

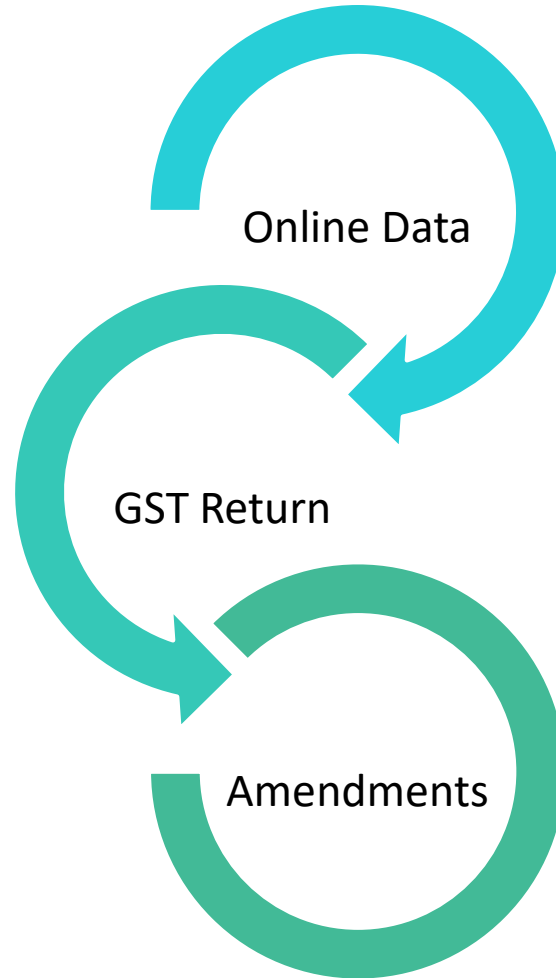
Issues with GSTR 9 and GSTR 9C and Potential Solutions

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(Date :23-12-2022)



OVERVIEW



Overview – Prerequisite



Annual Return

- GST Returns for FY 2021-22
- GST Returns for April 2022 to **November or October 2022**
- Adjustment of FY 2021-22 made in FY 2022-23
- **Financial Statement**



GST Audit

- Validation of GST legal position opted by taxpayer
- Reconciliation of GSTR-9 with Financial Statement
- Tax Audit or statutory Audit report
- Certification from Client

To discuss

Applicability

Key aspects
of GSTR-9

Key aspects
of GSTR-9C

Amendment
s to be
Considered
while filing if
GSTR-9 and
9C

Way
Forward





1. APPLICABILITY OF GST-9 AND 9C

Applicability

Annual Return

Mandatory only for taxpayers with aggregate annual turnover above Rs. 2 Cr.

NT - 47/2019 – CT

GST Audit

Applicable only to the registered persons having aggregate turnover above Rs. 5 Cr.

NT-16/2020-CT

Applicability – GSTR-9

Post Amendment 01-08-2021

44. 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:

- GSTR 9 format -Notification No. 39/2018 dated 04.09.2018

Applicability – GSTR-9C

Post Amendment 01-08-2021

- Section 35(5) of the CGST Act

~~(5) Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.~~

~~*Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.*~~

Omits subsection (5) of section 35. (NT-29/2021-CT-30-07-2021). Omission effective 01-08-2021

Applicability

- **Section 2(6) of the CGST Act**

“aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

- **Section 2 (47)**

“exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;



KEY ASPECTS OF GST R-9

Parts of Annual Return

Part I - Basics

Part II – Outward and Inward supplies details

Part III – ITC availed during FY 21-22

Part IV - Details of tax paid FY 21-22

Part V – Transactions of FY 21-22 declared in FY 22-23 (up to September return)

Part VI – Other information

PARTS –II Details of Outward and Inward supplies declared during the FY



Table 4

Transaction where GST is Payable (Advances, Inward and Outward)



Table 5

Transaction where GST is not payable (ZR, Supply to SEZ, Exempt, RCM, Nil rates, Non-GST)

Table - 4A to 4G (Outward and Inward supply where GST applicable)

Table 4 A to 4G

4A (Table 5, Table 7 and Table 9 and Table 10)	4B (Table 4A and Table 4C)	4C (Table 6A)	4D (Table 6B)	4E (Table 6C)	4F (Table 11A)	4G (Table 3.1(d)) (Table 4B)
Supplies made to un-registered persons (B2C)	Supplies made to registered persons (B2B)	Zero rated supply (Export)	Supply to SEZs on payment of tax	Deemed Exports	Advances on which tax has been paid but invoice has not been issued	Inward supplies on which tax is to be paid on reverse charge basis

Table 4 – Adjustment

Table 4

4I
(Table 9B)

4J
(Table 9B)

4K
(Table 9A and Table 9C)

4L
(Table 9A and Table 9C)

Credit Notes for
(B) to (E) above
(-)

Debit Notes For
(B) to (E) above
(+)

Supplies / tax declared
through Amendments (+)

Supplies / tax reduced
through Amendments
(-)

Table –5 Outward supplies on which tax is not payable and declared in the financial year

Table 5

5A (Table 6A)	5B Table 6A	5C (Table 4B)	5D (Table 8)	5E (Table 8)	5F (Table 8)
Zero rated supply (Export) without payment of tax	Supply to SEZs without payment of tax	Supplies on which tax is to be paid by the recipient on reverse charge basis	Exempted	Nil Rated	Non-GST supply

Table 5 – Adjustment

Table 5			
---------	--	--	--

5I
(Table 9B)

5J
(Table 9B)

5K
(Table 9B)

5L
(Table 9B)

Credit Notes for
(A) to (F) above
(-)

Debit Notes For
(A) to (F) above
(+)

Supplies / tax declared
through Amendments (+)

Supplies / tax reduced
through Amendments
(-)

Key Highlights

Advance Received on July 21 and Invoice raised in the month of September 2021 in which table is to be disclosed?

In the month of March 22 invoice of 1 crore issued and credit note for the same is issued in April 22.

Credits in expenditure account like recovery of telephone expenses from employee

Disclosure of credit note of export with payment of GST and credit note without payment of GST

Whether error in outward supply can be corrected?

