

# **Handbook on GST Annual Return**



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)  
New Delhi

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First Edition : May, 2019  
Committee/Department : GST & Indirect Taxes Committee  
E-mail : [gst@icai.in](mailto:gst@icai.in)  
Website : [www.icai.org](http://www.icai.org); <https://idtc.icai.org/>  
Price : ₹ 225/-  
ISBN : 978-81-8441-957-3  
Published by : The Publication Department on behalf of the Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi - 110 002.  
Printed by : Sahitya Bhawan Publications, Hospital Road, Agra - 282 003.  
February/2018/P2226

## Foreword

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The submission and processing of return is an important link between the taxpayers and tax administration. Section 44 of the Central Goods & Services Tax (CGST) Act, 2017 stipulates that every registered person shall furnish an annual return for each financial year. Annual return is a consolidation of returns filed i.e. GSTR 1 and GSTR 3B, by the taxpayer for the financial year. It will contain details of inward and outward supply along with tax payments with an option to report additional liability, if any.

GST annual return filing is mandatory for all entities having GST registration, irrespective of turnover during the financial year. Hence, even businesses that have obtained GST registration and having even NIL turnover must file annual return. GST registration holder who has obtained the registration anytime before 1st April 2018 are required to file GST annual return for the financial year 2017-18 on or before 30th June 2019 in form GSTR 9 notified by the CBIC which contains VI Parts and 19 Tables and similarly GSTR-9A for composition dealer.

Being a partner in GST Knowledge Dissemination, the GST & Indirect Taxes Committee of ICAI has come out with this publication namely "**Handbook on GST Annual Return**" which contains the detail analysis of Form GSTR-9 and GSTR-9A in a comprehensive manner for each table of the forms. I appreciate the efforts put in by the Chairman, Vice-Chairman and other members of the GST & Indirect Taxes Committee of ICAI for undertaking this tedious task and coming out with this Handbook.

I hope this publication will be beneficial to all the readers and assist them in their professional endeavours.

Date: 30.05.2019

Place: New Delhi

**CA. Prafulla P. Chhajer**

President, ICAI



## Preface

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The Goods and Services Tax was introduced in July, 2017 by replacing 17 Central and State taxes, which enable the removal state border virtually and creation of common market. Since then the tax payers have been filing monthly/quarterly return reporting therein inward and outward supplies made by them and taxes paid thereon. Every registered taxpayer under GST, now are required to file Annual Return for the period 1st July, 2017 to 31st March, 2018 by 30th June, 2019 in Form GSTR 9/9A depending on whether they are regular dealers or composition dealers.

The Institute of Chartered Accountant of India has been regularly supporting the Government, its members and other stakeholder by disseminating GST knowledge through its technical publications, Certificate Course, programme and conferences. The effort of the Institute has recently been recognised by the Goods and Services Tax Network which felicitated the Institute on the occasion of its foundation day on 5th April, 2019 at New Delhi.

Now, considering the importance of filing of Annual Return to provide support and to help tax payers in filing their Annual Return for the first time, the GST & Indirect Taxes Committee of the Institute has brought out this **Handbook on GST Annual Return**. An attempt has been made to guide about each and every information sought in the Annual Return.

We are happy to acknowledge the support of CA. A. Jatin Christopher, CA. S. Venkatramani, CA. Gaurav Gupta and assistance provided by members of the Study Group in Kolkata and Chennai CA. D S Agarwala, CA. Gagan Kedia, CA. Vikash Kr. Banka, CA. Sahib Singh Chowdhary, CA. Abhishek Agarwal, CA. Madhulika Jain, CA. Anshuma Rustagi, CA. Amit Jain and CA. J. Purushothaman, CA. R Subramanian, CA. B Ganesh Prabhu, CA. Shankara Narayanan, CA. Viral, CA. J Murali, CA. Yashwanth, CA. G Subashini, CA. V.V Sampath Kumar and others members of the committee. I also appreciate the dedicated efforts of entire Secretariat of GST & Indirect Taxes Committee.

The users are welcomed to a professionalized learning experience in GST and are encouraged to provide suggestions for the improvement of this handbook at the link at [idthc@icai.in](mailto:idthc@icai.in).

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Date: 30.05.2019



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# Chapter 1

## Introduction to Annual Return

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Reference to the Central Goods and Services Act, 2017 (CGST Act, 2017), wherever stated, must be understood to mean and include the respective State Goods and Services Tax Act, 2017/ Union Territory Goods and Services Tax Act, 2017 (SGST Act, 2017 / UTGST Act, 2017) and wherever applicable, the Integrated Goods and Services Tax Act 2017 (IGST Act, 2017). While every care has been taken to include the relevant rules, certain portions may have to be read and understood along with rules framed with respect to the respective State / UT / IGST legislations.

### Introduction

GST is a value-added tax levied at all points in the supply chain, with credit for taxes paid on goods and/or services acquired for use in making the supply. It applies to both goods and services in a comprehensive manner. On a macro note, it may be said that GST is a mechanism which supports self-compliance wherein the assessee assesses the taxes payable by them. To ensure the correctness and veracity of the reported information, annual return and GST audit are required. It becomes essential to have counter checks and balances to ensure that there is no seepage of exchequer's revenue. GST principles embrace information technology and reduce the interaction with the tax administrators.

All entities having GST registration, except few specified categories of persons, are required to file GST annual return for every financial year irrespective of their turnover during the return filing period. Hence, even a dormant business that has obtained GST registration must file GST return.

### Legal provisions of GST Annual Return

In order to understand the gamut of the GST Annual return and its requirement, it would be relevant for us to understand the legal provisions relevant for GST Annual Return. Two important provisions which are relevant and important in this context are Section 44(1) of CGST Act, 2017 and Rule 80(1) of the CGST Rules, 2017.

Section **44(1)** requires that 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. However, the due date for filing of annual return for the period 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2018 has first been extended to 31<sup>st</sup> March, 2019 and then to June 30, 2019 vide Removal of Difficulty Order No.01/2018-Central Tax dated 11<sup>th</sup> December, 2018 and 03/2018-Central Tax dated 31<sup>st</sup> December, 2018 respectively.

In terms of Rule **80(1)** of the CGST Rules, 2017 “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 as specified under sub-section (1) of section 44 electronically in FORM GSTR-9 through the common portal either directly or through a Facilitation Centre notified by the Commissioner:

Provided that a person paying tax under section 10 shall furnish the annual return in FORM GSTR-9A.”

The government vide Notification No. 39/2018 on 4<sup>th</sup> September 2018 notified the Annual return form GSTR 9/9A, which has been further amended by Notification No. 74/2018 – Central Tax dated 31<sup>st</sup> December, 2018.

In terms of Rule 80(2), every electronic commerce operator required to collect tax at source under section 52 shall furnish annual statement in Form GSTR-9B.

#### **Points to Note on Annual Returns**

1. Nil Annual Return- A person registered under GST but having no transactions during the year is also required to file a Nil Annual Return. A person whose registration has been cancelled during the year is also required to file the Annual returns unless final return has been filed and cancellation completed before 31<sup>st</sup> March, 2018.
2. A Registered person who has opted in or opted out of composition is required to file both GSTR 9 & GSTR 9A for the relevant periods.
3. GSTR-9 does not allow for any revision after filing.
4. It is mandatory to file FORM GSTR-1 and FORM GSTR-3B for the FY 2017-18 before filing this return.
5. The exceptions to filing of the Annual return applies to the following category of registered persons:
  - Input Service Distributor
  - Tax deductor u/s 51
  - Tax collector u/s 52
  - Casual Taxable Person
  - Non-Resident Taxable Person
  - <sup>1</sup>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

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<sup>1</sup> Proviso inserted in Section 35(5) vide CGST Amendment Act, 2018 (With effect from 1.2.2019 vide N. No. 2/2019-CT dated 29.01.19

Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.

6. The declaration of the information in the Annual returns has multiple implications. Any incorrect information can attract tax demands, interest and penalties on the same, leave alone the long-term litigations that follow years later.
7. Liability identified during filing Annual Return can be deposited with Government using DRC-03 Form.

### Types of forms

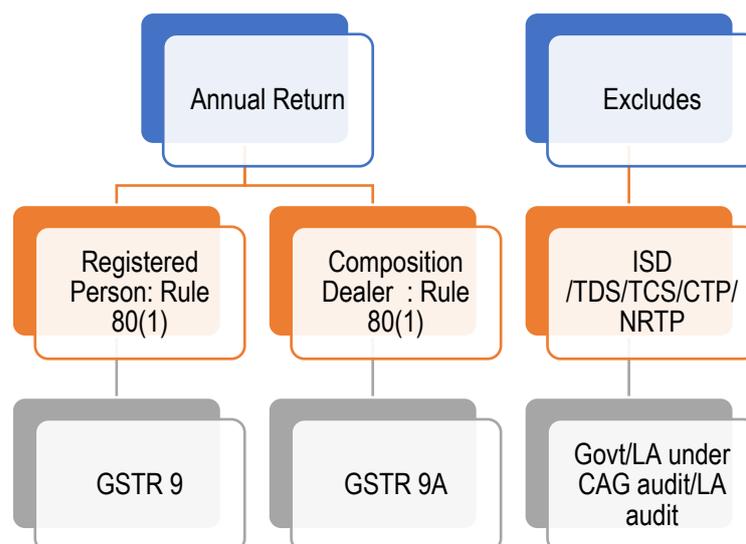
Following are the different annual return forms: -

**GSTR-9:** This form is to be filed by regular taxpayers registered under GST. It consists of details regarding advances, supplies made and received during the financial year under different tax heads i.e. CGST, SGST and IGST as well as details of outward supplies made during the financial year on which tax is not payable. Further, it also contains the details of ITC availed and reversed, taxes payable and paid, transactions reported in next financial year, particulars of demands and refunds, HSN wise details of outward and inward supplies etc. It consolidates the information furnished in the monthly or quarterly returns during the year.

**GSTR-9A:** This form is to be filed by taxpayers registered under GST's composition scheme. It is a summary of all quarterly returns previously filed by the composition taxpayer. (Proviso to Sub Rule (1) of Rule 80)

**GSTR-9B:** This form is to be filed by e-commerce operators who have filed GSTR-8 during the previous financial year. It is basically an annual statement. (Sub-Rule 2 of Rule 80 - Form Not yet notified)

### Summary



Here, ISD: Input Service Distributor, CTP= Casual Taxable Person, NRTP= Non-Resident Taxable Person, LA= Local Authority

### **Consequences of failure to submit the annual return**

#### **1. Notice to defaulters**

Section 46 of the CGST Act provides where a registered person fails to furnish a return under section 39 or section 44 or section 45, a notice shall be issued requiring him to furnish such return within fifteen days in such form and manner as may be prescribed.

#### **2. Late Fee for delayed filing**

Section 47(2) of the CGST Act provides for levy of a late fee of Rs. 100/- per day for delay in furnishing annual return in Form GSTR 9, subject to a maximum amount of quarter percent (0.25%) of the turnover in the State or Union Territory. Similar provisions for levy of late fee exist under the State / Union Territory GST Act, 2017.

On a combined reading of Section 47(2) and Section 44 (1) of the CGST Act, 2017 and State / Union Territory GST Act, 2017 a late fee of Rs.200/- per day (Rs. 100 under CGST law + Rs. 100/- under State / Union Territory GST law) could be levied which would be capped to a maximum amount of half percent (0.25% under the CGST Law + 0.25% under the SGST / UTGST Law) of turnover in the State or Union Territory.

#### **3. General Penalty for Contravention of Provisions**

As per section 125, any person, who contravenes any of the provisions of this Act or any rules made there under for which no penalty is separately provided for in this Act, shall be liable to a penalty which may extend to twenty-five thousand rupees. An equal amount of penalty under the SGST/UTGST/IGST Act would also be applicable. To sum up a penalty of up to Rs.75,000/- could be levied.

It is important to note that to impose penalty under section 125 upto Rs. 25,000, the ingredients such as willful default, etc., must be established and by a process of adjudication allowing reasonable opportunity to the taxable person and not imposed as a matter of routine.

### **Conclusion**

The GST Annual Return being mandatory, it would be pertinent to understand the various elements of the Form. In order to assist the readers in filling the form a detailed analysis of the form is presented in the ensuing chapters.

## Chapter 2

# Analysis of GSTR-9

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SI No	Basic Details	GSTR 9	GSTR 9C
GSTR		9	9C
Rule		80	80(3)
Heading		Annual Return	Part A – Reconciliation Statement
Pt. 1			
1	Financial Year		
2	GSTIN	<Auto>	
3A	Legal Name	<Auto>	<Auto>
3B	Trade Name (if any)	<Auto>	<Auto>

### Introduction

GSTR 9 is the relevant form prescribed in terms of Section 44 of the CGST Act. It consists of six parts and nineteen tables as listed below:

**PART I:** Basic Details

**PART II:** Details of Outward and inward supplies made during the financial year

**PART III:** Details of ITC for the financial year

**PART IV:** Details of tax paid as declared in returns filed during the financial year

**PART V:** Particulars of the transactions for the previous FY declared in returns of April to September of current FY or up to date of filing of annual return of previous FY whichever is earlier.

**PART VI:** Particulars of Demands & Refunds.

It may be noted that Usage of the term previous financial year, Current financial year used in the forms 9, 9A and 9C gives different views at different places. Hence this publication use the following terms:

**Reporting Financial year:** This will refer to the financial year for which Annual return and audit report is prepared.

**Subsequent Financial year:** This will refer to the financial year subsequent to the financial year for which annual return and Audit report is prepared.

**Previous Financial Year:** This will refer to the financial year previous to the financial year for which the Annual return and audit report is prepared.

