does not auto-populate in Form GSTR 3B	ITC auto-populates in Form GSTR 3B w.e.f 13.12.2020 which is editable. Any increase in auto populate figure is marked in red colour. Eligible / Ineligible Section

Amendment- Section 16 - Inserted

*(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;***

Amendment - Rule 36(4)

No input tax credit shall be availed** by a registered person in respect of invoices or debit notes the details of which are required to be furnished under subsection (1) of section 37 **unless,-

- (a) **the details** of such invoices or debit notes **have been furnished by the supplier in the statement of outward supplies in **FORM GSTR-1 or using the invoice furnishing facility;**** and*
- (b) **the details** of such invoices or debit notes **have been communicated** to the registered person **in **FORM GSTR-2B**** under sub-rule (7) of rule 60.*

- **Lex non cogit ad impossibilia :**
 - Law cannot compel a man to do what he cannot possibly do
 - Determining the eligibility of ITC solely on the basis of filings done by the vendors which are not in control of the recipient
- ***Central Excise, Pune V. Dai Ichi Karkaria Ltd. SC***

Denial of ITC to the buyer of goods / services for the default of the supplier of goods or services is wholly unjustified and this cause the deprivation of the enjoyment of the property. Therefore, this is positively violative of the provision of Article 300A of the constitution of India.

- Denial of ITC to the buyer of goods or services for default of the supplier of goods or services, clearly defeats the underlying objective of removal of cascading effect of tax / seamless flow of credit as stated in the statement of object and reasons of the Constitution (One Hundred And Twenty-Second Amendment) Bill, 2014.
- In case of **M/s D.Y. Beathel Enterprises Vs The State Tax Officer (Data Cell)**, The Hon'ble Madras High Court has quashed the order for non-examination of seller in the enquiry especially, when buyers have insisted and non-initiation of recovery action against seller in the first place.

Amendment in nutshell

- ✓ No ITC can be availed if supplier has not furnished GSTR – 1
- ✓ Delay in ITC eligibility if supplier has file GSTR – 1 after due date
- ✓ No ITC even if supplier has paid tax in GSTR 3B but not furnished GSTR-1
- ✓ What if GSTR – 1 is furnished by the registered person but tax is not yet paid by supplier ??
- ✓ ISD, BOE, RCM and Credit Notes not covered under Section 16-2-aa
- ✓ *No relevance of GSTR 2A – GSTR 2B is only relevant to avail ITC*

ITC Matching with GSTR 2B - Issues :

- ✓ Reconciliation is not on monthly basis it should be cumulative / as on date.
- ✓ Manual matching is needed after software reconciliation/ Limitations for manual identification of matched documents
- ✓ Difference in accounting dates than actual document date – Goods in Transit Case – Found in 2B but not in books
- ✓ Feb/March Invoices booked in next financial year (Prior period) – Reco for 2 period
- ✓ Updation of Vendor Master / Same vendor different GSTIN / Accounting in case of Pure agent
- ✓ ITC reflecting in GSTR 2B but not reflecting in books. Ex. Bank Invoices/Airline Invoices/CHA Supportings (Pure Agent) – Invoices not available but ITC availed

ITC Matching with GSTR 2B - Issues :

- ✓ Difference in taxable value and tax amount in books than GSTR 2B (Ex. Short quantity or quality claim)
- ✓ GST debited to supplier but not reversed in GSTR 3B – Undue profiteering
- ✓ Difference in invoice no. than from invoice no. on document
- ✓ Many things in Just 6 Days (14 to 20)

ITC Matching with GSTR 2B - Issues :

- ✓ Relevance of GSTR 2A continue for Refund
- ✓ Issues in Spillover Transactions : Prior to Jan 22 dated invoices but ITC availed in Jan 22 – 5% provisional ITC allowed ?
- ✓ Courier Imports – will not be auto populated in 2B
- ✓ Goods returned by customer on Debit Note (not allowed) and ITC reversed. Next month vendor raises CN - / Rejection Invoice and supplier also issues CN.