PARTS –III Details of ITC for FY

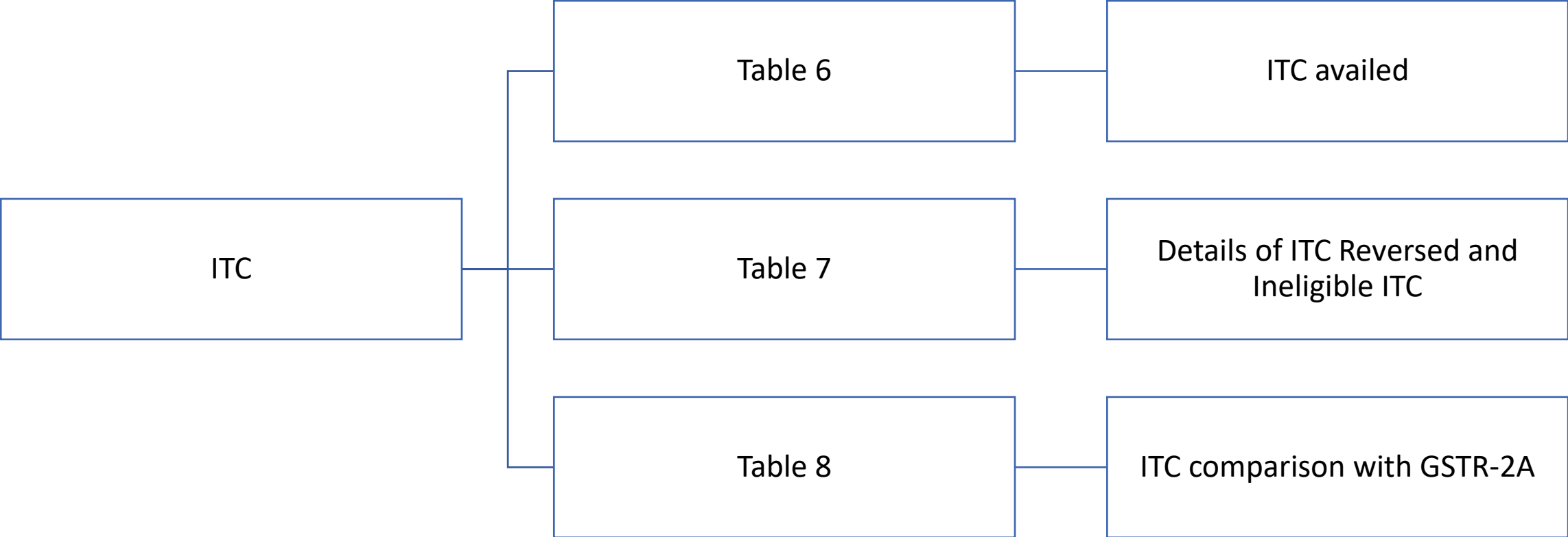


Table 6 – ITC availed

Total amount of ITC (6A) (Auto- populated from 3B)						
6B Table 4(A)(5)	6C Table 4(A)(3) of FORM GSTR-3B	6D Table 4(A)(3)	6E (Table 4(A)(1))	6F	6G	6H
Inward supplies	Inward supplies of URD liable to RCM (other than B above)	Inward supplies from registered persons liable to RCM (other than B)	Import of goods (including supplies from SEZs)	Import of services (excluding inward supplies from SEZs)	Input Tax credit received from ISD	Amount of ITC reclaimed (other than B above) under the provisions of the Act

Table 6 –ITC availed

Table 6 (ITC Availed)

6K

6L

6M

Transition Credit through TRAN-I
(including revisions if any)

Transition Credit through TRAN-II

Any other ITC availed but not
specified above

Table 7 –ITC Reversed

Table 7 (ITC reversed and Ineligible ITC)

7A Table 4(B)	7B Table 4(B)	7C Table 4(B)	7D Table 4(B)	7E Table 4(B)	7F Table 4(B)	7G Table 4(B)	7H Table 4(B)
Rule 37 (180 days payment)	Rule 39 (ISD become -ve)	Rule 42 Common credit of input and input services	Rule 43 Common credit of Capital Asset	Section 17(5)	Reversal of TRAN-I credit	Reversal of TRAN-II credit	Other reversals (ITC-03)

Table 8 –Table 8 (Other ITC related information) ITC Lapsed Formula

Add/Less	Particulars	Remark
	Total ITC Aailed	Table 6
Less :	Reversal	Table 7
	Net ITC Available for Utilization	Table 7 (J)
Comparison (Table 8)		
	ITC as per GSTR-2A (Auto-Populated)	Table 8(A)
Less	ITC as per sum total of above 6(B) and 6(H)	Table 8(B)
Less	ITC on inward supplies received during 2020-21 but aailed during April to September, 2021	Table 8 (c)
	Difference	Table 8(D)
	ITC available but not aailed (out of D)	Table 8(E)
	ITC available but ineligible (out of D)	Table 8(F)

Table 8 –Table 8 (Other ITC related information) ITC Lapsed Formula

Add/Less	Particulars	Remark
	IGST paid on import of goods (including supplies from SEZ)	Table 8(G)
Less	IGST credit availed on import of goods (as per 6(E) above)	Table 8(H)
	Difference (G-H)	Table 8(I)
	ITC available but not availed on import of goods (Equal to I)	Table 8(J)
	Total ITC to be lapsed in current financial year (E + F + J)	

Table 9 –IV Details of tax paid as declared in returns filed during the FY

Payment of GST under Table 6.1 of
FORM GSTR-3B

Amount which offset during GSTR3B
(i.e. How much paid through cash and
credit.)

This table is **mandatory**. It is required to be filled on the basis of tax payable and paid as declared in GSTR-1 and GSTR-3B and Additional tax if any

Part V Transactions of previous FY declared in April to September of current FY

Table 10 -Optional Supplies / tax declared through Amendments (+) (net of debit notes)

(Table 9A, Table 9B
and Table 9C)

Table 11 -Optional Supplies / tax reduced through Amendments (-) (net of credit notes)

(Table 9A, Table 9B
and Table 9C)

Table 12 -Optional Reversal of ITC availed during previous financial year

[Table 4(B)]

Table 13 -Optional ITC availed for the previous financial year

[Table 4(A)]

Table 14 -Mandatory, Differential tax paid on account of declaration in 10 & 11 above
if any tax becomes

payable.

Part VI Other Information

H

Refund (Claimed, Sanctioned,
Rejected) and Demand
(Table 15) - **Optional**

Supplies Received from
Composition taxpayer, Deemed
supply (Job Work), Goods sent on
approval
(Table 16) - **Optional**

HSN Wise Summary of outward
supplies (Table 17)
(5N+10+11] – **Mandatory (21-22)**
**6 digit for above 5 Cr and 4 digit
up to 5 Cr**

HSN Wise Summary of Inward
supplies
(Table 18)
(May ask to align in future table 6
of the GSTR-9) - **Optional**

Late fee payable and paid
(Table 19)
Mandatory, wherever applicable
If annual return is filed late, this
table is required to be filled.

Case Studies – Outward Supply - GSTR-1 and GSTR-3B Difference

Sr. No.	Amount Disclosed in 21-22 Return		Amount Disclosed Pertaining to 21-22 in 22-23		Disclosure in GSTR-9
	<u>GSTR-1</u>	<u>GSTR-3B</u>	<u>GSTR-1</u>	<u>GSTR-3B</u>	
1.	Yes	Yes	NA	NA	?
2.	No	Yes	Yes	NA	?
3.	Yes	No	NA	Yes	?
4.	No	No	Yes	Yes	?
5.	No	No	No	NO	?

Case Studies –Outward Supply –Spill Over Transaction

No.	Amount Disclosed and GST paid Pertaining to 21-22 in 22-23							Disclosure in GSTR-9 21-22
	Books	20-21	Sept 2021	20-21 (GSTR-9)	21-22	Sept 2022	21-22 (GSTR-9)	
1.	100	80	20	0	100	-	Nil	?
2.	100	80	20	0	80	20	Nil	?
3.	100	80	20	0	80	10	10	?