The GSTN portal provides the option to download system computed summary of Form GSTR 9, GSTR-1 and GSTR 3B. As the downloaded summary is a consolidation of monthly returns, the consolidated figures of the taxable value, liabilities etc. as per the monthly returns are displayed. However, the auto populated data fields are EDITABLE, except the field in Table 6A & Table 8A of Part III of GSTR 9.

The benefit of editing system computed GSTR 9 allows the assessee to enter the actual value of supplies, tax paid etc., as per books of accounts. This enables the registered person to correct the value and the liability for the reporting financial year. The registered person can pay any additional liability arising out of this GSTR-9, through DRC-03 by cash ledger only.

It is important to note here that GSTN is providing data from GSTR-1 for reference purpose only which may be used while filing this form. This form would be filled primarily on the basis of financial year, in which taxes paid and ITC availed in 3B.

### **Analysis**

#### **PART-1 - Sl. No. 1: Financial Year**

Part I seeks to capture the basic details of the Registered Person. It is important to understand the meaning of the expression “financial year” in the context of the first year of GST regime, because the GST laws came into operation on the first day of July 2017. For all intents and purposes, for the financial year 2017-18, the GST Laws stood applicable only for nine months commencing from July 2017 to March 2018.

#### **Part 1 - Sl. No. 2: GSTIN**

- (i) GSTIN means the “Goods and Services Tax Payer Identification Number” of the tax payer or the Registered Person. Each taxpayer, on his successful registration would be assigned a State-wise PAN based 15-digit GSTIN. It is an auto-populated field.

#### **Part 1 - Sl. No. 3A and 3B: Legal Name and Trade Name**

The legal name and trade name should be verified by examining the certificate of registration issued by the tax department in Form GST REG – 06. Similarly, if the Registered Person is a company registered under the Companies Act, 2013, the legal name / trade name can be verified with the Certificate of Incorporation and in case of partnership firm by the certificate issued by the Registrar of Firms. Legal Name and Trade Name is auto populated in online utility.

**Part II****INTRODUCTION TO PART II****Introduction**

Part II of GSTR 9 requires reporting of details of outward supplies divided into two parts:

1. Details of outward supplies on which tax is payable (Table 4 i.e T4)
2. Details of outward supplies on which tax is not payable (Table 4 i.e T5)

The point for discussion is – At the time of preparation of GSTR 9, whether the details required to be reported at Part II should be from:

1. Details reported in the GSTR 1; or
2. Details reported in the Form 3B

Instruction no. 4 of the revised notified form provides that all the supplies for which payment has been made through Form GSTR-3B between July to March 2018 shall be declared in this part. Therefore, this Form will be filled according to the taxes paid in Form 3B i.e if tax has been paid in FY 2017-18 then it shall be reported in part II, T4 and it has been paid in 2018-19 then it shall be reported in Part V, T10. Further, outward supplies that have been omitted to be reported in any of the returns where outward supplies were required to be reported will also be reported in Part II, T4 and taxes now discharged through DRC 03. Hence, 'source data' for GSTR 9 appears to be a 'hybrid' of GSTR 1/3B and books such that all admitted transactions need to find place in GSTR 9.

Reference may also be made to Scenario 1 under the Illustration List to appreciate the implications and disclosure requirements under various circumstances.

The above manner of disclosure applies to all the information cells in Part II, Sl. No 4 and Sl. No 5 except the disclosure of RCM for which the basis is data from GSTR 3B.

**Illustrations***Scenario 1 – Errors of Omission / Commission*

Document Type	Document Date	Reported in GSTR 1 in the return for the month of	Reported/ Adjusted in Form 3B	Amendment filed in GSTR1 in the return for the month of	To be Reported in GSTR 9 at
Invoice	05/07/2017	July 2017	July 2017	No amendment	Part II – T No 4
Invoice	05/07/2017	September 2017	September 2017	No amendment	Part II – T No 4

Invoice	05/07/2017	April 2018	April 2018	No amendment	Part V – T No 10
Invoice	05/07/2017	July 2017	July/Sep 2017	September 2017	Part II – T No 4
Invoice	05/07/2017	September 2017	Sep/April 2018	April 2018	Invoice - Part II – T No 4 Amendment to Invoice - Part V – T No 10
Credit Note	31/12/2017	December 2017	Dec 2107	No amendment	Part II – T No 4I
Credit Note	31/12/2017	March 2018	March 2018	No amendment	Part II – T No 4I
Credit Note	31/12/2017	April 2018	April 2018	No amendment	Part V – T No 11

*Scenario 2 – Delay in filing of returns*

Document Type	Document Date	Reported in GSTR 1 in the return for the month of	Reported in the Form 3B	Month in which return is filed	To be Reported in GSTR 9 at
Invoice	05/07/2017	July 2017	July 2017	July 2017	Part II – SI No 4
Invoice	05/07/2017	July 2017	July 2017	April 2018	Part II – SI No 4
Invoice	05/07/2017	July 2018	July 2017	December 2018	Part II – SI No 4

**Basic Instruction**

1. Instruction no. 2 provides that “It is mandatory to file all your **FORM GSTR-1** and **FORM GSTR-3B** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 are to be provided in this return. “

2. Instruction no. 3 provides that “It may be noted that additional liability for the FY 2017-18 not declared in **FORM GSTR-1** and **FORM GSTR-3B** may be declared in this return. However, taxpayers cannot claim input tax credit unclaimed during FY 2017-18 through this return.”

## Analysis of Part II of GSTR-9

### Introduction to Part II

Part II of Form GSTR 9 seeks to capture details of Outward Supply and Inward Supply made during the reporting financial year. The heading detail of Part II was amended as "Supplies made during the Financial Year" by a registered person. As per the amended format of GSTR 9 the information needs to be gathered from invoice(s) dated 2017-18 issued in books of accounts and accordingly taxes paid. The same is also evident from Instruction given supra. Transactions relating to 2017-18 where supply is involved but invoice is not issued will not appear in GSTR 9 but as an outcome of reconciliation (discussed in chapter on GSTR 9C).

Table 4 captures the total outward taxable supplies made during the reporting financial year including advance received and inward supplies on which tax is payable under reverse charge.

The instruction no. 3 provides that any additional tax liability of FY 17-18, which has not been discharged till date i.e either in FY 17-18 or FY 18-19 (subsequent period) may be declared in this return through DRC-03 (and selecting the option of annual return in DRC-03). Therefore, it is implied that any supply made and invoice issued but totally omitted to be reported in GSTR 3B and /or GSTR-1 (up to due date of filing returns for March 2019) for which tax has not been paid shall also be included in this table.

Based on the above understanding, a **tabular illustration** of difference situations are explained below:

S.N	FY 2017-18			FY 2018-19		(Remarks) & Disclosure in GSTR-9
	Books of Accounts	<u>3B</u>	<u>GSTR-1</u>	<u>3B</u>	<u>GSTR-1</u>	
1	1,000	1,000	1,000	Nil	Nil	(That is no error in FY 17-18) Show Entire 1,000 in <b>Table 4</b>
2	1,000	800	800	200	200	(That is the error has been rectified in subsequent year) Show 800 in <b>Table 4</b> &

						200 in <b>Table 10</b>
3	1,000	800	800	Nil	Nil	<p><i>(That is, the error has not been rectified in the subsequent year from Apr-18 to Mar-19)</i></p> <p>Show entire 1,000 in <b>Table 4</b>, nothing in Table 10 and in Table 9 – There shall be a shortfall between 'Tax Payable' and 'Tax paid' – which needs to be discharged through DRC-03.</p>
4	1,000	800	800	150	150	<p><i>(That is, the error of 200 has been partially rectified by 150 in subsequent period. Balance 50 still remains to be rectified)</i></p>

						<p>Show 850 in <b>Table 4</b> (800 as declared in FY 17-18 plus 50 which is yet to be rectified post Mar-19) and show 150 in <b>Table 10</b> which is rectified in FY 18-19.</p> <p>Liability of Table 10 (150) will be shown as paid in <b>Table 14</b>. Whereas liability of Table 4 (850) will be shown as paid to the extend of 800 in <b>Table 9</b>. Again, the balance 50 needs to be discharge through DRC-03.</p>
5	1,000	1,000	800	0	200	<p>(That is in FY 17-18, GSTR-3B was filed correctly whereas there was a short</p>

						<p>reporting in GSTR-1. The same is rectified in FY 18-19 by reporting the same in GSTR-1 of FY 18-19)</p> <p>In <b>Table 4</b>, show entire 1,000 (for which payment has been made in GSTR-3B in FY 17-18). Nothing to be reported in Table 10 or 14.</p>
6	1,000	800	1,000	200	0	<p>(That is in FY 17-18, GSTR-1 was filed correctly whereas there was a short reporting in GSTR-3B. The same is rectified in FY 18-19 by reporting the same in GSTR-3B of FY 18-19)</p> <p>In <b>Table 4</b>,</p>

						show 800 (for which payment has been made in GSTR-3B in FY 17-18). In <b>Table 10</b> , show 200 for which payment has been declared in GSTR-3B of FY 18-19.
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Therefore, it is clear that **Table 4**, shall contain all data which has been declared in GSTR-3B of FY 17-18 as well as all those supplies/advances of FY 17-18 which has neither been declared in FY 17-18 nor in FY 18-19. On the other hand, Table 10 & 11 shall contain all the supplies / advances, wherein the tax has been declared and discharged in FY 18-19.

It is important to Note that *Taxable turnover as declared in Table (4N-4G) + (10-11) of the GSTR-9 shall be considered as Turnover in Form GSTR-9C which needs to be reconciled with Books*

#### SI.No. 4A. Supplies made to unregistered Persons (B2C)

<b>4</b>	<b>Details of advances, inward and outward supplies made during the financial year on which tax is payable</b>					
A	Supplies made to un-registered persons (B2C)					

Table No.	Instructions
4A	Aggregate value of supplies made to consumers and unregistered persons on which tax has been paid shall be declared here. These would include details of supplies made through E-Commerce operators and are to be declared as net of credit notes or debit notes issued in this regard. Table 5, Table 7 along with respective amendments in Table 9 and Table 10 of FORM GSTR-1 may be used for filling up these details.

### Introduction

4A of GSTR 9 contains summary of supplies made to the consumers/unregistered Persons who do not have GSTIN or have not furnished the same to the supplier. Supplies made through electronic commerce operator to unregistered Persons would also be included here. Irrespective of the nature of supplies (intra-State or inter-State supplies) and the quantum of supplies, they are required to be disclosed in this head. It is important to note here that information filled in this part would be net of credit /debit note issued in respect of B2C supply during the FY 2017-18.

### Analysis

#### ➤ Source of information

All information reported here must flow from GSTR 1 subject to tax had been discharged from GSTR 3B filed for the month of FY 2017-18. As such, the working notes for the preparation of GSTR 9 would involve summation of data from GSTR 1 filed for July 2017 to Mar 2018 during 2017-18 only.

It would be relevant to note that Circular no. 26/26/2017-GST dated Dec 29, 2017 provides that in cases where the invoices are omitted or reported incorrectly in GSTR 1, the same can be corrected in any subsequent month. This facility allowed two kinds of insertions and corrections, namely:

- Transactions pertaining to 2017-18 in any month was inserted or corrected in a subsequent month within 2017-18 itself and
- Transactions pertaining to 2017-18 in any month was inserted or corrected in a subsequent month but during 2018-19 itself (up to 23rd April 2019). Reference may be made to order No. 2/2018 dated 31.12.2018.

Point 4A (and other clauses in Pt II) contain information from GSTR 1 filed for 2017-18 even though filed belatedly during 2018-19 but not by way of insertion or correction in GSTR 1 for the month of April 2018 or later.

#### ➤ Validation of information

Information in 4A of GSTR 9 would include insertions and corrections made in the GSTR 1 filed in respect of 2017-18 (whether during 2017-18 or belatedly during 2018-19, up to the dates permitted) in respect of such supplies.

Any credit notes or debit notes dated prior to March 31, 2018 but reported in 2018-19 as an amendment to GSTR 1 for the month of April 2018 or later, as permitted, in respect of the original supply during 2017-18 should NOT be considered for deriving the final value to be disclosed in 4A.

Credit notes and debit notes, in respect of original supply in 2017-18, but issued and dated after April 1, 2018 would continue to be reflected in 2018-19 and not be introduced back into transactions of 2017-18 because the circumstances necessitating credit note and debit note would not have arisen in 2017-18 but only in 2018-19.

Further, credit notes and debit notes affecting price of supply issued after Jul 1, 2017, relating to original supplies made during 2016-17 and 2017-18 up to Jun 30, 2017, are required to be considered in 2017-18 as if it were a transaction in the GST regime itself as required by provided in section 142(2) (a) and (b) of the CGST Act in respect of such overlapping transactions.

However, credit notes affecting quantity of supplies issued after Jul 1, 2017 relating to original supplies made earlier would not affect the GST reporting as any refund of taxes paid under earlier laws is refundable under the earlier laws as required by section 142(1) of the CGST Act.

➤ Revision required

During the preparation of GSTR 9, if any outward supply is found to have been omitted in any GSTR 1 pertaining to 2017-18, a revision is warranted. Any revision in the information to be furnished would be passed only through GSTR 1 (up to the dates specified above) and then included in 4A of GSTR 9.

Where time limit allowed to report information in GSTR 1 (dates specified above) has passed and outward supply is discovered which pertains to 2017-18, it needs to be reported as additional liability in part II or either it may appear as a reconciliation item in GSTR 9C in audit cases. Tax payable, if any, on such omitted outward supply may be paid through DRC-03 in CASH only.