Action plan :

Step 1 : Corrections in accounting –

- ✓ Accounting of invoices as it is
- ✓ No deviations in document dates, document number, taxable value and tax amount
- ✓ Activate feature in ERP / accounting software to enter document date and entry date
- ✓ No debit note to suppliers – Ask suppliers for credit notes
- ✓ Automation in Purchase Register from System.

Action plan :

Step 2 : Categorization of vendor

Categorization of vendor as

- ✓ To whom e-invoicing is applicable
- ✓ To whom e-invoicing is not applicable
- ✓ Vendors applied for QRMP scheme
 - Ask them to file monthly IFF mandarily
- ✓ Quarterly GSTR 1 filers
 - Ask them whether they can opt for monthly GSTR 1 filling

Action plan :

Step 3 : Vendor education

- ✓ Educate vendor for your benefit
- ✓ Ask vendor for no deviation in document date, document number, taxable value and tax amount
- ✓ Ask for appropriate **declaration** from vendors according to their category

Action plan :

Step 4 : Procedure implementation

- ✓ Implement **appropriate software** for reconciliation to automate procedure (along with manual check)
- ✓ Revisit purchase orders with clause of recovery for non – compliance
- ✓ Ask for declarations from vendors with recovery clause alongwith interest for non - compliance
- ✓ **Revisit payment policy** : Non – compliance by vendor will lead to financial loss to recipient. Payments can be done only after reporting of invoices in GSTR 1 atleast to the extent of tax amount.
- ✓ Set up communication procedure with vendors
- ✓ Use rule 37(4) – In September month avail ITC as per books and reverse the difference to the extent invoices not appearing in GSTR 2B