Case Studies –Inward Supply

No	Particulars	Table
1.	ITC Claimed or reversed for 2021-22 shown in 3B filed for respective period	Table 6/ Table 7
2.	ITC availed up to Nov 22 in 3B pertaining to 21-22	Table 13
3.	ITC Reversed up to Nov 22 in GSTR 3B pertaining to 21-22	Table 12
4.	ITC Reversed in Annual Return	Table 7 and pay by DRC 03
5.	Whether ITC can be availed in GSTR- 9	No
6.	ITC availed is less than 2A	Lapse
7.	ITC availed in excess of 2A	Maintain reconciliation and Documents or reverse

Steps to prepare GSTR-9

Respective table from
GSTR-1

Compare with GSTR-3B

Give the effect of
amendments and
adjustments

Compare with
Financial Statement

Consider various
reports like tax audit
reports, TP reports etc

Documents issued
under GST Act and
rules thereunder like E-
Invoice, E-way bill etc



Key Cross Matching

Outward Supply

- Table 5N reconcile with GSTR-1 and GSTR-3B
- Table 5N and Table 10, Table 11 reconcile with books of account

Inward Supply

- ITC reconcile with GSTR-3B
- ITC reconcile with 2B

GST Payment

- Table 9 to be reconcile with liability payable as per Table 4



RCM Disclosure

RCM

RCM is applicable on certain services like legal services, GTA, Import of services etc.

Whether expenses are on GST under RCM is paid is reconciled with Financials

Whether RCM paid for Import of Services is reconciled with Notes to financial statement related to Foreign currency expenditure.

Key Transactions

Payment through Credit card

Online subscription charges

Expenditure outside India by
Employees/ Directors

Bank charges paid to Foreign bank

Case-1 Legal Provision - Section 16 (2) of the CGST Act,

16. Eligibility and Conditions for taking Input Tax Credit

*(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) ...

(b) ...

*(c) **subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and***

(d)....

Case-1 Para (g) of the Press release dated 3rd July 2019

- *“Reverse charge in respect of Financial Year 2017-18 paid during Financial Year 2018-19: Many taxpayers have requested for clarification on the appropriate column or table in which tax which was to be paid on reverse charge basis for the FY 2017-18 but was paid during FY 2018-19. **It may be noted that since the payment was made during FY 2018-19, the input tax credit on such payment of tax would have been availed in FY 2018-19 only.** Therefore, such details will not be declared in the annual return for the FY 2017-18 and will be declared in the annual return for FY 2018-19. If there are any variations in the calculation of turnover on account of this adjustment, the same may be reported with reasons in the reconciliation statement (FORM GSTR-9C).”*

Challenges

Whether ITC can be availed on GSTR-3B or GSTR-9?

How to report transaction in GSR-9 and 9C?

Availability of Input Tax Credit on delayed payment of RCM

Service Received	RCM Paid	ITC availed	Credit available? And Reporting
21-22	21-22	21-22	FY 21-22 '4G'
20-21	21-22	21-22	FY 21-22 4G
21-22	22-23	22-23	FY 22-23 4G
18-19	At Departmental Audit.	NA	?

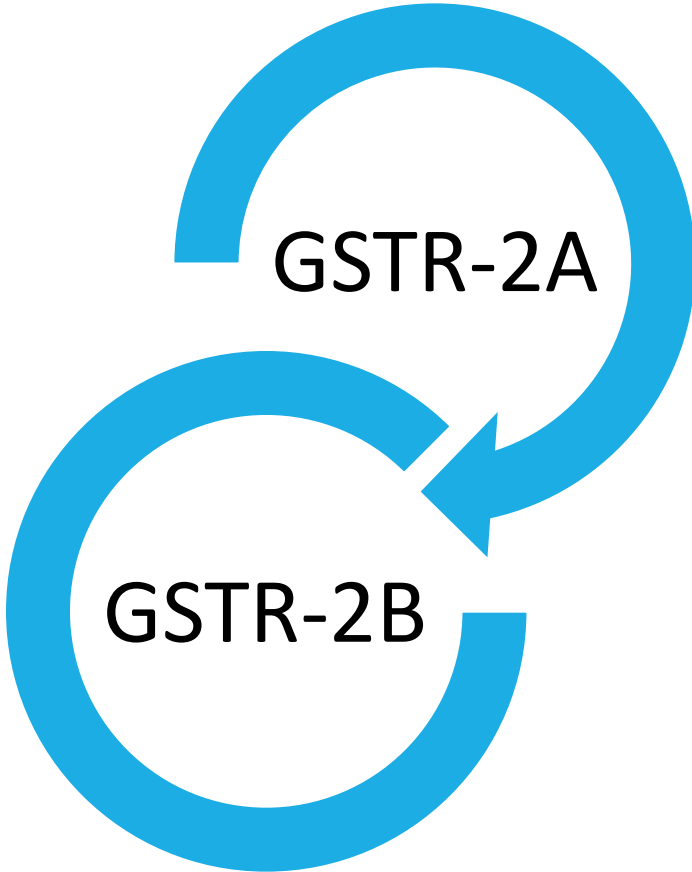


Changes in GSTR-9

Mandatory Reporting

No	Table Number	Earlier	Mandatory from FY 21-22
1.	GSTR-9 Table 4I to Table 4L	Credit note and Debit note net of allowed	Credit note and Debit note to be reported separately
2.	GSTR-9 Table 5D to Table 5F	Reporting of Exempted, Nil rated and non GST Supply	Non GST to be reported separately
3.	GSTR-9 Table 5H to Table 5K	Credit note and Debit note net of allowed	No Change
4.	GSTR-9 Table 6B to Table 6E	Breakup of ITC as inputs, capital Goods and Input Services or Report the entire ITC under the "inputs"	breakup of inputs and capital goods or report the entire remaining amount under the "inputs" row only. [From 19-20]
5.	GSTR-9 Table 17	Optional HSN wise summary of Outward Supplies	Mandatory

Key Highlights





KEY ASPECTS OF GST R-9C

Self Certification

Form GSTR-9C

Part A

Part B

Reconciliation Statement
(Part II to V)

Certification

Parts of Reconciliation Statement

Basic Details (1 to 4)

Reconciliation of turnover declared in Audited Financial Statement with turnover declared in Annual Return (Form GSTR-9) (5-8)

Reconciliation of Tax paid (9 to 11)

Reconciliation of Input Tax Credit (12 to 16)

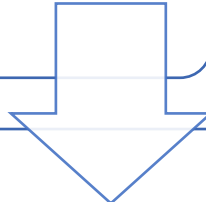
Additional Liability due to non-reconciliation



Scope of Reconciliation Statement

Scope of GST Reconciliation Statement

GSTR-9C is after the completion of other Audits (like Internal Audit, Statutory Audit, Tax Audit etc)