*Illustration*

Please specify which of the following supplies would form part of the reporting under Supplies made to unregistered Persons (B2C) along with their values:

- (a) Intra-State supply incorrectly shown as supply to consumer in October 2017 and rectified as B2B supply in May 2018: 10,00,000
- (b) Inter-State supply to consumer incorrectly shown with the value of Rs. 5,00,000 in November 2017 and rectified with value of Rs. 7,00,000 in March 2018
- (c) Credit note issued in March 2018 of Rs. 2,00,000 in respect of intra-State supplies made to consumers in December 2017 for Rs. 5,00,000
- (d) Credit note issued in April 2018 of Rs. 1,00,000 in respect of inter-State supplies made to consumers in January 2018 for Rs. 3,00,000

Ans. The reporting under supplies made to unregistered Persons should consist of only those supplies to consumers which have been made during the period July – March 2018. The above situations are to be reported in the following manner:

In situation (a); it should report in Table 4, only the actual supplies made during the year (less any supplies that have been declared subsequently in FY 18-19 and reported in Table 10 & 11). Accordingly, the incorrect reporting in GST returns should not be reported and the correct amount should be reported in B2B.

In Situation (b) originally, the value was reported as Rs. 5, 00,000. However, the rectification of such value was carried out as Rs. 7, 00,000 in March 2018. Therefore, the rectified value of Rs. 7, 00,000 should be taken.

In situation (c), the credit note for the period December 2017 was issued in March 2018. Since, this reduction in value occurred during the Financial year ending March 2018, the reduction in value of Rs. 2,00,000 would be allowed.

In situation (f), the credit note was issued in April 2018 even though it pertains to the period January 2018. Since, the credit note was issued after March 2018, Rs. 1,00,000 would not be allowed as reduction in value.

#### *Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

For a clear demarcation, it should be ensured that such amounts did not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017)

The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns.

In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented.

Only rectifications of the B2C amounts reported in the GST returns up to the tax period March'18 should be considered under this clause.

Any outward supplies which sale of capital assets need to be carefully verified from the perspective of reporting as it is a Balance Sheet item and valuation needs to be derived separately as per section 18(6) of the CGST Act. The transaction value of such sale may not be directly available either due to loss/profit on sale of such asset being disclosed separately in Profit and Loss Account.

It should be vouched and compared with such outward supplies to unregistered Persons as reported in the financial Statements which form as a basis for GSTR 9C.

Only those supplies on which tax is payable should be reported. Any supplies which are NIL-rated, exempted, non-GST etc. should not be reported in this table, it will form part of T5.

Any advances which were received during the year should not be part of this clause. Only if the outward supplies against such advances are provided during the year, the disclosure under this clause is required.

The taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under outward supplies as per Table 3.1(a) in GSTR 3B.

Debit notes and credit notes which are in relation to these supplies should be captured only if the suitable effect of GST is provided in them. Any commercial/accounting credit or debit notes which do not contain the charge of GST should not be adjusted for the calculation of taxable value and tax amounts.

Further, GSTR 9 cannot be prepared based on sample verification. No such exclusion is permissible here. Completeness must be ensured in the compilation of information as preparation of GSTR 9 is the duty of the Registered Person who cannot resile from this responsibility.

Information reported in GSTR 1 need not be re-examined while preparing GSTR 9. Exercise involved is to compile the information to identify completeness of the information extracted from GSTR 1 as declared in 2017-18 and 2018-19 (up to dates permitted and as stated above).

### Conclusion

Therefore, 4A of GSTR 9 contains information pertaining to 2017-18 that is declared in the returns i.e. in GSTR 1 subject to tax discharged in GSTR-3B in FY 17-18, even if GSTR 1 furnished belatedly during 2018-19.

### SI. No. 4B. Supplies made to Registered Persons (B2B)

4B	Supplies made to registered persons (B2B)					
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Table No.	Instructions
4B	Aggregate value of supplies made to registered persons (including supplies made to UINs) on which tax has been paid shall be declared here. These would include supplies made through E-Commerce operators but shall not include supplies on which tax is to be paid by the recipient on reverse charge basis. Details of debit and credit notes are to be mentioned separately. Table 4A and Table 4C of FORM GSTR-1 may be used for filling up these details.

## Introduction

4B of GSTR 9 contains information of supplies made to persons having a valid GSTIN. This field should constitute the summary of all supplies made to Registered Persons during the period July 2017 to March 2018. Even supplies made through electronic commerce operator to Registered Persons would be reported here.

## Analysis

### ➤ Source of information

Information in 4B is to be extracted directly from Table 4 of GSTR 1 subject to tax discharged in GSTR-3B in FY 17-18. Irrespective of the nature of supplies (intra-State or inter-State supplies) and the quantum of supplies, they are required to be disclosed within this head.

### ➤ Validation

Information in 4B of GSTR 9 would include insertions and corrections made during the year 2017-18 in respect of such supplies.

However, any outward supplies on which tax is payable on reverse charge basis by the recipient would not be taken here for the purpose of reporting even though they form part of Table 4 of GSTR 1. Only those supplies on which tax is payable would be reported if they are supplied to Registered Persons.

Further, it should be noted that unlike supplies made to unregistered Persons (B2C), any amendments made to such supplies as reported in Table 9 of GSTR 1 would not form part of the reporting here. Also, any credit notes and debit notes issued against the supplies to Registered Persons would not be reported under this part. There are separate fields under Part 4I to 4L wherein such amendments, credit and debit notes in respect of supply made to Registered Persons are to be reported.

### ➤ Revision Required

During the preparation of GSTR 9, if any outward supply is found to have been omitted in any GSTR 1 pertaining to 2017-18, a revision is warranted. Any revision in the information to be furnished now can be passed on only through GSTR 1 (up to the dates specified above) and then included in 4B of GSTR 9. And where the date permitted for amending GSTR 1 is passed, then omitted supplies to be reported in Part II and taxes paid in cash through DRC 03.

### *Illustration*

Illustration: Please specify which of the following supplies would form part of the reporting under Supplies made to Registered Persons (B2B) along with their values:

- (a) Inter-State supply to Registered Persons incorrectly shown with value of Rs. 5,00,000 in November 2017 and rectified with value of Rs. 7,00,000 in May 2018
- (b) Credit note issued in March 2018 of Rs. 2,00,000 in respect of intra-State supplies made to Registered Persons in December 2017 for Rs. 5,00,000

- (c) Outward supplies taxable under reverse charge basis in February 2018 as reported in GSTR 1: Rs. 5,00,000

Ans. Reporting under supplies made to Registered Persons should consist of only those supplies which have been made during the period July – March 2018. Any reporting made subsequently in 2018-19 even in respect of the period July – March 2018 should not be considered for reporting in this Table. It shall be reported in Table 10 & 11. Thereby, the above situations are to be reported in the following manner:

- In Situation (a), the original value was reported as Rs. 5,00,000. However, the rectification of such value was carried out as Rs. 7,00,000 in May 2018. As per the reporting till March 2018, the value was taken as Rs. 5,00,000. Hence, Rs. 5,00,000 should be taken for the purpose of reporting in 4B. The difference of Rs. 200,000 paid in the financial year 2018-19 and shall be reported in Table 10.
- In situation (b), the credit note for the period December 2017 was issued in March 2018. Since, this reduction in value occurred during the Financial year ending March 2018, the reduction in value of Rs. 2,00,000 would be allowed, But, should not be reported here. It should be reported in 4I.
- In situation (c), outward supplies is mentioned under reverse charge. Since this does not entail payment of tax by the supplier, no reporting under B2B supplies should be made.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts do not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017).
- The outward supplies register should be used as basis for validating the amounts disclosed in the GST returns.
- Any stock transfer made between two units would have to be disclosed if made between two Registered Persons even though the same does not form part of the consolidated financial Statements.
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented.
- Any outward supplies which sale of capital assets are to be carefully verified from the perspective of reporting as it is a Balance Sheet item and valuation needs to be derived separately as per section 18(6) of the CGST Act. The transaction value of such sale may not be directly available because of loss/profit on sale of such asset being disclosed separately in Profit and Loss Account.

- It should be vouched and compared with such outward supplies to Registered Persons as reported in the financial Statements which forms a basis for GSTR 9C.
- Only those supplies on which tax is payable should be reported. Any supplies which are NIL-rated, exempted, non-GST etc. should not be reported.
- Any advances which were received during the year should not be a part of this clause. If the outward supplies against such advances are provided during the year, then disclosure under this clause is required.
- The taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under outward supplies as per Table 3.1(a) in GSTR 3B.
- Only rectifications of the B2B amounts reported in the GST returns upto the tax period March should be considered under this clause.

Please refer to 4A for similar aspects applicable to 4B.

#### Conclusion

Therefore, 4B of GSTR 9 contains B2B information pertaining to 2017-18 that is declared in the returns, that is, GSTR 1 subject to tax discharged in GSTR-3B furnished during 2017-18 even filed belatedly during 2018-19 (up to such extended date as permitted).

#### Sl. No. 4C. Zero rated supply (Export) on payment of tax (except supplies to SEZs)

4C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)					
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Table No.	Instructions
4C	Aggregate value of exports (except supplies to SEZs) on which tax has been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.

#### Introduction

4C of GSTR 9 contains information relating to a sub-set of all zero-rated supplies comprising exports of goods and exports of services out of India. 4C does not include supplies to SEZ. Further, exports are permitted in two ways, namely, export with payment of tax and export without payment of tax.

4C contains information pertaining only to exports on payment of tax and not exports without payment of tax.

### Analysis

#### ➤ Source of Information

Information reported in GSTR 1 in Table 6 pertains to **exports**; supply made to SEZ unit or developer and deemed exports. For the purpose of reporting under this clause, one needs to carve out only the supplies which are in relation to exports. Other activities which are supplies to SEZ and deemed exports would not be considered for reporting under this clause.

Section 16(3) of the IGST Act allows a Registered Person making zero rated supply to claim refund under either of the two options –

- (a) Supply goods or services or both under letter of undertaking without payment of integrated tax and claim refund of unutilized credit
- (b) Supply goods or services or both on payment of integrated tax and claim refund of tax paid on goods or services or both supplied

Only exports given under point (b) above i.e. exports made with payment of tax are to be reported here. Exports which are made without payment of tax i.e. under the Letter of Undertaking or Bond would not form part of this field.

#### ➤ Validation

Section 16 of the IGST Act includes export of goods and services as well as supplies to SEZ developer or unit as zero-rated supply. Definition of export of goods and export of services are very different from each other. In the case of export of goods, repatriation of foreign exchange is not a criterion for determining whether it is export or not. However, in the case of export of services, repatriation of foreign exchange in addition of other remarkably unusual criterion is point of difference.

Since GSTR 9 is a return, it requires accuracy in the values reported and also their classification. As such, the Registered Person is expected to be mindful of the classification of the categories of the supplies. In GSTR 9C the Auditor would also express agreement with the values and categories of supplies. They can be reported as exports under Table 6A of GSTR1 only if they satisfy the said definition.

It is suggested that the following reconciliations should be carried out for reporting of correct values and making them in consonance with each other:

- (a) Values as declared in invoices and those declared in books of accounts
- (b) Values declared in books of accounts and in GSTR 3B
- (c) Values declared in books of accounts and values as per GSTR 1
- (d) Values declared in GSTR 3B and in GSTR 1

The amounts that are to be reported can be directly derived from the Tables of GSTR 1 limited to the extent taxes paid in 3B of FY 2017-18 or unpaid till date. The various components of this Part 4C would be as follows:

Category of Supply	Nature of Supply	Relevant Table of GSTR 1
Aggregate Value of Exports (excluding supplies to SEZs) on which tax has been paid	Inter State	Table 6A

➤ **Revision Required**

It is pertinent to note that in no circumstances would any credit/debit notes issued in relation to the original supply form part of the reporting here. There is a separate field specified under 4I and 4J for reporting of credit and debit notes issued and disclosed during the year.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts do not belong to the earlier tax regime (Before 1st July 2017)
- The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented
- It should be vouched and compared with such exports as are reported in the financial statements which form a basis for reporting in GSTR 9C
- The validation of the export of goods can be made by comparing the shipping bill particulars with the invoices issued against exports
- For export of goods on payment of tax, one can validate the status of all the shipping bills and the invoices on the ICEGATE portal. Whether the goods have actually been exported can be known through this. The status of the automated refund claim and the reasons for not obtaining the same can also be known through this.
- With respect to export of services, invoices need to be validated through reconciliation with the Bank Realization certificate (BRC) or Foreign Inward remittance certificate (FIRC) from the bank. Upon reconciling the value of export of services with the BRC or FIRC against it, one can find out whether the services have actually been exported or not.
- The refund claim for export of services on payment of tax should be checked and it should be determined whether the same is delayed due to any specific deficiency on the

part of the taxable person. This would also contribute in validating the value and taxes in respect of export of services.

- Only those supplies on which tax is payable should be reported. Any exports which are made without payment of tax under LUT or Bond would not be reported.
- Any advances received during the year should not be a part of this clause. However, if exports have been made against such advances during the year, then such export amount needs to be disclosed here.
- The taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under zero rated supplies as per Table 3.1(b) in GSTR 3B.
- Only rectifications of the export amounts reported in the GST returns upto the tax period of March should be considered under this clause

#### Conclusion

Therefore, 4C of GSTR 9 contains “Exports (except SEZ)” information pertaining to 2017-18 that is declared in the returns, that is, GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted) for which tax has been discharged in 3B of FY17-18.

#### 4D. Supply to SEZs on payment of tax

4D	Supply to SEZs on payment of tax					
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Table No.	Instructions
4D	Aggregate value of supplies to SEZs on which tax has been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.