Types of assessments under GST

Self assessment – u/s 59

Provisional assessment – u/s 60

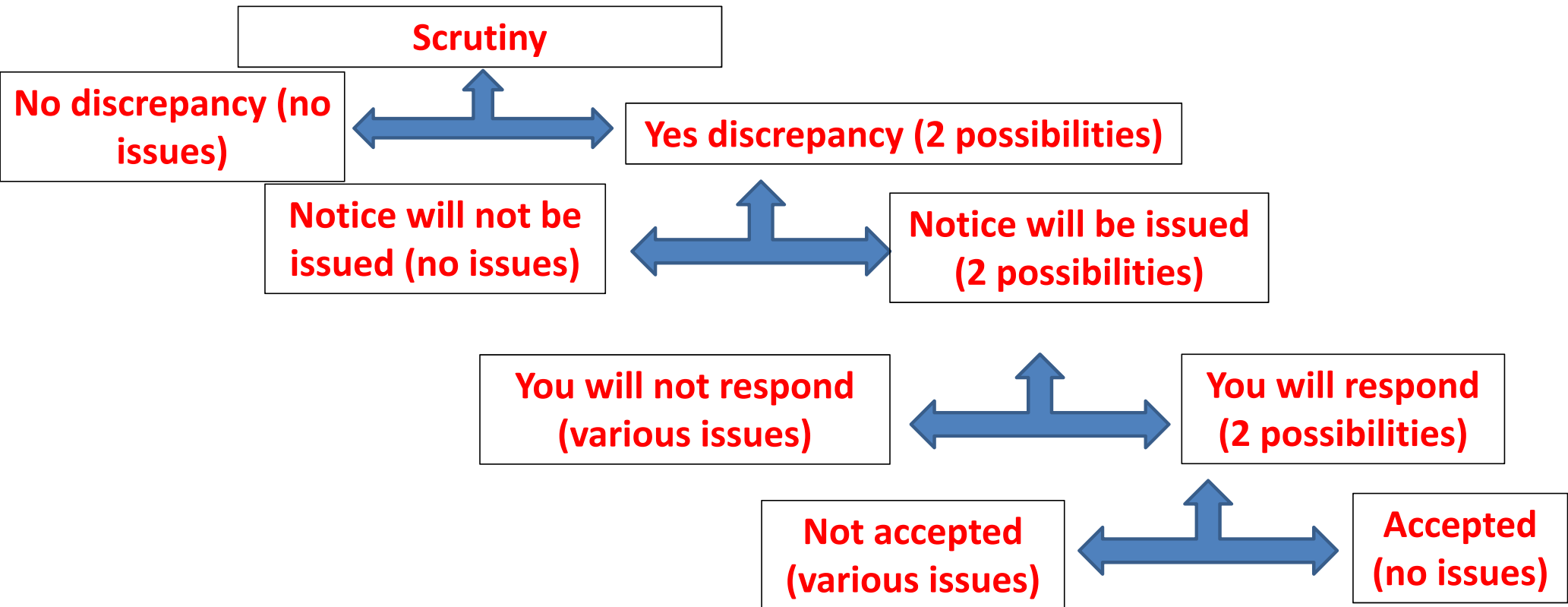
Scrutiny of returns – u/s 61

Assessment of non-filers of return – u/s 62

Assessment of unregistered persons – u/s 63

Summary assessment – u/s 64

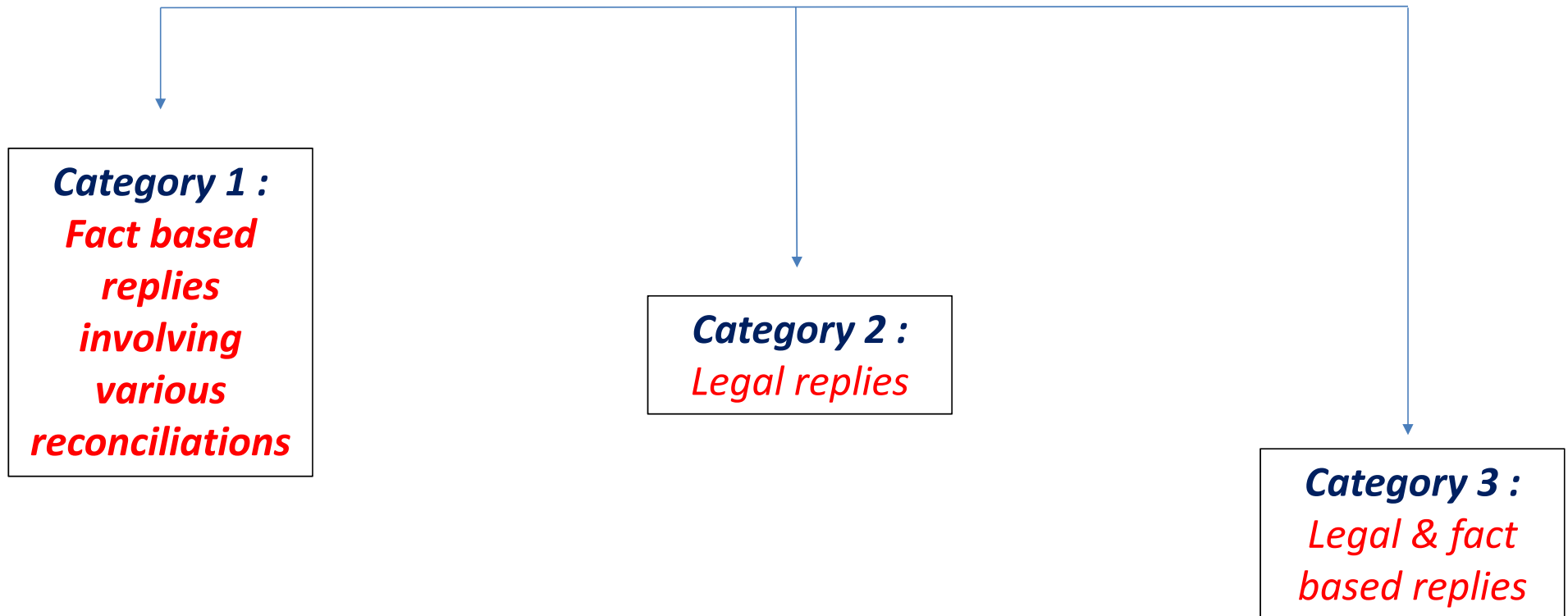
Section 61 & Rule 99 in nutshell



12 Parameters in ASMT - 10 as on date

Category	Parameter no.	Description
1	Parameter – 70	Excess outward tax claimed in GSTR 1 compared to GSTR9/GSTR 3B
1	Parameter – 73	Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9
1	Parameter – 77	Less RCM liability disclosed in GSTR 9 / 3B / 4 than shown by suppliers in GSTR 1
1	Parameter – 78	ITC claims after last date of availment of ITC as per section 16(4) -GSTR 3B
1	Parameter – 79	ITC on purchase invoices uploaded by supplier in GSTR 1 filed after last date of availment – section 16(4)
1	Parameter – 81	Excess IGST on imports shown in GSTR 9 _ 6E vs Ice gate Data
1	Parameter – 82	Excess ISD ITC availed in GSTR 9 _ 6G vs GSTR 2A_ISD
1	Parameter – 83	Excess RCM ITC in GSTR 9 _ 6CDF than liability shown in GSTR 9 _ 4G.
2	Parameter – 69	In-eligible ITC claimed from non-genuine taxpayers (NGTPS) whose RC is cancelled ab-initio
2	Parameter – 72	Ineligible ITC claimed from GSTR 3B Non-filers
2	Parameter – 74	Ineligible ITC claimed from RC cancelled Suppliers
3	Parameter – 80	Interest in delayed payments made with GSTR 3B

3 categories of parameters on the basis of reply to be submitted



➤ **GSTR 1 vs GSTR 9 / GSTR 3B**

- ✓ **For GSTR 9 filers** - Reconcile GSTR 1 and GSTR 9
- ✓ **For GSTR 9 non filers** – Reconcile GSTR 1 and GSTR 3B
- ✓ Where non of above possible – Reconcile books and GSTR 3B

➤ **Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9**

- ✓ **For GSTR 9 filers** - Reconcile ITC reported in table 8B in GSTR 9 and **latest GSTR 2A (though table no. 8B of GSTR 9 is advised to refer)**