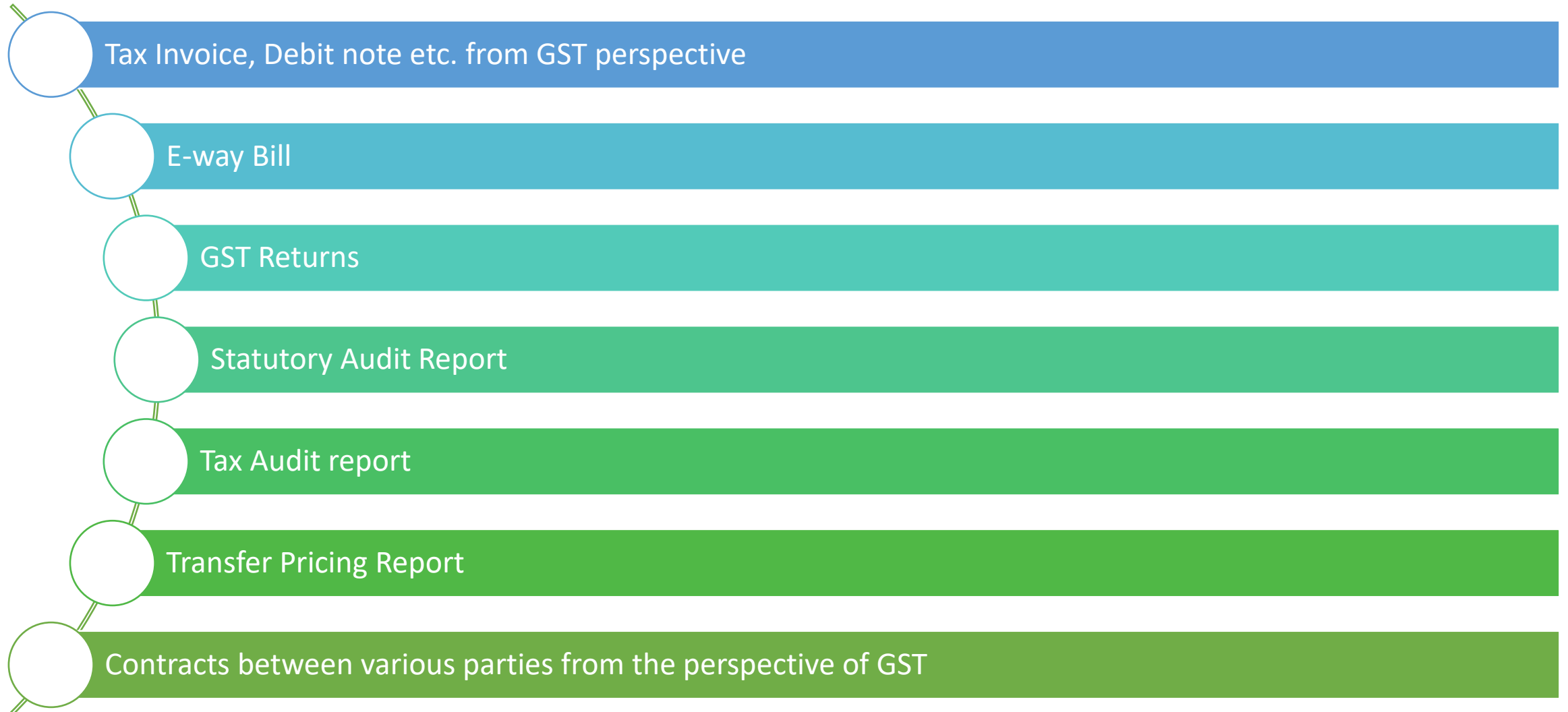


GSTR-9C is for examination to verify correctness and assess compliance



Scope at present only for reconciliation

Records which can be verified – Is Verification Essential?



Key Attention Required

Concessional GST rate
charged

Correctness of
exemption available

ITC availed in excess of
reflected in GSTR-2A

Related party
transaction

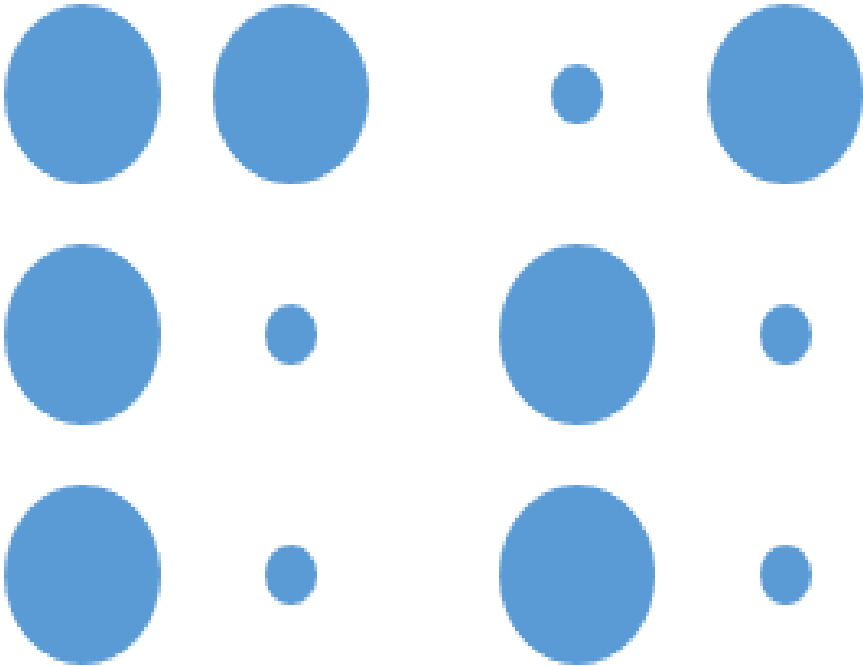
Contractual obligation
between employee and
employer

Transaction without
Consideration

Presence of entity in
other state

Correctness of E-way
bill Generated

Correctness of Refund
Claim



Supplies which are not recorded in the financials but included in taxable value

Section 7 of the CGST Act

(1) For the purposes of this Act, the expression “supply” includes—

*(a) all forms of supply of **goods or services** or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration **by a person** in the course **or furtherance of business**;*

(b) import of services for a consideration whether or not in the course or furtherance of business; and

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; and

~~*(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.*~~

(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section

(1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Supplies

Schedule –I Supplies

Recoveries like employee recovery

- Inputs and Capital Goods sent to job worker but not returned within the prescribed period

- Disposal of capital Assets

Documents which can be verified

Profit and Loss Account

- Notes forming part of the audited Annual Financial Statements

Fixed Asset Schedule

Credit entries in expense ledgers

Inventory records and Form ITC-04



How much it is
critical to issue a
proper documents
under GST?