#### Introduction

4D of GSTR 9 contains information relating to a sub-set of all zero-rated supplies consisting of supplies to SEZ being a Developer of the SEZ or a Unit in the SEZ. It would include supplies to SEZ whether by an SEZ to another SEZ or by a DTA unit to SEZ. 4D does not include supplies to SEZ without payment of tax.

#### Analysis

- Source of Information

In GSTR 1, items reported in Table 6 pertain to exports, supply made to SEZ unit or developer and deemed exports. For reporting under this clause, one needs to carve out only the supplies made to SEZ developer / unit.

➤ Validation

Section 16(1) of the IGST Act considers supply of goods or services or both to SEZ developer/unit to be a zero-rated supply. Section 16(3) of the IGST Act allows a Registered Person making zero rated supply to claim refund under either of the two options –

- (a) Supply goods or services under both or letter of undertaking without payment of integrated tax and claim refund of unutilized credit
- (b) Supply goods or services or both on payment of integrated tax and claim refund of tax paid on goods or services or both supplied

Only those given under point (b) above that is supplies made to SEZ developer/unit made after payment of tax are to be reported here. Irrespective of whether tax is charged from the SEZ or the burden of tax is borne by the supplier, the disclosure under this clause is mandatory. However, supplies to SEZ developer/unit which are made without payment of tax i.e. under the Letter of Undertaking or Bond would not form part of this field. Of course, supply of both goods and services made to SEZ developer/unit would fall within the scope of reporting for this section.

Whether the supplies are made for authorized operations or not is immaterial. In effect, whether the refund claim is admissible or not should not be a determining factor in whether it is disclosed in this clause. Whenever supplies are made to SEZ developer/unit, these are to be reported under this clause.

It is suggested that the following reconciliations should be carried out for reporting of correct values and making them in consonance with each other:

- (a) Values as declared in invoices and those declared in books of accounts
- (b) Values declared in books of accounts and in GSTR 3B
- (c) Values declared in books of accounts and values as per GSTR 1
- (d) Values declared in GSTR 3B and in GSTR 1

The amounts that are to be reported can be directly derived from the Tables of GSTR 1. The various components of this Part 4D would be as follows:

Category of Supply	Nature of Supply	Relevant Table of GSTR 1
Aggregate Value of supplies to SEZs on which tax has been paid	Inter State	Table 6B

➤ Revision Required

It is pertinent to note here that in no circumstances would any credit/debit notes issued in relation to the original supply form a part of the reporting here. There is a separate field specified under 4I and 4J for reporting of credit and debit notes issued and disclosed during the year.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts did not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017)
- The outward supplies register should be used as basis for validating the amounts disclosed in the GST returns
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented
- It should be vouched and compared with such supplies to SEZ as are reported in the financial statements which forms as a basis for GSTR 9C
- The person supplying to SEZ should have proof of admittance from the SEZ officer in respect of goods and proof of receipt of services in case of services. The Auditor should verify these documents to confirm whether the goods have actually been received in SEZ.
- The refund claim for supply of goods and services to SEZ on payment of tax should be checked and it should be determined whether the same is delayed due to any specific deficiency on the part of the taxable person. This would also contribute in validating the value and taxes in respect of supply of services to SEZ
- Only those supplies on which tax is payable should be reported. Any supplies which are made without payment of tax under LUT or Bond would not be reported.
- Any advances received during the year should not be a part of this clause. If the supplies to SEZ against such advances are made during the year, the disclosure under this clause is required.
- Taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under zero rated supplies as per Table 3.1(b) in GSTR 3B.
- Only rectifications of amounts reported in the GST returns upto the tax period of March should be considered under this clause

*Conclusion*

Therefore, 4D of GSTR 9 contains supply made with payment to SEZ, information pertaining to 2017-18 for which tax has been paid in 3B, may be obtained from GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted).

**Sl. No. 4E. Deemed export**

4E	Deemed Exports					
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Table No.	Instructions
4E	Aggregate value of supplies in the nature of deemed exports on which tax has been paid shall be declared here. Table 6C of FORM GSTR-1 may be used for filling up these details.

**Introduction**

4E of GSTR 9 contains information regarding 'deemed export'. Section 147 allows the Government to notify the certain supply of goods to be deemed exports where the goods supplied do not leave India and the payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods are manufactured in India. The Deeming fiction of this kind of supply as deemed export allows a person to enjoy all the tax benefits as available in case of zero-rated supply. Section 54 read with Rule 89 allows the machinery provisions for this.

**Analysis**

## ➤ Source of Information

In GSTR 1, items reported in Table 6C pertains to deemed exports which is contained in 4E.

## ➤ Validation

Section 147 and NN 48/2017-Central tax dated 18<sup>th</sup> October 2017, prescribes the following supplies to be regarded as deemed exports:

- (a) Supply of goods against advance authorization
- (b) Supply of capital goods against EPCG authorization
- (c) Supply of goods to EOU (export-oriented undertakings)
- (d) Supply of gold by bank/PSU specified in Notification no. 50/2017-Customs dated 30<sup>th</sup> June 2017

All the above mentioned supplies would be considered deemed exports with effect from 18<sup>th</sup> October 2017. Before this date supplies were NOT categorized as deemed export.

It is suggested that the following reconciliations should be carried out for reporting of correct values and making them in consonance with each other:

- (a) Values as declared in invoices and those declared in books of accounts
- (b) Values declared in books of accounts and in GSTR 3B

- (c) Values declared in books of accounts and values as per GSTR 1
- (d) Values declared in GSTR 3B and in GSTR 1

The amounts to be reported can be directly derived from the Tables of GSTR 1. The various components of this Part 4E would be as follows:

Category of Supply	Nature of Supply	Relevant Table of GSTR 1
Aggregate value of supplies which are deemed exports and on which tax has been paid	Inter-State or Intra-State	Table 6C

It is pertinent to note that in no circumstances would any credit/debit notes issued in relation to the original supply form part of the reporting here. There is a separate field specified under 4I and 4J for reporting of credit and debit notes issued and disclosed during the year.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- There should not be any amounts aggregated for deemed export before 18th October 2017
- Only if a supply satisfies the condition of the relevant scheme i.e. Advance Authorization/EPCG etc, can it be categorized within deemed export. Any violation of these conditions may result in a supply falling outside the ambit of deemed export.
- If the supplier is taking the benefit of deemed export, then he should not charge any tax from the recipient. If charged, refund of the unutilized input tax credit would not be granted.
- The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences should be clearly documented
- It should be vouched and compared with such exports as are reported in the financial statements which forms a basis for GSTR 9C
- Any advances received during the year should not be part of this clause. If the exports against such advances are made during the year, then disclosure under this clause is required.
- The taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under zero rated supplies as per Table 3.1(b) in GSTR 3B.

- Only rectifications of the export amounts reported in the GST returns up to the tax period of March should be considered under this clause

#### Conclusion

Therefore, 4E of GSTR 9 contains deemed export information pertaining to 2017-18 for which tax has been paid in GSTR-3B of FY17-18. Date filled in GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted) may be referred.

#### Sl. No. 4F. Advances on which tax has been paid but invoice has not been issued

4F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)					
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Table No.	Instructions
4F	Details of all unadjusted advances i.e. advance has been received and tax has been paid but invoice has not been issued in the current year shall be declared here. Table 11A of FORM GSTR-1 may be used for filling up these details.

#### Introduction

4F of GSTR 9 contains details of advances received in certain special circumstances. As per rule 50, upon receipt of advance, Receipt Voucher is required to be issued but tax Invoice is not required to be issued until actual supply in respect of the said advance. Tax is payable on advance even though supply is pending. 4F will contain details of advances received and tax Invoice is yet to be issued.

Refer NN 40/20-17-CT dated Oct 13, 2017 that exempted payment of tax on advances received towards supply of goods, in case of taxable persons whose aggregate turnover is or is likely to be less than Rs.1.50 cr. Advances towards supply of services remained liable to pay tax on advances. Suppliers of goods above this threshold limit too were liable to pay tax on advances.

Refer NN 66/2017-CT dated Nov 15, 2017 that exempts from payment of tax on advances received towards supply of goods. As such, advances should have been subject to tax payment in all cases up to Nov 15, 2017 and in respect of advances relating to supply of services without the benefit of this exemption.

**Analysis****➤ Source of Information**

The advances on which tax is charged and paid are disclosed as part of Table 11A of GSTR 1. Where advance is received, and tax Invoice has been issued in 2017-18, the same is to be excluded from 4F since the same would have been adjusted against the tax due on the tax Invoice issued. While information in Table 11A of GSTR 1 may contain monthly information of advances received as on a given month, the data in 4F must be normalized to reflect advance received during 2017-18 for which tax Invoice has not been issued in 2017-18.

Please note that the test – whether tax Invoice is issued or not? – must be determined from the data relating to 2017-18 reported in GSTR 1, whether filed within 2017-18 or in 2018-19.

**➤ Validation**

As per section 12(2) of the CGST Act in case of forward charge, the time of supply of goods has been stated to be earlier of the following dates:

- (a) Date of issue invoice by the supplier or the last date on which he is required to issue the invoice
- (b) Date on which the supplier receives payment for such supply

As per section 13(2) of the CGST Act, the time of supply would be the earliest of the following dates:

- (a) The date of issue of invoice by the supplier or date of receipt of payment if the invoice is issued within the prescribed period
- (b) Date of provision of service or date of receipt of payment if the invoice is not issued within the prescribed period

***Illustration***

Please specify which of the following supplies would form part of the reporting under advances on which tax has been paid but invoice has not been issued in respect of outward supplies along with their values:

- (a) Advances received against outward supply to consumers in the month of August 2017: Rs. 50000. The supply was made and disclosed in GSTR 1 in the month of December 2017 for Rs. 200000
- (b) Advances received against outward supply to Registered Persons in the month of November 2017: Rs. 150000. The supply was made and disclosed in GSTR 1 in the month of May 2018 for Rs. 500000

Ans. Only advances existing at the close of financial year i.e. March 2018 would be reported. Any advances against which outward supplies are made and are adjusted before the said period would not be reported here as it would have already been reported in the Table.

In situation (a), since the supplies were made before the end of the financial year, they would have formed part of reporting under 4A of the annual return. Therefore, such advances are not to be reported.

In situation (b), since the supplies were made after the close of the financial year i.e. May 2018, they would not form part of the annual return. Therefore, these advances of Rs. 150000 are to be added in the clause 4F to arrive at the correct value to be reported.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts do not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017). Any advances on which taxes were paid in the earlier regime should not be reported here.
- The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns
- Advance receipts should be matched with the receipt vouchers issued during the year which contains the entire breakup of the advance received and the taxes charged on it
- It should be vouched and compared with the advance receipts reported as liability in the financial statements which forms as a basis for GSTR 9C
- Only those supplies on which tax is payable should be reported. Any supplies which are NIL-rated, exempted, non-GST, etc. should not be reported
- Any advances received during the year should not be part of this clause if the outward supplies against such advances are provided during the year. It should be checked to ensure that no invoices against such supplies have been issued during the financial year
- The taxable values and tax payable even though extracted from GSTR 1 should be reconciled with the reporting made under outward supplies in GSTR 3B
- Only rectifications of the amounts of advances reported in the GST returns up to the tax period March should be considered under this clause

*Conclusion*

Therefore, 4F of GSTR 9 contains information of advances received against which invoices have not been issued at the end of the year pertaining to 2017-18 that is declared in the returns, that is, GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted) subject to tax paid in 3B of FY 17-18.

**4G. Inward supplies on which tax is to be paid on reverse charge basis**

4G	Inward supplies on which tax is to be paid on reverse charge basis					
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Table No.	Instructions
4G	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. This shall include supplies received from registered persons, unregistered persons on which tax is levied on reverse charge basis. This shall also include aggregate value of all import of services. Table 3.1(d) of FORM GSTR-3B may be used for filling up these details.

**Introduction**

4G in GSTR 9 contains details of inward supplies in respect of which Registered Person is liable to pay tax on reverse charge basis.

Reverse charge provisions are guided through section 9(3) and 9(4) of the CGST Act in case of intra state supplies. In case of inter-state supplies, the corresponding sections of 5(3) and 5(4) of the IGST Act would be applicable.

Refer NN 8/2017-CT(R) dated Jun 28, 2017 which exempts intra-State supply of goods or supply of services not exceeding Rs.5,000/- per day regardless of the number of suppliers involved. Refer NN 38/2017-CT(R) dated Oct 13, 2017 excluded the value limit previously prescribed. Corresponding Integrated tax exemption was issued for the first time in NN 32/2017-Int(R) dated Oct 13, 2017 in respect of inter-State supplies.

**Analysis**

## ➤ Source of Information

For payment of tax under reverse charge, disclosure have to be made in Table 3.1(d) – Inward supplies (liable to reverse charge) of GSTR 3B. For computation of the amounts to be disclosed in point 4G of GSTR 9, one needs to aggregate the amounts shown under the aforesaid Table for the entire year i.e. July to March in 2017-18 and in April – March in the subsequent financial year which pertains to FY 17-18.