- ✓ **For GSTR 9 non filers** – Reconcile ITC reported in GSTR 3B and **latest GSTR 2A.**
- ✓ For GSTR 9 filers –
 - Go through table no. 6 first
 - Identify ITC reported in table 6 which gets reflected in table no. 8
- ✓ Invoices not appearing in GSTR 2A – submit copies of invoices
- ✓ No denial of ITC subject to section **16(2)*** – Ask suppliers for declaration (MH Dept issued circular)
- ✓ Similar procedure to be followed for GSTR 9 vs **GSTR 2A ISD** differences

- **Less RCM liability disclosed in GSTR 9 / 3B / 4 than shown by suppliers in GSTR 1**
- ✓ Download latest GSTR 2A
- ✓ Apply filter to “Yes” at “Supply attract reverse charge” column
- ✓ Identify whether supply of party is covered under reverse charge and wrong reporting of supplier
- ✓ Reconcile such entries with books

- **ITC claims after last date of availment of ITC as per section 16(4) - GSTR 3B**
- **ITC on purchase invoices uploaded by supplier in GSTR 1 filed after last date of availment – section 16(4)**

✓ **Section 16 (4) :**

No ITC in respect of invoices or debit notes of FY after due date of Sept in next FY or furnishing of annual return, whichever is earlier

✓ **Proviso to section 16 (4) for FY 2017-18:**

*“Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 **till the due date of furnishing of the return under the said section for the month of March, 2019** in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the **FY 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.***

➤ **2 scenarios in FY 2017-18**

- ✓ **Invoices reported by supplier after September, 2018 but before due date of March, 2019 GSTR 1**
 - **No ITC denial** - if ITC availed within original 16(4) due date
 - **No ITC denial** – if ITC availed after due date of September 18 GSTR 3B till due date of March, 19 GSTR 3B
 - **ITC denial** – If ITC availed after due date of March, 19 GSTR 3B