Documents Prescribed under GST

Tax Invoice

Payment voucher

Receipt Voucher

Refund Voucher

Revised Invoice

Debit Note and Credit
Note

Delivery Challan

Bill of Supply

E-Way Bill

E- Invoice

E-way Bill Implementation

February 2018

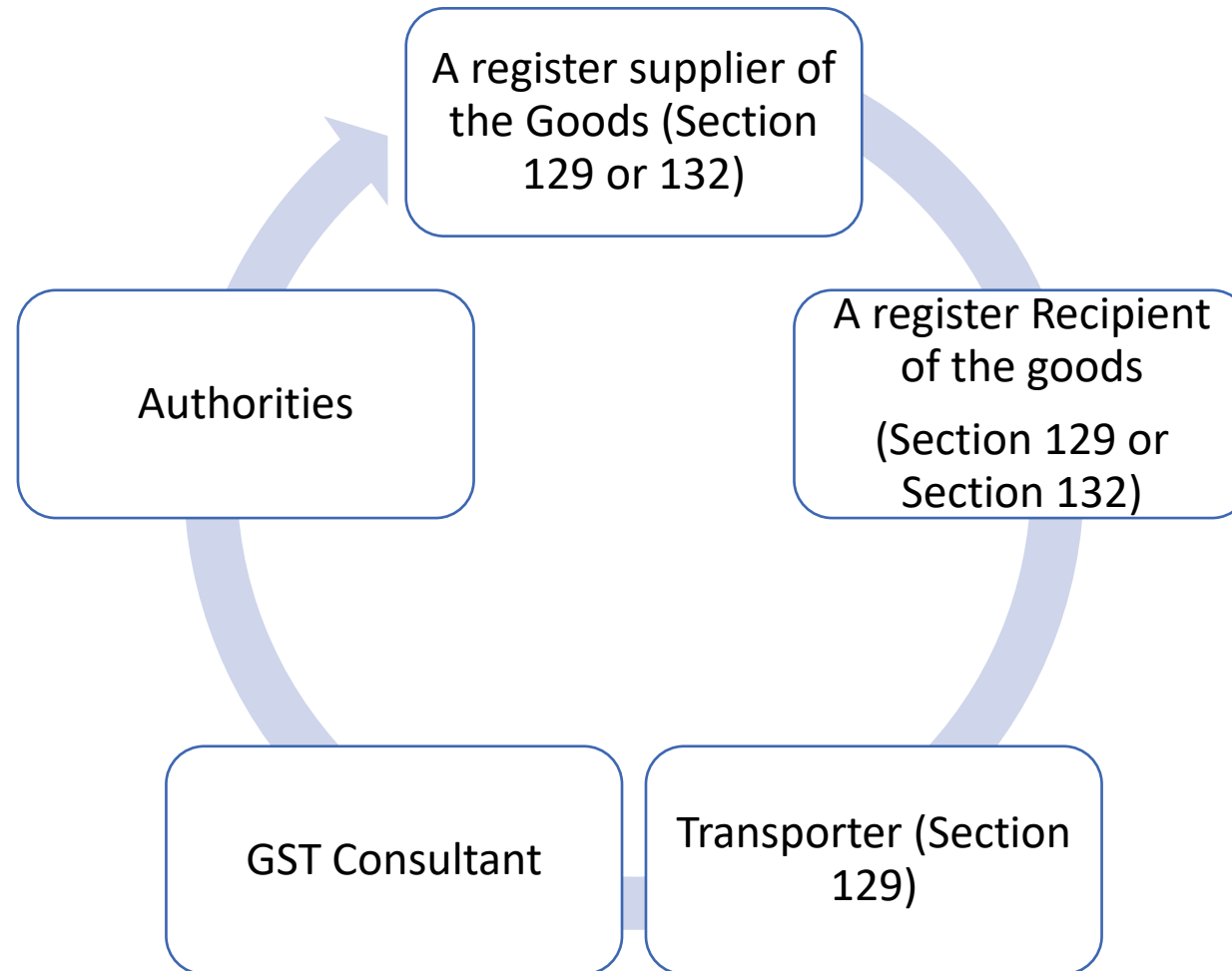
e-way bill portal was launched however due to
system crash postponed



1st April 2018

E-way bill implemented

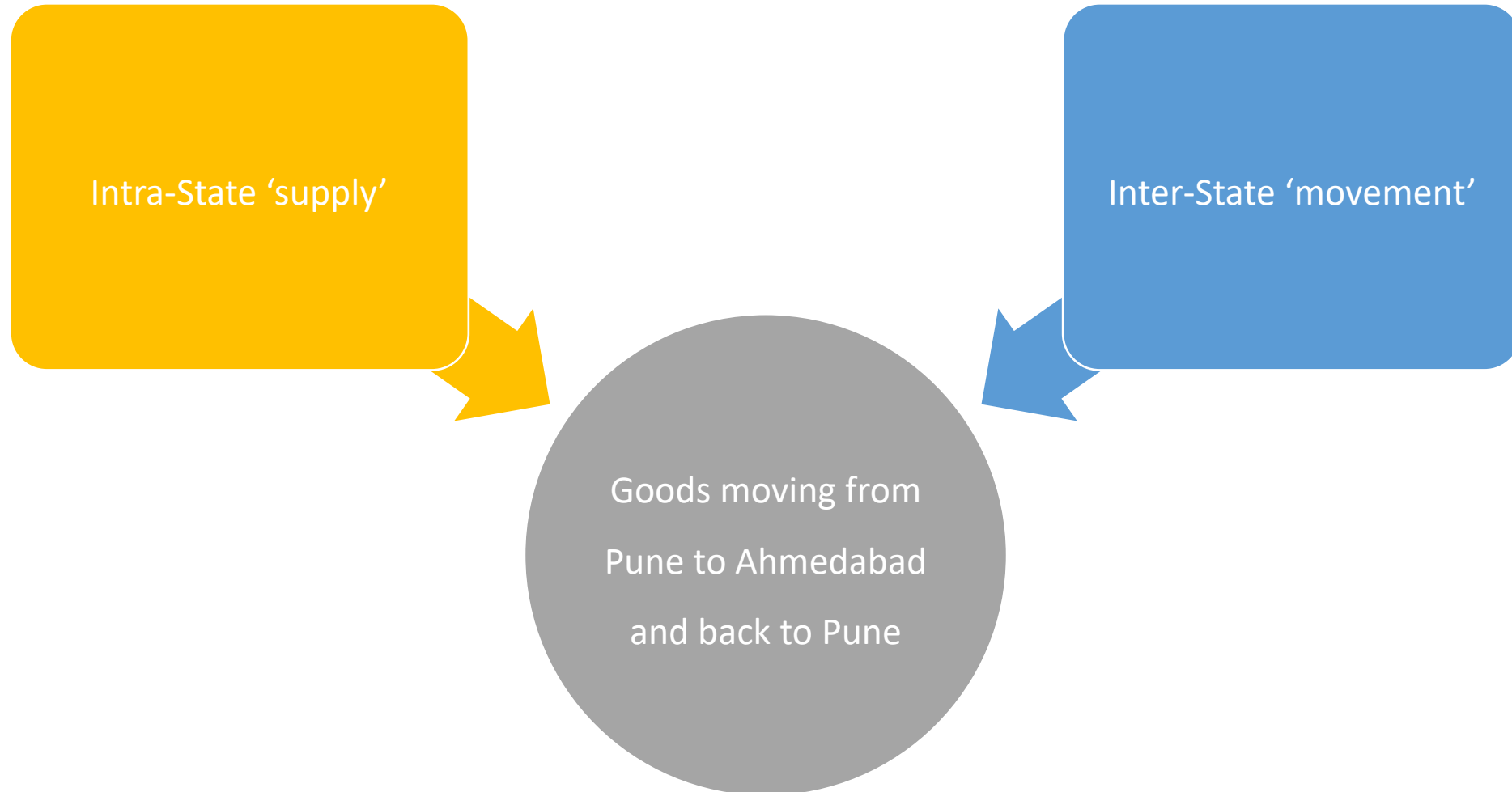
Why E-way bill is critical



Rule 138 –E-way Bill

- ***(1) Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees— (i) in relation to a supply; or (ii) for reasons other than supply; or (iii) due to inward supply from an unregistered person, shall, before commencement of such movement, furnish information relating to the said goods as specified in Part A of FORM GST EWB-01, electronically, on the common portal along with such other information***

Be Careful –If Exemption is availed?



E-Way Bill is critical for movement of Goods!

Citation	Judgement
Pragati Enterprises [2018 (12) G.S.T.L. 9 (All.)]	Wrong declaration of date in E-way Bill
TIME TO TIME LOGISTICS [2018 (11) G.S.T.L. 259 (All.)]	The non-filling of the vehicle number, address and name of the driver
GATI KINTETSU EXPRESS PVT. LTD [GATI KINTETSU EXPRESS PVT. LTD]	Failure to fill vehicle number in part B of E-way Bill

E-Way Bill is critical for movement of Goods!