## ➤ Validation

The amounts that are to be reported can be directly derived from the Tables of GSTR 3B. The various components of this Part 4G would be as follows:

Category of Supply	Nature of Supply	Relevant Table of GSTR 3B
Aggregate value of all inward supplies (including advances and net of credit and debit notes) on which tax is to be paid on reverse charge basis (including aggregate value of all import of services.)	Both inter and intra state	Table 3.1(d)

It is suggested that the following reconciliations should be carried out for reporting of correct values and making them in consonance with each other:

- (a) Values as declared in:
- payment vouchers (required to be issued when making payments to the supplier if the supplies fall under reverse charge),
  - invoices from unregistered Persons' (to be issued by the recipient when the supply is received from unregistered Persons on which tax is payable under reverse charge by the recipient- self tax invoice) and
  - the books of accounts
- (b) Values declared in the inward supplies (liable to reverse charge) as per point 3.1(d) of GSTR 3B for the purpose of payment of tax and point 4A (3) of GSTR 3B for taking of input tax credit
- (c) Values declared in the inward supplies (liable to reverse charge) as per point 3.1(d) of GSTR 3B and those declared in the books of accounts

➤ Revision Required

Through the reconciliation between the payment vouchers and the invoices from unregistered persons, one can find whether all the necessary disclosures under reverse charge have been made. Ideally the differences should only arise between them due to the following:

- Payment vouchers are to be issued only upon payment to the supplier while the invoices from an unregistered Person are to be issued upon receipt of inward supply. Therefore, receipt of supplies for which the payment is yet to be made would entail only the issue of invoices from the unregistered Person and not the payment voucher. Also, payment in advance to the supplier would only result in issuing of payment vouchers and not invoice from unregistered Persons.
- Payment vouchers are to be issued in cases of all payment to suppliers if the supply is under reverse charge. Invoice from an unregistered Person are liable only if the supplier is unregistered. If the supplier is registered and his outward supply is under reverse

charge, then the recipient is not required to issue invoice from the unregistered Person but only the payment voucher at the time of payment.

*Illustration*

Please specify which of the following supplies would form part of reporting under 4G (inward supplies received on reverse charge basis) along with their values:

- (a) Intra state supply received from GTA (charging tax @ 12%) in January 2018 reported incorrectly in 'Table 3.1(d) - Inward supplies liable to reverse charge' of GSTR 3B: Rs. 25000. This was rectified in the month of August 2018.
- (b) Professional services received from an unregistered supplier on 15<sup>th</sup> July 2017 for Rs. 15000 was not shown in GSTR 3B even though the limit of Rs. 5000 as per section 9(4) of CGST Act was crossed. This has not been corrected till date.
- (c) Remuneration paid to non-executive directors in November 2017 not shown in GSTR 3B for Rs.4,00,000. This was later disclosed, and tax was paid under reverse charge basis in Table 3.1(d) of GSTR 3B in March 2018
- (d) Inward supplies liable to reverse charge in Table 3.1(d) of GSTR 3B incorrectly shown as Rs. 100000 in November 2017 but later rectified as Rs. 250000 in April 2018
- (e) Input tax Credit on reverse charge supplies availed in Table 4A (3) of GSTR 3B but not shown as part of inward supplies liable to reverse charge under Table 3.1 (d) of GSTR 3B in January 2018: Rs. 75000. This has not been rectified till date.
- (f) CGST and SGST paid on inward supplies liable to reverse charge in Table 3.1(d) of GSTR 3B in March 2018 instead of IGST and rectified in May 2018: 30000

Ans. Reporting under supplies received on reverse charge basis should consist of only those supplies which have been reported in the GSTR 3B during the period July – March 2018. Any reporting made subsequently in 2018-19 even in respect of the period July – March 2018 should not be considered for reporting in this Table. The situations mentioned above are to be reported in the following manner:

In situation (a), supplies are received by a business entity on which forward charge is applicable as outward supplier has already paid taxes on the same. It should not have been disclosed under reverse charge. The same was rectified in August 2018. As per the requirements of GSTR-9, value of all supplies **made during the financial year** needs to be reported in 4G. Since the said amount is not liable to be taxed under RCM, it should not be reported in 4G. However, since it was inadvertently provided in GSTR-3B, it may be auto populated in the Draft GSTR-9 populated by the GST portal. It needs to be manually corrected. Please note that the colour change (if the extent of correction is more than 20%) should not deter correction, if the same is warranted. It is expected that the latest 'refresh' of the auto populated Draft GSTR 9 and GSTR 2A will be available shortly.

In situation (b), service received from an unregistered Person shall be liable to payment of tax on reverse charge basis when the limit of Rs. 5000 has been crossed on that day. Therefore, the professional services from unregistered supplier should form part of reverse charge supply. However, the same is not rectified till date. Hence, it should form part of Table 4G (thereby creating a liability) and the same can be paid in cash at the time of filing GSTR-9 by way of DRC-03.

In Situation (c), remuneration paid to the directors is liable to payment of tax under reverse charge mechanism. Remuneration of Rs. 400000 paid in November was not disclosed in GSTR 3B. However, the error was rectified in March 2018. Therefore, the rectified value of Rs. 4,00,000 should be taken in table 4G.

In situation (d), the original value was reported as Rs. 1,00,000 in November 2017. However, the rectification of such value was carried out as Rs. 2,50,000 in April 2018. As per the reporting in GSTR-3B till March 2018, the value was taken as Rs. 1,00,000 and tax was paid on Rs. 1,00,000 only. Hence, value of inward supply of Rs. 2,50,000 should be taken for the purpose of reporting in 4G but taxes paid in respect to Rs.1,00,000 be considered only as Taxes on 1,50,000 has been paid in FY 2018-19. Tax paid in April, 2018 should be reported in Table 10 (Supplies declared through amendments) and the amount of tax paid should be reported in Table 14, thereby leading to zero difference in terms of inward supply reverse charge turnover and taxes paid.

Justification: It is important to note that in GST Audit case Turnover in Form 9C has been derived from Form 9, Table 5N + Table 10 which excludes reverse charge supplies reported in Table 4G, therefore reverse charge supplies turnover has to be reported in Table 4G and corresponding taxes paid has to be reported in T4 & T10 as the case may be. It is the feasible solution in terms of calculation of turnover in audit cases as well as non-audit cases where turnover would decide eligibility for composition scheme / quarterly returns filings. We have requested Government to clarify this issue.

In situation (e), payment of tax under reverse charge mechanism is not reported. However, Rs. 75000 has been availed as ITC in Table 4A (3) of GSTR 3B. Since the error has not been rectified till date, such inward supplies liable to reverse charge as per Table 3.1(d) of GSTR 3B in January 2018 shall reported here in table 4G and the tax needs to be paid through DRC-03 in the annual return

In situation (f), payment of tax is made under incorrect tax head. However, such rectification was carried out in May 2018. As per the reporting till March 2018, tax paid shall be considered under CGST and SGST instead of IGST in table 4G. Additionally, the rectification made in May 2018 shall be disclosed in table 10 & 11 of the annual return by disclosing Rs. 30000 in table 10 in IGST column to increase the liability and Rs. 15,000 each in CGST & SGST column of table 11 to decrease the liability by considering the answer of situation (d).

#### *Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts do not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017). If tax is not payable under reverse charge on the inward supplies under the GST regime as it belongs to the earlier period, then it should not be reported here.
- The tax paid on inward supplies under reverse charge and the input tax credit claimed on the same as disclosed in GSTR 3B should be reconciled to find if the difference is only due to blocked credit
- The inward supply register should be used as the basis for validating the amounts disclosed in the GST returns. The tax paid on reverse charge as per the books of accounts and that reported in GSTR 3B should be reconciled.
- The documents issued under reverse charge i.e. invoices from unregistered Persons and payment vouchers should be checked to determine whether the values under reverse charge are correctly disclosed
- Any advance payments to a supplier would trigger the time of supply even though the original supply on which reverse charge is applicable is yet to be made. These amounts of advances may be available from the Balance Sheet
- Only rectification of the amounts of inward supplies reported in the GST returns up to the tax period of March of the reporting period should be considered under this clause. Subsequent rectifications should be reported in table 10 or 11 accordingly.
- Reverse charge payments under section 9(4) would be applicable only if the time of supply occurs before 13th October 2017. Subsequently there should not be any disclosure of reverse charge under section 9(4)
- One should carefully check all the conditions which are necessary for a supply to fall within reverse charge as per the relevant notifications for both goods and services
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented

#### *Conclusion*

Therefore, 4G of GSTR 9 contains inward supply liable to reverse charge pertaining to 2017-18 declared in GSTR 3B furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted).

#### **Sl. No. 4H. Sub-total of (A) to (G)**

4H	Sub-total (A to G above)					
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This is a summation from 4A to 4G.

**Sl. No. 4I. Credit notes issued in respect of transactions specified in (B) to (E) above(-)**

4I	Credit Notes issued in respect of transactions specified in (B) to (E) above (-)					
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Table No.	Instructions
4I	Aggregate value of credit notes issued in respect of B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E) shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.

**Introduction**

4I in GSTR 9 contains details of credit notes in respect of outward supplies in 4B to 4E of GSTR 9.

Section 34(1) of the CGST Act allows a person to issue a credit note to the recipient where the tax invoice has been issued for the supply of goods or services or both in the following cases:

- (a) Where the taxable value or tax charged is found to exceed the taxable value or tax payable
- (b) Where the goods supplied are returned by the recipient
- (c) Where the goods or services or both supplied are found to be deficient

A person issuing the credit note has to declare such details in the return for the month during which the credit note is issued but not later than September following the end of the financial year in which the supply was made or the date of furnishing the annual return whichever is earlier. Therefore, for instance the credit note pertaining to supply for the year 2017-18 is to be issued and reported by the return for the month of September 2018 or the annual return for the year 2017-18 whichever is earlier. Please note that the extension in time by way of removal of difficulty order No.3 does not apply to issuance of Credit notes post Sep, 2018.

**Analysis**

## ➤ Source of Information

Information in respect of credit notes issued may be obtained from Table 9B of GSTR 1.

## ➤ Validation

The credit notes depicted in Table 9B of GSTR 1 can be issued in respect of the following:

- 4B – Supplies made to Registered Persons (B2B)
- 4C – Zero rated supply (Export) on payment of tax (except supplies to SEZs)

- 4D – Supply to SEZs on payment of tax
- 4E – Deemed Exports

Any refund of advance amount in respect of the above supplies against which refund voucher has been issued and reported as part of Table 9B are also to be reported here.

It must be noted that credit notes issued in respect of supplies made to unregistered Persons (B2C) would not be reported here. The same has to be given effect in Table 4A. Even under GSTR 1, such credit notes are shown as part of Table 7 and not as part of Table 9B. Therefore, they need not be excluded from Table 9B for reporting here.

However, the complete Table 9B cannot be borrowed as it is for computation of the amount under this clause. This is because there may be supplies wherein no tax was payable against which credit notes were issued and were reported under Table 9B. Such credit notes even though they form part of Table 9B would not be reported here but under Point 5H and not 4I.

#### *Illustration*

Please specify which of the following supplies would form part of reporting under credit notes issued in respect of outward supplies along with their values:

- (a) Credit note issued in March 2018 of Rs. 2,00,000 in respect of intra state supplies made to Registered Persons in December 2017 for Rs. 5,00,000
- (b) Credit note issued in April 2018 of Rs. 1,00,000 in respect of interstate supplies made to consumers in January 2018 for Rs. 3,00,000
- (c) X Ltd issued a credit note worth Rs. 20,000 against supply made in November. However, in GSTR 1 it was furnished as debit note. The error was rectified in April 2018
- (d) Credit note issued in respect of intra state supplies made to a consumer in August 2017: Rs. 25000
- (e) Credit note issued in September 2017 for Rs. 5000 wherein GST has not been charged as it could not satisfy the conditions of being treated as discount under section 15(3) of the CGST Act. The original invoice was issued in the month of July 2017 for Rs. 200000

Ans. Reporting under credit notes issued for outward supplies made consists only of those supplies which have been reported in the GSTR 1 during the period July – March 2018. Any reporting made subsequently in 2018-19 even in respect of the period July – March 2018 should not be considered for reporting in this Table. The situations given above are to be reported in the following manner:

In situation (a), the credit note for the period December 2017 was issued in March 2018. Since, this reduction in value occurred during the Financial year ending March 2018, the reduction in value of Rs. 2,00,000 would be allowed.

In situation (b), the credit note was issued in April 2018 even though it pertains to the period January 2018. Since, the credit note was issued after March 2018, Rs. 1,00,000 would not be allowed as reduction in value in this clause. It would be reported in Part V of the annual return.

In situation (c), one only needs to consider the position of reporting as on March 2018. Till March 2018, it was considered as debit note and not credit note. Any rectifications made post March 2018 should not be considered. Therefore, Rs. 20000 would continue to be reported as debit note in this table. The rectification needs to be given effect in Part V (table 10 & 11) accordingly.

In situation (d), credit note issued in respect of intra state supplies to consumers are not be shown separately as credit note. In fact, the same shall be adjusted with B2C outward taxable supplies in 4A of the annual return. Hence, the credit note worth Rs. 25000 shall not be reported in this field.

In situation (e), since the credit note does not contain the values of GST, they are not to be treated as credit note in terms of section 34. Therefore, they would not be disclosed here.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that if the original supply had occurred before the enactment of GST (1<sup>st</sup> July 2017), then the credit notes (if any) issued should clearly be explainable through the transitional provisions
- The outward supply register should be used as a basis for validating the amounts disclosed in the GST returns
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented
- If the credit notes pertain to the supply to unregistered Persons, then these should form part of this clause. It should be given effect in Table 4A
- Only credit notes issues in respect of those supplies on which tax is payable should be reported. Any supplies which are NIL rated, exempted, non-GST etc. should not be reported
- Credit notes which are in relation to these supplies should be captured only if the suitable effect of GST is provided in them. Any commercial/accounting credit notes which do not contain the charge of GST should not be adjusted for the calculation of taxable value and tax amounts.
- Table summarizing various situations for Credit Notes:

Sl. No.	Original Invoice pertaining to :	Credit Note Issued in :	Credit Note Reported in :	Remarks & Disclosure in GSTR-9
1	FY 17-18	FY 17-18	FY 17-18	Table No. 4, Sl No 4I
2	FY 17-18	FY 17-18	FY 18-19	Table No 11
3	FY 17-18	FY 18-19	FY 18-19	To be considered in Annual Return of FY 18-19. No Effect in Annual Return of FY 17-18.