- ✓ **Invoices reported by supplier after due date of March, 2019 GSTR 1**
 - **No ITC denial** - if ITC availed within original 16(4) due date
 - **ITC denial** – if ITC availed anytime after September, 18 GSTR 3B due date

- ✓ **Ask for invoice wise details before submission of reply**

➤ **Excess IGST on imports shown in GSTR 9 _ 6E vs Ice gate Data**

- ✓ **For GSTR 9 filers** – Refer table no. 6E of GSTR 9 and data reflected in GSTR 2A or ICE GATE data
- ✓ **For GSTR 9 non filers** – Refer table no. 4A(1) of GSTR 3B and data reflected in GSTR 2A or ICE GATE data
- ✓ **Thumb rule** – Reconcile ITC availed with physical bill of entries
- ✓ Submit BoEs in case of differences

➤ **Excess RCM ITC in GSTR 9 _ 6CDF than liability shown in GSTR 9 _ 4G**

- ✓ **Thumb rule** – RCM ITC in FY shall not be greater than liability paid
- ✓ Identify what procedure is followed for RCM liability disclosure in GSTR 9

Other Important
legal provisions

E Way bill requirements

- ✓ Intrastate movement of goods – Consignment value above Rs. 1,00,000/-
- ✓ Interstate movement of goods - Consignment value above Rs. 50,000/-
- ✓ Reconciliation to be done – E-way bill vs Sale register
- ✓ No requirement to generate e way bill
 - Consignment value below prescribed limit
 - Where no movement of goods is involved. Ex. Service invoice
- ✓ Where no e-way bill generated – Proceedings u/s 129/130

E invoice requirements

- ✓ W.e.f 1st April, 2022, mandatory for taxable persons having aggregate turnover more than 20 cr **in any previous year**
- ✓ Earlier introduced for taxable persons having aggregate turnover Rs. 500 cr, Rs. 100 cr, Rs. 50 cr
- ✓ Mandatory for B2B transactions and exports supplies
- ✓ No requirement to generate e invoice for B2C transactions
- ✓ VIMP – ITC denial to recipient
 - Rule 48(5) : If e-invoice is not generated **it shall not be treated as an invoice**
- ✓ **Recipient as well as supplier to reconcile** purchase / sale as the case may be with e-invoice details.



GSTR 3B vs GSTR 1 reconciliation -

Amendment - Inserted explanation after section 75(12)

❑ What is section 75 ??

- General provisions relating to determination of tax

❑ What is section 75(12) ??

- Starts with non-obstante clause – “Notwithstanding with section 73/74”
- Means recovery of self-assessed and interest thereon tax as per GSTR 3/GSTR 3B return which remains unpaid even **without issuing show cause notice**

Explanation inserted :

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.

Analysis

- ❑ IF invoices are reported in GSTR 1 but tax not paid in GSTR 3B, recovery can be initiated even without issuing SCN

- ❑ Recovery can be done in accordance with section 79
 - Recovery out of refund to be issued to taxpayers
 - Detain and sale of goods belonging to such person
 - Bank attachment
 - Detain movable/ immovable property belongs to such person and sale thereof

Impact

- ❑ Recovery can be initiated even if clerical error in GSTR 1
- ❑ Amendments in GSTR 1 can be done at the time of next GSTR 1 - by the time recovery may be initiated

How to deal ??

- Reconcile books of accounts at the time of filing GSTR 1 as well as GSTR 3B
- Reconcile GSTR 1 and GSTR 3B
- Note down errors done as and when noticed
- Write to jurisdictional officer immediately
- Keep track of all amendments

*Thank
you*



*अश्वं नैव गजं नैव, व्याघ्रं नैव च नैव च ।
अजापुत्रं बलिं दद्यात् देवो दुर्बलघातकः ॥*

For queries & feedback, reach me at :

CA. Yogesh Ingale

+91-8275519783 / yogesh.ingale@talentax.in