Citation	Judgement
CATERPILLAR INDIA PVT. LTD. [2019 (27) G.S.T.L. 4 (Mad.)]	The facility for Extention of validity of E-way bill is not exercised [Rule 138(10)]
ASIANET DIGITAL NETWORK PVT. LTD.[2020 (32) G.S.T.L. 44 (Ker.)]	Difference in value in E-way Bill and Delivery Challan during transfer of stock liable to penalty to extent value not reflected
KANNANGAYATHU METALS [2019 (31) G.S.T.L. 391 (Ker.)]	Transit of goods by alternate way If there is an attempt at transportation contrary to the e-Way Bill, then penalty can be levied. In the instant case, there is no such indication.

E-way Bill Clarification-Circular No. 61/35/2018-GST

In case of given mistakes and/or error revised penalty to the tune of Rs. 500/- should be imposed

- Spelling mistakes in the name of the consignor or the consignee **but the GSTIN, wherever applicable, is correct;**
- Error in the pin-code but the address of the consignor and the consignee mentioned is correct, **subject to the condition that the error in the PIN code should not have the effect of increasing the validity period of the e-way bill;**
- Error in the address of the consignee to the extent that the locality and **other details of the consignee are correct;**
- Error in **one or two digits of the document number** mentioned in the e-way bill
- Error in 4- or 6-digit level of HSN where the first 2 digits of HSN are correct and the rate of tax mentioned is correct;
- Error in one or two digits/characters of the vehicle number



AMENDMENTS TO BE CONSIDERED
WHILE FILING IF GSTR-9 AND 9C

Amendments applicable from 01.01.2022

- Section 7 - Scope of Supply
- Section 16- ITC
- Section 75 – Recovery in case of GSTR-1 and 3B
- Section 83 – Recovery
- Section 74, 129, 130 and 107 – Stringent provisions for E-way bill non compliance
- Section 151 and Section 152 - Power to collect statistics and Bar on Sharing Information

Amendment in GST Law



- Change in GST Rate – Works Contract
- Shifting of GST liability – Restaurant to E-Commerce
- GST Return can get blocked
- Authentication of the Aadhaar number for Prescribed Scenario

Other Changes



Amendment – Section 7 - Inserted

*“(aa) **the activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.***

*Explanation.—For the purposes of this clause, it is hereby clarified that, **notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;**”.*

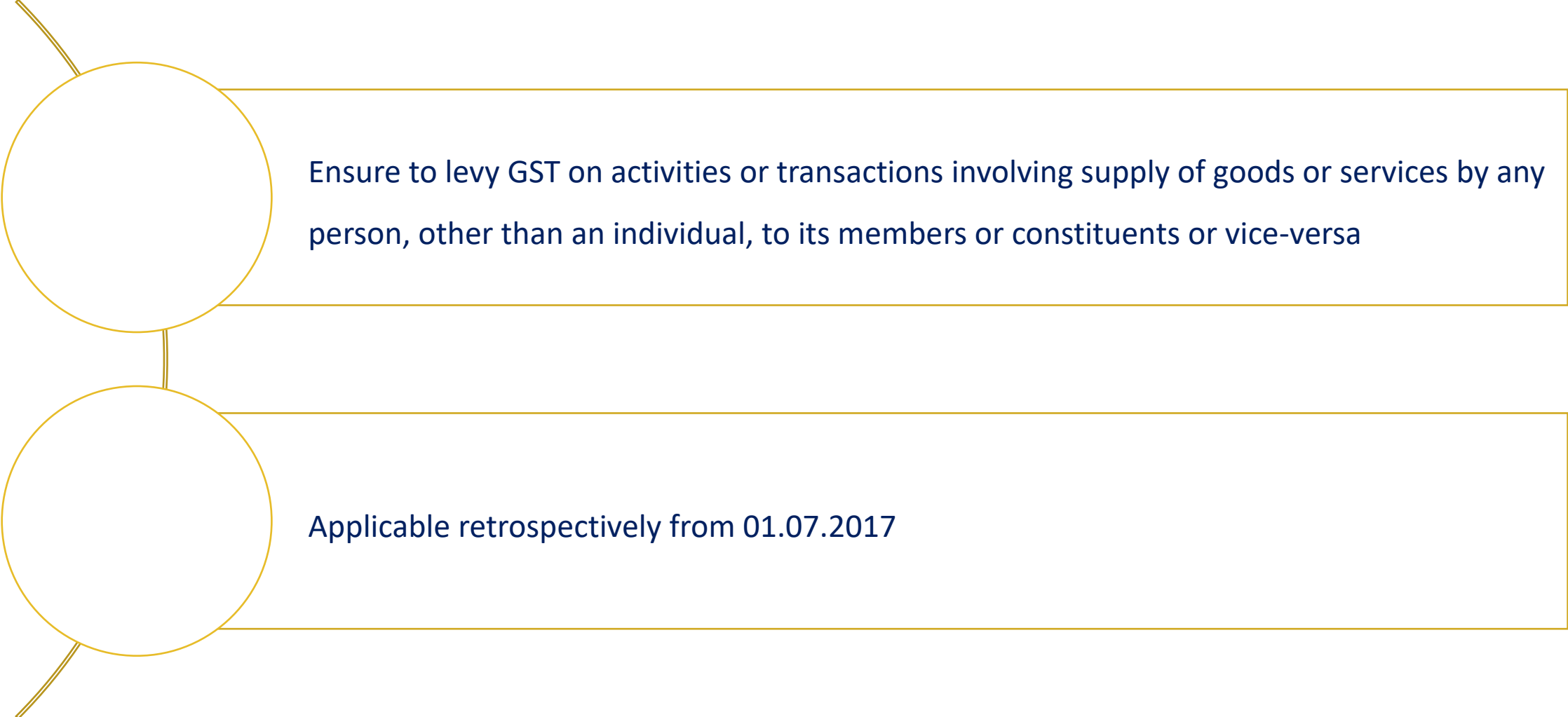
Amendment – Schedule II – Omitted

~~“7.—Supply of Goods~~

~~The following shall be treated as supply of goods, namely:—~~

~~Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.~~

Analysis of amendment



Ensure to levy GST on activities or transactions involving supply of goods or services by any person, other than an individual, to its members or constituents or vice-versa

Applicable retrospectively from 01.07.2017

Rational

The question was whether mutuality will prevail under GST

Calcutta Club (2019-TIOL-449-SC-ST-LB) can be taken wherein Apex Court has confirmed the concept of mutuality.

Challenges



What about the taxpayer who opted position based on Apex court Judgment



Whether retrospective amendment can be challenged ?



Whether Judgment can be overruled?



Amendment to

Section 16

ITC Available only

if reflected in 2B

Analysis of amendment

One more condition for eligibility of ITC – Section 16(2)

- a. Possession of Tax Invoice or debit note
 - aa. Detail of Invoice or debit note has been furnished by supplier in GSTR-1 and Communicated
- b. Goods or Services or both should be received.
- c. GST paid to the Government
- d. Furnished Return

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;***

Path towards restrictions

July 2017 to September 2019

- ITC as per GSTR-2A is available (Although alternatively credit may be claimed as per books)

October 2019 to December 2019

- ITC as per GSTR-2A and 20% of eligible ITC can be availed on provisional basis

January 2020

- ITC as per GSTR-2A and 10% of eligible ITC can be availed on provisional basis

Path towards restrictions

February 2020 to March 2020

- ITC allowed as per books but applicability of 10% of eligible ITC deferred till August 2020

February 2020 to December 2020

- ITC as per GSTR-2A and 10% of eligible ITC can be availed on provisional basis

January 2021 to December 2021

- ITC as per GSTR-2A and 5% of eligible ITC can be availed on provisional basis

Path towards restrictions

January 2022 onwards

- Available only if reflected in GSTR-2B

Amendment Rule 36(4) of CGST Act

Noti No. 40/2021 – CT

- *(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.***

Challenges

Continuous changes leads to numerous reconciliation!