#### Conclusion

Therefore, 4I of GSTR 9 contains information pertaining to 2017-18 that is declared in the returns i.e 3B. Further, GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted) may also be referred.

#### Sl. No. 4J. Debit notes issued in respect of transactions specified in (B) to (E) above (+)

4J	Debit Notes issued in respect of transactions specified in (B) to (E) above (+)					
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Table No.	Instructions
4J	Aggregate value of debit notes issued in respect of B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E) shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.

#### Introduction

4J in GSTR 9 contains details of debit notes in respect of outward supplies in 4B to 4E of GSTR 9. Only Debit notes dated before Mar 31, 2018 are to be reported and not debit notes dated issued in 2018-19 relating to 2017-18.

Section 34(2) of the CGST Act allows a person to issue a debit note to the recipient wherein the taxable value or tax charged in that invoice is found to be less than the taxable value or tax payable in the tax invoice issued earlier. Please note that GSTR 9 is not the place to examine whether DN should have been issued or not. If DN is issued (dated 2017-18), then report the same here.

A person issuing the debit note has to declare such details in the return for the month during which the debit note is issued. In the annual return, that person is required to disclose only those debit notes which pertain to the relevant financial year and have also been issued by

him up to March of the relevant financial year. Any debit note issued in previous financial year and reported in 3B after March of the relevant financial year; would be reported in Part V of the annual return. However, as mentioned supra debit note dated post 1<sup>st</sup> April, 2018 would not be considered in FY17-18 annual return.

### Analysis

#### ➤ Source of Information

Information in respect of debit notes issued may be obtained from Table 9B of GSTR 1.

#### ➤ Validation

The debit notes as depicted in Table 9B of GSTR 1 can be issued in respect of the following:

- Point 4(B) – Supplies made to Registered Persons (B2B)
- Point 4(C) – Zero rated supply (Export) on payment of tax (except supplies to SEZs)
- Point 4(D) – Supply to SEZs on payment of tax
- Point 4(E) – Deemed Exports

It must be noted that debit notes issued in respect of supplies made to unregistered Persons (B2C) would not be reported here. Even under GSTR 1, such debit notes are shown as part of Table 7 and not as part of Table 9B. Therefore, they need not be excluded from Table 9B for the purpose of reporting.

#### *Illustration*

Please specify which of the following supplies would form part of the reporting under credit notes issued in respect of outward supplies along with their values:

- (a) Debit note issued in March 2018 of Rs. 2,00,000 in respect of intra state supplies made to Registered Persons in December 2017 for Rs. 5,00,000
- (b) Debit note issued in April 2018 of Rs. 1,00,000 in respect of interstate supplies made to Registered Persons in January 2018 for Rs. 3,00,000
- (c) Debit note issued in respect of intra state supplies made to a consumer in August 2017: Rs. 15000

Ans. Reporting under debit note issued for outward supplies consists of only those supplies which have been reported in the GSTR 1 during the period July – March 2018. Any reporting made subsequently in 2018-19 even in respect of the period July – March 2018 should not be considered for reporting in this Table. The situations given above are to be reported in the following manner:

In situation (a), the debit note for the period December 2017 was issued in March 2018. Since, the alteration of value occurred during the Financial year ending March 2018, the increase in value of Rs. 2,00,000 would be allowed.

In situation (b), the debit note was issued in April 2018 even though it pertains to original invoice of the period January 2018. Since, the debit note was issued after March 2018, Rs. 1,00,000 would not be allowed as increase in value

In situation (d), debit note issued in respect of intra state supplies to consumers are not be shown separately as debit note. In fact, the same shall be adjusted with B2C outward taxable supplies. So, the debit note worth Rs. 25000 shall not be reported in this field.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that the original supply had occurred before the enactment of GST (1<sup>st</sup> July 2017). The debit notes issued against it should be explainable through transitional provisions
- The outward supply register should be used as a basis for validating the amounts disclosed in the GST returns
- In case of any valuation differences between books of accounts and the GST returns, the basis for such differences in valuation should be clearly documented
- If the debit notes pertain to the supply to unregistered Persons, then these should form part of this clause
- Only debit notes issues in respect of those supplies on which tax is payable should be reported. Any supplies which NIL are rated, exempted, non-GST etc. should not be reported.

*Conclusion*

Therefore, 4J of GSTR 9 contains information pertaining to 2017-18 that is declared in the returns, that is, GSTR 1 furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted).

**SI. No. 4K and 4L. Supplies / tax declared through amendments (+/-)**

4K	Supplies / tax declared through Amendments (+)					
4L	Supplies / tax reduced through Amendments (-)					

Table No.	Instructions
4K & 4L	Details of amendments made to B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), credit notes (4I), debit notes (4J) and refund vouchers shall be declared here. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.

### Introduction

As per section 39(9) of the CGST Act, if any Registered Person detects any omission or incorrect particulars, he can rectify these in the return to be furnished for the month during which they are detected.

Further, Circular no. 26/26/2017-GST dated Dec 29, 2017 prescribes the procedure for a person to correct any error or omission made in his GSTR 3B and GSTR 1. It is important to note that declaration of omissions and amendment to declaration already made are permitted in any subsequent month even in the returns of April to September 2018.

Such declarations and amendments by transposing from one month to another but within 2017-18 must be reported here. Continuation of such declarations and amendments in 2018-19 of data relating to 2017-18 is not permitted in point 4K. It is required to be carried in Pt. V point 10 and 11, as applicable. It is important to note that reporting here be decided according to amendment made in Form GSTR3B only i.e. if taxes paid in 17-18 then report in T4 & if paid in 18-19 then report in T10.

### Analysis

- Source of Information

The various components of this Part 4K and 4L would be as follows:

Category of Supply	Nature of Supply	Relevant Table of GSTR 1
Amendments made in B2B supplies, exports, SEZ supplies, deemed exports due to incorrect invoice or shipping bills furnished earlier	Both inter and intra state	Table 9A
Amendments made in credit notes, debit notes and refund vouchers	Both inter and intra state	Table 9C

The following are the particulars in respect of which the amendments are to be considered in this clause:

- Table 4 – Outward supplies made to Registered Persons including through e-commerce operators (except where tax is payable under reverse charge)
- Table 5 – taxable inter-state outward supplies to unregistered Persons where the invoice value is more than Rs. 2.5 lakhs including through e-commerce operators

- Table 6 – Zero rated supplies and deemed exports
  - 6A – Exports
  - 6B – Supplies made to SEZ unit or developer
  - 6C – Deemed exports
- Validation

It may be noted that the amendments may be in respect of a number of fields which are:

- GSTIN
- Invoice number
- Invoice date
- Shipping Bill number
- Shipping Bill date
- Total value of invoice
- Rate of tax
- Place of supply
- taxable value
- Amount of taxes (CGST/SGST/IGST/Cess)

It may be noted that except the last two points, as above, all the amendments are static in nature. These amendments may not affect value and taxes paid. If the value and taxes are not affected, then they are not to be reported under this clause. This is because while disclosing the original supply i.e. B2B, B2CL, zero rated supplies and deemed exports; a taxable person would have considered the correct values while enlisting them within the annual return. Therefore, adding/reducing the amendment Table amounts once again would be grossly incorrect.

However, if the amendments pertain to the last two points given above then the impact of that needs to be factored in this clause. It may result in increasing or decreasing the taxable value and/or with the taxes. If it is to be increased, it will be considered in 4K. If it is to be decreased, then the same will be considered in 4L. However, it must be noted that only the net effect of the amendments needs to be captured i.e. the incremental or differential value. If the whole invoice disclosed in the amendment Table is considered once again, then it may result in obtaining an incorrect amount.

#### *Illustration*

Please specify which of the following supplies would form part of the reporting under credit notes issued in respect of outward supplies along with their values:

- (a) GSTIN of a party incorrectly furnished in GSTR 1 of November 2017 and rectified later in April 2018.
- (b) M Ltd exported goods worth Rs. 200000 to USA in October 2017. The number of shipping bills was stated incorrectly in Table 6A of GSTR 1 and later the same was amended later in November 2017
- (c) The taxable value of a B2B supply as disclosed in the GSTR 1 for the month of August 2017 was Rs. 200000. However, instead of Rs. 24000, IGS shown was 36000. This was rectified in the month of February 2018.
- (d) Taxable value of a B2C supply disclosed in the GSTR 1 for the month of August 2017 was Rs 500000. However, instead of Rs 60000, IGS shown was Rs. 25000. This was rectified in the month of March 2018.
- (e) Incorrect taxable value of Rs. 100000 was shown in December 2017 in B2B supply which was rectified as Rs. 75000 in the amendment Table in GSTR 1 in July 2018 and taxes adjusted in 3B also in July, 2018.

Ans. Reporting under supplies/tax declared through amendments made consists of only those supplies which have been reported in the GSTR 1 during the period July – March 2018. Any reporting made subsequently in 2018-19 even in respect of the period July – March 2018 should not be considered for reporting in this Table. The situations are to be reported in the following manner:

In situation (a), the GSTIN of party was furnished incorrectly in GSTR 1 of November 2017. However, the same was rectified in December 2017. Since this is an amendment of the static data and does not affect taxable values and taxes, they would not be considered for reporting here.

In situation (b), Shipping Bill details entered incorrectly were rectified in November 2017. However, since this is an amendment of the static data and does not affect taxable values and taxes, they would not be considered for reporting here.

In situation (c), since the rectification of the amendment was made in February 2018 (before March 2018) and the same relates to B2B supply, only the tax adjustments would be made in 4K of GSTR 1.

In situation (d), the rectification relates to B2C supply. Since, they have already been reported as part of 4A of the annual return, they are not to be reported once again.

In situation (e), since the rectification occurred after March 2018, it would not be disclosed as part of supplies reduced through amendments in 4L. It will be taken care in Table 11.

*Notes to consider*

- Amendments should not be in respect of a supply belonging to the period before the GST regime

- Amendments involving static change in data should not be captured
- The net effect from the amendment should only be taken and not the complete invoice value in the amendment value as it would incorrectly consider the same data twice.
- Any amendments to the outward supplies under reverse charge, exempted, nil rated, and non-GST supplies should not be considered here
- Any amendments made in GSTR 3B would not be captured here
- Any amendments made in the return for the period after March of the relevant financial year would not be captured here

#### Conclusion

Therefore, 4K and 4L of GSTR 9 contains information pertaining to 2017-18 that is declared in the Form 3B furnished during 2017-18 and belatedly during 2018-19 (up to such extended date as permitted).

#### SI. No. 4M. Sub-total (I to L above)

4M	Sub-total (I to L above)					
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This contains the total of all the credit notes, debit notes and amendments made during the relevant financial year in respect of the supplies on which the tax has been paid.

#### SI. No. 4N. Supplies and advances on which tax is to be paid (H+M) above

4N	Supplies and advances on which tax is to be paid (H + M) above	
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This is the summation of two subtotals:

- (a) All kinds of outward and inward supplies including advances on which tax is paid during the year
- (b) Amendments, credit notes and debit notes issued in respect of the supplies described in (a) above

It must be noted that this does not factor into account any amendments and disclosures made during the period April – September of the subsequent financial year (or such other extended time) in respect of supplies pertaining to the relevant financial year.

Table 5 of GSTR 9: Detail of Outward Supplies made during the financial year on which tax is not payable

			(Amount in ₹ in all tables)			
	Nature of Supplies	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6

- (i) Table 5 has been divided into various segments from Rows 5A to 5N and the Government intends to capture the details of all those outward supplies on which tax is not payable by the taxpayer on fulfilment of essential conditions of the law.
- (ii) Apparently, it seems that such details are to be furnished in this Table only to the extent of as made during the financial year 2017-18 i.e. for the period from July 1, 2017 to March 31, 2018.
- (iii) Summarily supplies which are to be covered in this Table may be exports, supplies to SEZ, outward supplies on which the recipient is liable to pay tax i.e. which are subject to RCM, exempted supplies, nil rated supplies, non-GST supply including no supply to be reported in Rows 5A to 5F.
- (iv) As far as credit and debit notes issued pertaining to such outward supplies and further amendments made in such outward supplies through Amendment Table-9 of GSTR 1, during the financial year covered as above are to be reported separately Sl.No. 5H to 5K.
- (v) It is important to note that sum total of T4, T5 and T10/ T11 are considered as Turnover in Form 9C, therefore T5 be filled as per actual books of accounts for FY 2017-18 as there is no other table to report outward supplies on which tax is not payable. GSTR-1 may be referred for filing up T5 even though it has been submitted belatedly.

**Sl. No. 5A: Zero Rated Supply (Export) without payment of tax**

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				

Table No.	Instructions
5A	Aggregate value of exports (except supplies to SEZs) on which tax has not been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.

**Introduction**

This information may be derived from Table 6A i.e. Exports of GSTR 1.

**Analysis**

The term 'zero rated supply' defined under section 2(23) of the IGST Act to be read with section 16 of IGST Act, which says zero rated supply to be the following supplies of goods or services, namely:

- (i) exports of goods or services or both; or
- (ii) supply of goods or services or both to a SEZ developer or SEZ unit.

A Registered Person making zero rated supply has following two options:

- (a) he may supply goods or services or both under bond or LUT subject to such conditions, safeguards and procedure as may be prescribed without payment of integrated tax and claim refund of input tax credit; or
- (b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied.

NN 37/ 2017-Central tax, dated Oct 4, 2017 extended the facility of LUT to all exporters under rule 96A of CGST Rules except those who have been prosecuted for any offence under the CGST Act or the IGST tax Act or any of the existing laws and the amount of tax evaded in such cases exceeds Rs. 250 lakhs.

Circular No. 8/ 8/ 2017-GST, dated Oct 4, 2017 has clarified that the LUT shall be valid for the whole financial year in which it is tendered. However, in case goods are not exported within the time specified in sub-rule (1) of rule 96A of the CGST Rules and the Registered Person fails to pay the amount mentioned in the said sub-rule, i.e. the Registered Person fails to pay the tax due along with interest within a period of 15 days after expiry of three months or such further period as may be allowed by the Commissioner, from the date of issue of the invoice where the goods are not exported out of India, the facility of export under LUT would be deemed to have been withdrawn. Similarly, the time period in case of services is fifteen days after the expiry of one year or such further period as may be allowed by the Commissioner from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange. If the amount mentioned in the said sub-rule is paid subsequently, the facility of export under LUT shall be restored. As a result, exports, between the period when the facility to export under LUT is withdrawn and till time the same is restored, shall be either on payment of the applicable integrated tax or under bond with a bank guarantee.

*Illustration*

Mr. A made two exports one to China against LUT without any tax of INR 10.00 lacs and another to USA after paying IGST @ 18% of Rs. 25.00 lacs. Both these exports were reported by him in Table 6A of GSTR 1. However, while filling up the GSTR 9, he must report only the exports made to China i.e. the one without payment of tax in this table i.e T5.

*Notes to consider*

- (i) Supplies made to SEZ are not to be reported here.
- (ii) We must keep in mind here that Table 6A of GSTR 1 also contains those exports which were made on payment of taxes, therefore, the same are not to be reported here. Such exports are to be reported in Table 4C of GSTR 9.

*Additional notes to consider*

- (i) While filling up this information we must keep in mind that we have to report here only those exports which have been made against LUT/ Bond without payment of any tax under the GST law.
- (ii) In table 5A, since the taxpayer must report export of goods or services made under bond or LUT without payment of tax, the corresponding columns of Central tax, State/ Union Territory tax, Integrated tax and Cess shall remain freeze.
- (iii) The taxpayers shall identify the cases wherein, the facility of LUT was withdrawn due to any default on the part of a taxpayer and exports were made on payment of integrated tax so that the two can be reported in appropriate Tables as per the requirements of GSTR 9.

*Checklist of documents to be verified*

- (i) To verify all documents related to exports like invoices, shipping bills, LUT's, bonds, GSTR RFD-11.

*Issues*

- (i) Under Rule 96A of the CGST Rules, an exporter is required to furnish a bond or Letter of Undertaking (LUT) to the jurisdictional Commissioner before effecting zero rated supplies. If such supplies have been made before filing the LUT, in which Table should they be disclosed?
- (ii) Circular No. 37/11/2018-GST, dated 15-Mar-2018, has clarified that the substantive benefits of zero rating may not be denied where it has been established that exports in terms of the relevant provisions have been made. The delay in furnishing of LUT in such cases may be condoned and facilities for export under LUT may be allowed on ex post facto basis, considering the facts and circumstances of each case. Accordingly, such supplies shall also be reported in Table 5A of GSTR 9.

*Conclusion*

In this sub Table the taxpayer is expected to furnish information related to actual supplies of exports (outside India) made by him without payment of tax during the financial year 2017-18 i.e., from July 1, 2017 to March 31, 2018. Information in this table may be obtained from books of accounts and GSTR-1 may also be considered.

**5B: Supply to SEZs without payment of tax**

5B	Supply to SEZs without payment of tax						
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Table No.	Instructions
5B	Aggregate value of supplies to SEZs on which tax has not been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.

**Introduction**

This information must be derived from Table 6B i.e. Supplies to SEZ of GSTR 1.

**Analysis**

As discussed above, as per section 16 of the IGST Act supplies to SEZ developer or SEZ unit is a zero-rated supply with options available to either supply goods or services under bond or LUT without payment of tax or supply of goods or services with payment of tax.

Circular No. 48/ 22/ 2018-GST, dated 14-Jun-2018 has clarified that supplies to a SEZ developer or a SEZ unit shall be zero rated and the supplier shall be eligible for refund of unutilized input tax credit or integrated tax paid, as the case may be, only if such supplies have been received by the SEZ developer or SEZ unit for authorized operations. An endorsement to this effect shall have to be issued by the specified officer of the Zone.

*Illustration*

Mr. A has made two supplies to SEZ one against LUT without paying any tax of INR 10.00 lacs and another after paying IGST @ 18% of Rs. 25.00 lacs. Both these supplies were reported by him in Table 6B of GSTR 1. However, while filling up the GSTR 9, he must report only the supplies made without payment of tax.

*Notes to consider*

- (i) Supplies to SEZ with payment of taxes is not to be reported here.
- (ii) We have to keep in mind that Table 6B of GSTR 1 also contains those supplies to SEZ which were made on payment of taxes; therefore, the same are not to be reported here. Such exports are to be reported in Table 4D of GSTR 9.

*Additional notes to consider*

- (i) In Table 5A, since the taxpayer has to report supplies to SEZ under bond or LUT without payment of tax, the corresponding Columns of Central tax, State/ Union Territory tax, Integrated tax and Cess shall remain freeze at zero.
- (ii) Supplies to SEZ shall be for authorized operations only.
- (iii) Taxpayers shall identify cases wherein, the facility of LUT was withdrawn due to any default on the part of a taxpayer and exports were made on payment of integrated tax so that the two can be reported in appropriate Tables as per the requirements of GSTR 9.

*Checklist of documents to be verified*

- (i) To verify all documents related to supplies made to SEZ, such as invoices, LUT's, bonds and other related documents, GSTR RFD-11.

**Conclusion**

In this sub Table the taxpayer is expected to furnish information related to supplies to SEZ made by him without payment of tax during the financial year 2017-18, i.e., from 01-07-2017 to 31-03-2018

**SI. No. 5C: Supplies on which tax is to be paid by the recipient on reverse charge basis**

5C	Supplies on which tax is to be paid by the recipient on reverse charge basis					
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Table No.	Instructions
5C	Aggregate value of supplies made to registered persons on which tax is payable by the recipient on reverse charge basis. Details of debit and credit notes are to be mentioned separately. Table 4B of FORM GSTR-1 may be used for filling up these details.

**Introduction**

This information has to be derived from Table 4B i.e. B2B supplies attracting RCM of GSTR 1.

**Analysis**

Section 9(3) of the CGST Act provides that the Government may specify the categories of supply of goods or services or both on which the tax be paid on reverse charge basis by the recipient of such goods or services and all the provisions of this Act shall apply to such

recipient as if he is the person liable for paying tax in relation to supply of goods or services or both. In other words, a person who is making supply of goods or services on which tax is to be paid by the recipient shall not collect tax from him.

In this regard, the Government has issued NN 4/2017-CT(R) tax dated Jun 28, 2017 and NN 13/ 2017-CT(R) tax dated Jun 28, 2017 as amended from time to time, to notify the goods and services on which tax is to be paid by recipients on reverse charge basis. If the supply of taxpayer falls within the scope of these notifications, then he has to declare such supplies in this Table.

#### *Illustration*

The value of legal services provided by an individual advocate, including a senior advocate or firm of directly or indirectly to any business entity located in a taxable territory shall be reported in Table-5C of GSTR 9.

Attention is to be drawn here that services provided by a person which may be covered under RCM (liable to tax by the recipient) can still be exempt . Few instances of the same are:

- (a) Transportation of Rice is an exempt service, even through transportation of goods by road is covered under RCM.
- (b) Transportation of goods by road is exempt service, even though services of goods transport agency (GTA) is covered under RCM.
- (c) service provided by an Advocate to –
  - (i) any person other than a business entity; or
  - (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year;
  - (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

are exempt by virtue of NN 12/ 2017-CT(R) tax dated Jun 28, 2017. Therefore, these supplies should be reported in a subsequent Table 5D and not in Table-5C.

#### *Notes to consider*

Exempted supplies effected by a supplier on which tax is neither payable under reverse charge nor under forward charge shall not be reported here.

#### *Additional notes to consider*

- (i) Details of debit and credit notes are to be mentioned separately in Table 5H & 5I.
- (ii) This information can be derived from Table 4B of GSTR 1, since the supplies notified in

the said notifications if made to un-registered person are either exempt or the person is required to take compulsory registration under section 24 of the CGST Act.

- (iii) Please note that, as per section 17(3) of the CGST Act the value of exempt supply include supplies on which a recipient is liable to pay tax on reverse charge basis. Although, the supplies on which a recipient is liable to pay tax on reverse charge basis is to be shown separately under this head and not as exempt supply, the turnover declared in this particular Table should be considered for the purpose of reversal under section 17(2) of the CGST Act read with Rules 42 and 43 of the CGST Rules.

*Checklist of documents to be verified*

- (i) To verify all documents related to reverse charge supplies like invoice, payment voucher issued by recipient of goods or services at the time of making payment to the supplier

**Conclusion**

In this sub Table the taxpayer is expected to furnish information related in relation to supplies on which the recipient and not the supplier is required to pay tax during the financial year 2017-18, i.e., from Jul 1, 2017 to Mar 31, 2018.

**Sl. No. 5D: Exempted**

5D	Exempted						
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Table No.	Instructions
5D, 5E and 5F	Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here. Table 8 of FORM GSTR-1 may be used for filling up these details. The value of "no supply" shall also be declared here.

**Introduction**

Aggregate value of exempted supplies shall be declared here. Please note that transactions that have been carried out and invoice issued dated 2017-18 but completely omitted in GSTR 1 permitted (up to extended date) cannot be left unreported merely because no tax liability is involved. Such outward supplies also need to be reported in Part II so that reconciliation exercise will not bring out these serious omissions identified by Auditor.

This information has to be derived from Table-8, i.e. Exempted outward supplies of GSTR 1. This Table of GSTR 1 is further divided into the following four parts-

- (i) 8A titled as "Inter-State supplies to Registered Persons"  
(ii) 8B titled as "Intra-State supplies to Registered Persons"

(iii) 8C titled as “Inter-State supplies to unregistered Persons”

(iv) 8D titled as “Intra-State supplies to unregistered Persons”

This bifurcation is not required in GSTR 9; therefore, consolidated amount of all the four parts may be given here.

### **Analysis**

Section 2(47) of the CGST Act defines the exempt supply as supply of goods or services or both which attract nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the IGST Act, and includes non-taxable supply.

This definition entails that exempt supply is a wide term and includes nil rated supply and non-taxable supply. GSTR 1 and GSTR 9 requires a bifurcation of such supplies into exempt, nil rated and non-GST.

On the contrary, there is no clear distinction between exempted and nil rated supply in law, because the lawmakers have not defined nil rated supply.

### *Illustration*

Supplies which are wholly exempt by virtue of section 11 of the CGST Act or Section 6 of the IGST Act may be reported as exempt supply. For example, supply of goods referred to in N/N 2/2017-CT(R) tax dated Jun 28, 2017 and supply of services referred to in NN 12/2017-CT(R) tax dated Jun 28, 2017.

### *Notes to consider*

- (i) Value of nil rated, and non-taxable supplies shall not be declared here.
- (ii) Supply of goods to merchant exporters-

N/N 40/ 2017-Central tax (Rate), dated 23-Oct-2017 notified a lower rate of 0.05% CGST for intra-State supplies made to registered merchant exporters. Although this notification is issued in exercise of powers conferred in section 11(1) of the CGST Act, the supplies are not wholly exempt and taxable at a lower rate. Therefore, such supplies should be reported in the appropriate part of Table-4 of GSTR 9 and not here.

### *Additional notes to consider*

- (i) Only value of exempt supplies shall be declared here.
- (ii) Vide this Table, the ratio of exempt supply to taxable supply may be taken for the reversal of the credit attributable to the exempt supply as per Rule 42 and 43 of the CGST Rules.
- (iii) Invoice-cum-bill of supply issued by a Registered Person supplying taxable as well as exempt supply shall bifurcate the exempt supplies to be reported in this Table.

*Issues*

## (i) High Sea Sales

Circular No. 33/ 2017-Customs, dated Aug 30, 2017, has clarified that IGST on high sea-sale(s) transactions of imported goods, whether one or multiple, shall be levied and collected only at the time of importation. Therefore, there would be no levy of IGST on such transactions in terms of proviso to section 5(1) which says that integrated tax on goods imported into India shall be levied and collected at the point when duties of customs are levied on the said goods under section 12 of Customs Act. But the question that arises is where to report the turnover of high sea sale transactions because there is no levy of GST on such transactions. High sea sale transactions may be reported as Exempted in Table No. 5D. It is important to note that amendment made by CGST Amendment Act, 2018 in Schedule III read with Section 17 of CGST Act is prospective and applicable from 1<sup>st</sup> Feb, 2019 only which provides that High Sea Sales shall not be considered as exempted supply for reversal of common inputs, Therefore for FY 2017-18 it may be reported as exempted supply and common inputs be reversed by taking a balanced and conservative view.

## (ii) Sale from custom bonded warehouse

Circular No. 3/ 1/ 2018-IGST dated May 25, 2018, has clarified that in case of supply of warehoused goods, integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption. Therefore, the goods may be sold from custom bonded warehouse to any person in India or may be exported out of India and there would be no levy of IGST on such transactions in terms of proviso to Section 5(1) which says that integrated tax on goods imported into India shall be levied and collected at the point when duties of customs are levied on the said goods under section 12 of Customs Act. The value of such supplies shall be an exempt supply under section 2(47) of the CGST Act. Accordingly supply from custom bonded warehouse may be reported as exempted supply in Table No. 5D.

Another such transaction could be the supply of goods from non-taxable territory to another non-taxable territory. The value of such supplies shall be reported as non-taxable supply under the GST.