Whether every credit is getting reflected in GSTR-2B ?

Credit of this month may get postponed to next month if supplier file GSTR-1 after due date.

What if not reflected on account of system glitches

What is inadvertent error while filing of GSTR-1 by the supplier

Challenges

What if invoices uploaded after last date of availment of ITC?

Can now ITC not been uploaded by the vendor can be availed and challenged in the court of law?

Whether recipient has power to ensure comply the law applicable to third party?

What about inadvertent error by the recipient like incorrect GSTN disclosure etc.

What if credit note issued by the supplier inadvertently?

Whether non-position of tax invoice (like bank charges) lead to denial of credit even reflected in GSTR-3B



Amendment w.r.t

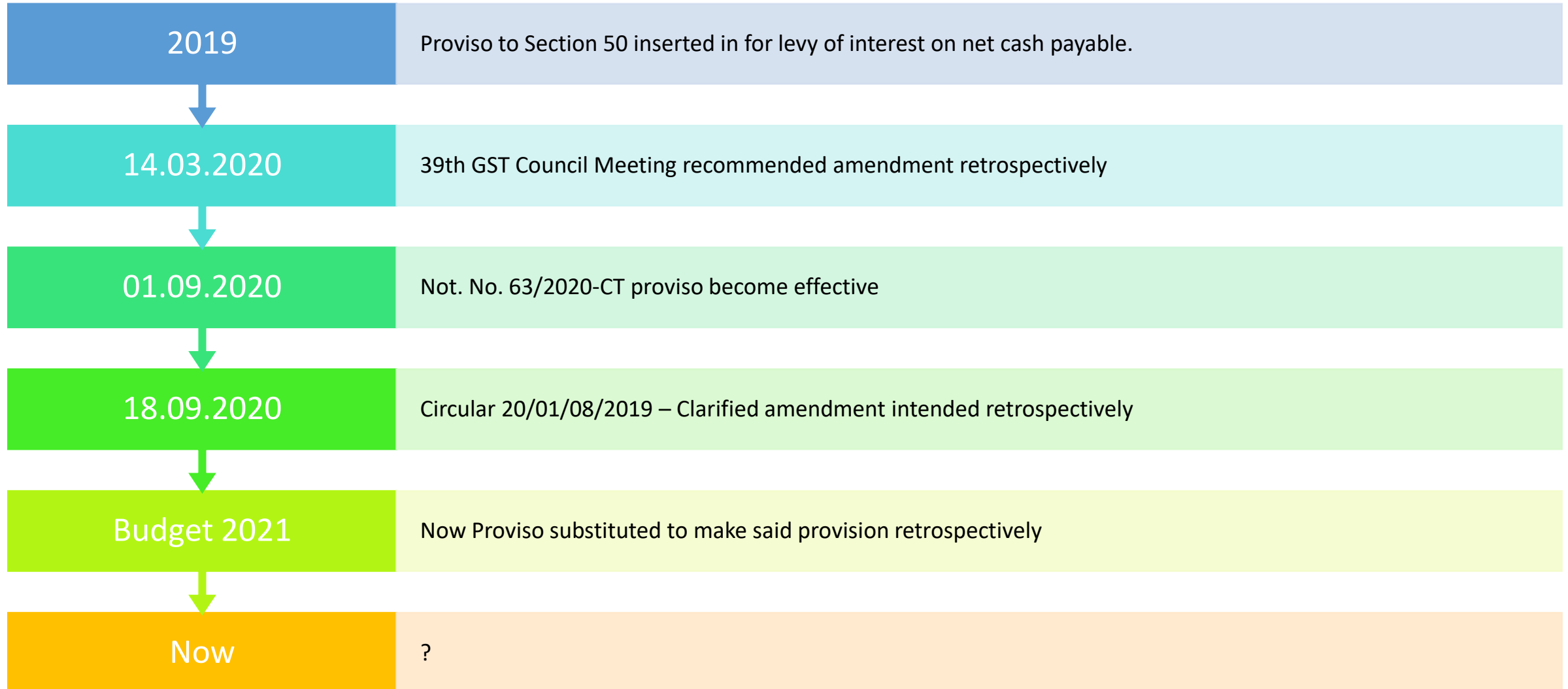
levy of interest

[Not. No.09/2022-

CT and Not.

No.14/2022-CT]

Interest Saga



1. Amendment in Section 50

Amendment

- Amendment of Section 50(3) of the CGST Act

Earlier

- *(3) A taxable person who makes an **undue or excess claim of input tax credit** under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four per cent., as may be notified by the Government on the recommendations of the Council.*



1. Amendment in Section 50

Now

- *(3) Where the input tax credit has been **wrongly availed and utilised**, the registered person shall pay interest on such **input tax credit wrongly availed and utilised**, at such rate not exceeding twenty-four per cent, as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.*



Amendment in Notification

Amendment

- Seeks to amend notification number G.S.R. 661(E), dated the 28.06.2017

Finance Act 2022

- Proposed to notify rate of interest under section 50 (3) of the CGST Act as 18%, retrospectively, with effect from the 1.07.2017.

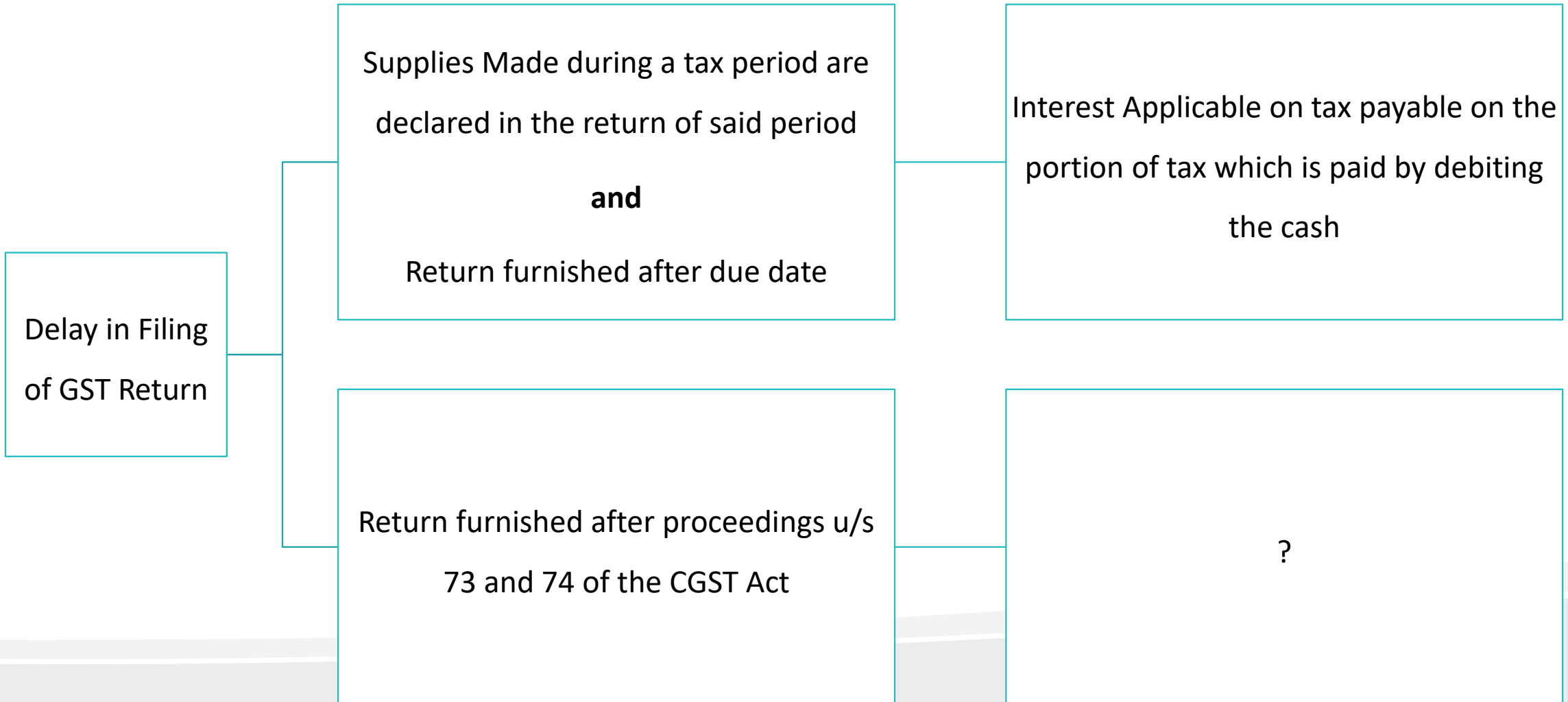
Not. No.09/2022-CT

- Appoints the 5.07.2022 as date to notify date on which section notified

Notification 14/2017

- Rule 88B inserted w.e.f 01.07.2017

Amendment in Rules – Not. No 14/2022-CT



Amendment in Rules – Not. No 14/2022-CT

Cases where amount
of ITC wrongly availed
and utilised

Interest is to be calculated on the amount of interest wrongly availed and utilised, for the period starting from the date **of utilisation till the date of reversal of such credit or payment of tax**

What is the date from which interest is to be computed? (Refer Explanation)

If payment of Tax – Due date or Date of filing of return 

Other cases –Date of Debit in Credit ledger



Key Highlights

What about retrospective
Period? (w.e.f 1.07.2017)

Provide for levy of interest
only on ITC wrongly availed
and utilized but what about
penalty

What about balance in SGST
but not in CGST and vice
versa?

What if liability of March
disclosed in the month of
May?

What if there is increase
and/or decrease in electronic
credit ledger?



Other

Amendments to
be considered

Other changes

Change in GST Rate – Works Contract
Composite supply of work contract
services to Governmental authority
or Government entity taxable @ 18%.

Changes in GST rate of certain goods
and services like

- Footwear 5% to 12%
- Zomato, Swiggy etc 5%

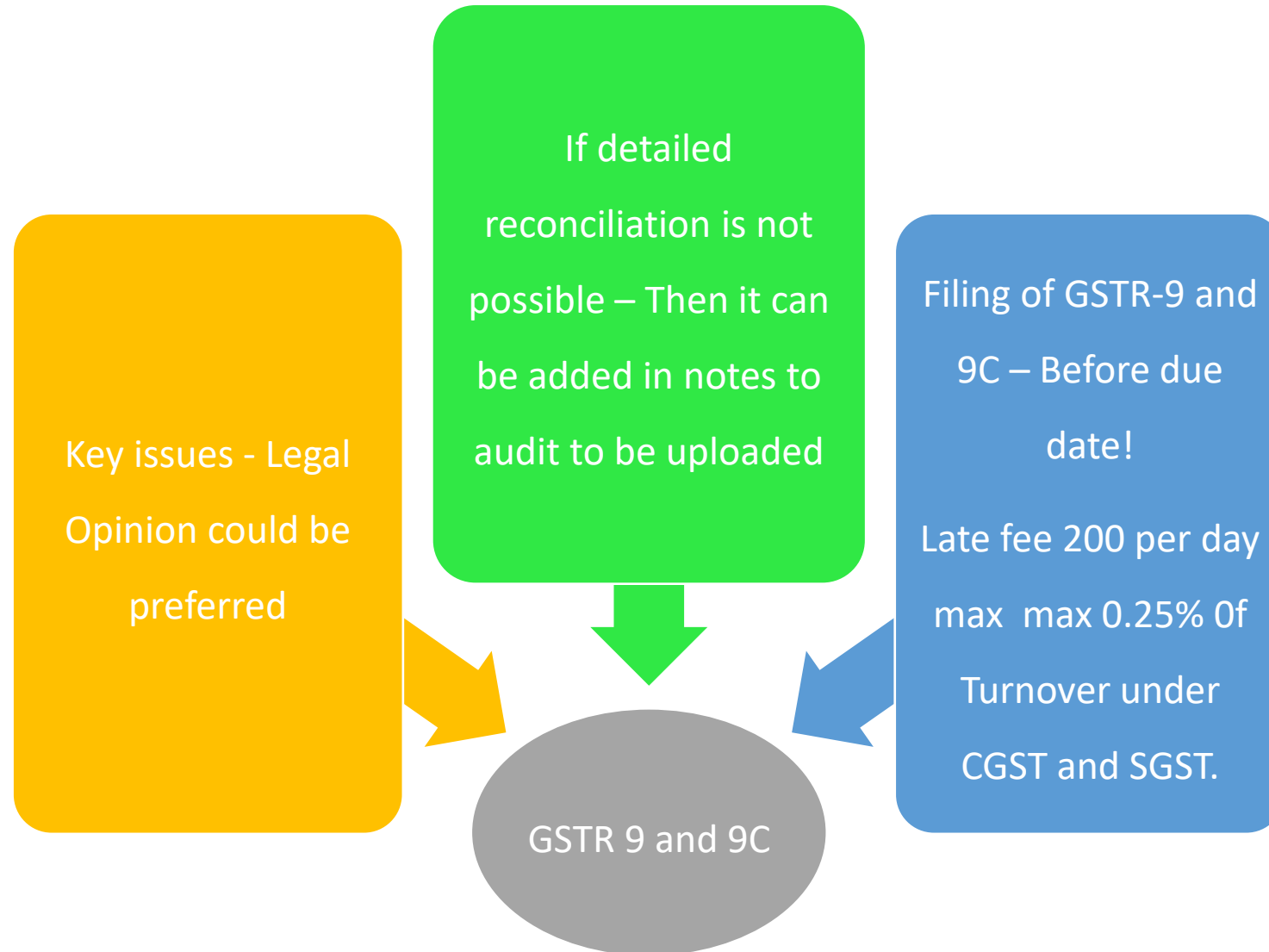
E-invoicing is mandatory for
taxpayers having aggregate turnover
exceeding Rs. 50 Cr w.e.f 01st April
2021.

Extended Due dates of GSTR-1 and 3B
for interest and late fee computation



Way Forward

Way Forward





THANK YOU



Firm

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