**Conclusion**

In this sub Table the taxpayer is expected to furnish information related to supplies on which goods and services are wholly exempted from tax under Notification 2/20017 and 12/2017 during the financial year 2017-18, i.e., from Jul 1, 2017 to Mar 31, 2018.

**Sl. No. 5E: NIL Rated**

5E	Nil Rated					
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*Introduction*

Aggregate value of nil rated supplies shall be declared here. Although exempt supplies included 'nil' and 'non-taxable' supplies, GSTR 9 requires that data be disaggregated and furnished in the various tables here, the same may be furnished without entertaining debate about the overlap between 5D and 5E.

This information must be derived from Table-8 i.e. Nil rated outward supplies of GSTR 1. It is further divided into the following four parts-

- (i) 8A titled as "Inter-State supplies to Registered Persons"
- (ii) 8B titled as "Intra-State supplies to Registered Persons"
- (iii) 8C titled as "Inter-State supplies to unregistered Persons"
- (iv) 8D titled as "Intra-State supplies to unregistered Persons"

This bifurcation is not required in GSTR 9; therefore, consolidated amount of all the four parts may be given here.

*Analysis*

As discussed above, exempt supply includes nil rated supplies i.e. goods or services which attract nil rate of tax. However, the lawmakers have not made any distinction between exempt supplies and nil rated supplies. Also, the term 'nil rated supply' has not been defined in law.

Therefore, by looking at the history of indirect taxes, wherein under the Central Excise regime and also under the Customs Act there is a Schedule for nil rated items, it can be safely inferred that the only difference between exempt supply and nil rated supply is that in the case of exempt supply, the levy is at a rate higher than 0% as per tariff schedule but tax payable thereon is NIL due to exemption notification whereas in case of Nil rated supply, the levy itself is Nil rate and therefore tax payable thereon is also Nil.

NN 1/ 2017-CT(R) dated Jun 28, 2017, contains 6 Schedules with different rates of taxes and there is no Schedule levying tax @ 0% on goods.

However, in case of service only three services related to the lease of land and agriculture etc. are notified at 'nil' rate of tax in NN 11/2017- CT(R) dated Jun 28, 2017, as under: -.

- (i) Support services to agriculture, forestry, fishing, animal husbandry.
- (ii) Services where 1/3<sup>rd</sup> deduction is allowed under sl.no.3 are 'nil' rated in sl.no.16.

- (iii) Services by the Central Government, State Government, Union territory or local authority to Governmental authority or government entity, by way of lease of land.
- (iv) Supply of land or undivided share of land by way of lease or sub lease where such supply is a part of composite supply of construction of flats, etc. specified against serial number 3 of NN 11/ 2017- CT(R) dated Jun 28, 2017tax , at item (i); sub-item (b), sub-item (c), sub-item(d), sub-item (da) and sub-item (db) of item (iv);sub-item (b), sub-item (c), sub-item (d) and sub-item(da) of item (v); and sub-item (c) of item (vi).

Provided that nothing contained in this entry shall apply to an amount charged for such lease and sub-lease in excess of one third of the total amount charged for the said composite supply. Total amount shall have the same meaning for the purpose of this proviso as given in paragraph 2 of the said notification. It is necessary to verify all documents related to nil rated supplies, like the bill of supply, invoice-cum-bill of supply etc.

#### *Notes to consider*

Exempt supplies and non-taxable supplies shall not be declared here.

#### *Additional notes to consider*

- (i) Only nil rated supplies shall be declared in Table-5E.
- (ii) Taxpayers must bifurcate the supplies between exempt and nil rated supplies wisely.
- (iii) Since exempt supply includes nil rated supplies, the value of supplies disclosed in this Table should be considered for the purpose of reversal of credits in terms of Section 17(2) read with rules 42 and 43 of CGST Rules.

#### **Conclusion**

In this sub Table the taxpayer is expected to furnish information related to supplies on which NIL rate of duty is chargeable as per Section 9 read with N/N 1/2017 and N/N11/2017-Central tax (Rate) during the financial year 2017-18, that is , from Jul 1, 2017 to Mar 31, 2018.

#### **5F: Non-GST Supply (includes No supply)**

5F	Non-GST supply					
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#### **Introduction**

- (i) Aggregate value of non-GST supplies shall be declared here.
- (ii) The value of no supply shall also be declared here. Care should to be taken to including amounts carried in balance sheet such as pure agent amounts collected and expended,

etc. Exclusion of these amounts from taxable value of an outward supply does not mean they are not part of any outward supply.

This information must be derived from Table-8 i.e. Non-GST outward supplies of GSTR 1. It is further divided into the following four parts-

- (i) 8A titled as “Inter-State supplies to Registered Persons”
- (ii) 8B titled as “Intra-State supplies to Registered Persons”
- (iii) 8C titled as “Inter-State supplies to unregistered Persons”
- (iv) 8D titled as “Intra-State supplies to unregistered Persons”

This bifurcation is not required in GSTR 9; therefore, consolidated amount of all the four parts may be given here.

### **Analysis**

Non-GST supply is not defined anywhere in the GST law. However, non-taxable supply is defined under Section 2(78) of the CGST Act which means supply of goods or services or both which is not leviable to tax under the CGST Act or the IGST Act. It can be concluded that non-GST supplies is used interchangeably with non-taxable supplies.

As discussed above, high sea sale transactions and sale from custom bonded warehouses are to be reported as Exempted Supply under Table-5D of GSTR 9, since these transactions are not leviable to tax under the GST at the time of outward supply.

Although these supplies are reported as non-taxable supplies, but the value of such supplies shall also be considered for the purpose of reversal of input tax credit in terms of Section 17(2) read with Rules 42 and 43 of the CGST Rules.

Recently an amendment has been brought in law vide CGST (Amendment) Act, 2018, w.e.f. 01.02.2019 to include the following supplies in Schedule III of the CGST Act, i.e., activities or transactions which are to be treated neither as supply of goods nor supply of service-

- (i) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- (ii) Supply of warehoused goods to any person before clearance for home consumption;
- (iii) Supply of goods by the consignee to any other person, by endorsement of documents of title to goods, after they have been dispatched from the port of origin located outside India but before clearance for home consumption.

An explanation is also inserted in Section 17(3) of the CSGT Act vide the CGST (Amendment) Act, 2018, effective from 1.02.19, that the “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.

Accordingly, in view of the above amendment made effective from 1.2.2019; high sea sale transactions, supply from custom bonded warehouse, supply from non-taxable territory to another non-taxable territory shall not be considered as exempt supply and hence not liable for reversal of credits period post 1.02.2019 only and such supplies be considered as Exempt Supplies for the purpose of reversals of Common Credit.

#### *Illustration*

Non-taxable supplies may be-

- (i) Supply of alcoholic liquor for human consumption.
- (ii) Supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.

#### *Notes to consider*

Exempt supplies and nil rated supplies shall not be declared here.

Please also examine if conditions of Rule 33 are satisfied in respect of amounts recovered as out-of-pocket expenses collected towards costs incurred on behalf of other persons.

#### *Additional notes to consider*

- (i) Only non-GST supplies shall be declared in Table-5F.
- (ii) Taxpayers must bifurcate the supplies between exempt and non-GST supplies wisely.
- (iii) Since non-taxable supplies are also referred to as exempt supply as per section 2(47) of the CGST Act, the value of such supplies declared in this Table shall be considered for the purpose of reversal of input tax credit in terms of section 17(2) read with rules 42 and 43 of the CGST Rules.
- (iv) The sale value on sale of Securities or say Land and Building after obtaining CC shall be reported here at the gross value and not the net value reported in the profit & loss account. The difference shall be reconciled in Table 5 of GSTR-9C.

#### *Issues*

- (i) GSTR 9 requires the value of “no supply” to be declared in this return. The term ‘no supply’ could mean those transactions which form part of Schedule-III which includes activities or transactions to be treated neither as supply of goods nor supply of services. This is additional information sought in GSTR 9 which was not required to be reported either in GSTR 1 or GSTR 3B.
- (ii) Another thing to be noted is that in terms of Section 17(3) of the CGST Act, sale of land and the sale of a building is to be included in the value of exempt supplies for the purpose of reversal of ITC. Therefore, it may be reported here so that the ratio of exempt supply to taxable supply may be taken correctly for the reversal of the credit attributable to the exempt supply.

### Conclusion

In this sub Table the taxpayer is expected to furnish information related to supplies on which tax is not leviable during the financial year 2017-18 i.e. from Jul 1, 2017 to Mar 31, 2018.

#### Sl. No. 5G: Sub-total (A to F above)

5G	Sub-total (A to F above)						
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The total of this Table may be auto-calculated and would contain the sum total of outward supplies on which tax is not payable without giving effect to amendments through credit and debit notes or through amendment Table in any subsequent returns.

#### Sl. No. 5H: Credit Notes issued in respect of transactions specified in A to F above (-)

5H	Credit Notes issued in respect of transactions specified in A to F above (-)						
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Table No.	Instructions
5H	Aggregate value of credit notes issued in respect of supplies declared in 5A, 5B, 5C, 5D, 5E and 5F shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.

### Introduction

Aggregate value of credit notes issued in respect of supplies declared in Table 5A, 5B, 5C, 5D, 5E and 5F.

This information must be derived from Table-9B i.e. Credit Notes (original) of GSTR 1

### Analysis

As per Section 34(1) of the CGST Act, where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the Registered Person, who has supplied such goods or services or both, may issue to the recipient a credit note containing such particulars as may be prescribed.

Section 34(2) of the CGST Act provides that any Registered Person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in the manner prescribed.

*Illustration*

Mr. A made two exports in the month of September 2017, one to China against LUT without charging any tax of INR 10.00 lacs and another to USA after charging IGST @ 18% of Rs. 25.00 lacs. Later, he issued a credit note of Rs. 50,000/- in January 2018 to both the parties on account of price variance. Credit note to China party was issued under LUT whereas credit note to U.S.A. party was issued with tax @18% to reverse output liability. Both these credit notes were reported by him in Table 9B of GSTR 1. However, while filling up the GSTR 9, he must report only the credit notes issued to China party i.e. without payment of tax.

*Notes to consider*

- (i) We have to keep in mind here that Table-9B of GSTR 1 also contains those credit notes in respect of exports or supplies to SEZ which were made on payment of taxes, therefore, the same are not to be reported here. Such credit notes are to be reported in Table-4I of GSTR 9.
- (ii) Financial credit notes are not to be included here.
- (iii) Credit notes declared in the financial year 2018-19 pertaining to supplies declared in the financial year 2017-18 shall not be declared here. Such credit notes are to be declared in Part V of GSTR 9 where supplies/ amendments are to be declared net of credit notes

*Additional notes to consider*

- (i) Credit notes issued in respect of exports, supplies to SEZ, supplies on which tax is to be paid by the recipient on RCM, exempted, nil rated, and non-GST supply shall be declared here.
- (ii) Credit notes should be in terms of the provisions of Section 34.

**Sl. No. 5I: Debit Notes issued in respect of transactions specified in A to F above (+)**

5I	Debit Notes issued in respect of transactions specified in A to F above (+)					
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Table No.	Instructions
5I	Aggregate value of debit notes issued in respect of supplies declared in 5A, 5B, 5C, 5D, 5E and 5F shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.

**Introduction**

Aggregate value of debit notes issued in respect of supplies declared in Table 5A, 5B, 5C, 5D, 5E and 5F.

This information may be derived from Table-9B i.e. Debit Notes (original) of GSTR 1

### Analysis

As per Section 34(3) of the CGST Act, where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the Registered Person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing such particulars as may be prescribed.

Section 34(4) of the CGST Act provides that any Registered Person who issues a debit note for the supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in the manner prescribed.

#### Illustration

Mr. A made two exports in the month of September 2017, one to China against LUT without charging any tax of Rs. 10.00 lacs and another to USA after charging IGST @ 18% of Rs. 25.00 lacs. Later on, he issued a debit note of Rs. 50,000/- in January 2018 to both the parties on account of price variance. Debit note to China party was issued under LUT whereas debit note to U.S.A. party was issued with tax @ 18% to increase the output liability. Both these debit notes were reported by him in Table-9B of GSTR 1. However, while filling up the GSTR 9, he has to report only the debit notes issued to China party, i.e., without payment of tax.

#### Notes to consider

- (i) We have to keep in mind that Table-9B of GSTR 1 also contains those debit notes in respect of exports or supplies to SEZ which were made on payment of taxes, therefore, not to be reported here. Such debit notes are to be reported in Table-4J of GSTR 9.
- (ii) Financial debit notes are not to be included here.
- (iii) Debit notes declared in the financial year 2018-19 pertaining to supplies declared in the financial year 2017-18 shall not be declared here. Such debit notes are to be declared in Part V of GSTR 9 where supplies/ amendments are to be declared net of debit notes.

#### Additional notes to consider

- (i) Debit notes issued in respect of exports, supplies to SEZ, supplies on which tax is to be paid by the recipient on RCM, exempted, nil-rated and non-GST supply shall be declared here.
- (ii) Debit notes should be as per the provisions of Section 34.

#### SI. No. 5J: Supplies declared through Amendments (+)

5J	Supplies declared through Amendments (+)					
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Table No.	Instructions
5J & 5K	Details of amendments made to exports (except supplies to SEZs) and supplies to SEZs on which tax has not been paid shall be declared here. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.

### Introduction

Details of amendments made to exports and supplies to SEZs on which tax has not been paid shall be declared here.

This information must be derived from Table-9A i.e. Amended Export and SEZ invoices and Table 9C i.e. Amended Credit/ Debit Notes of GSTR 1 Analysis

As per Section 39(9), subject to the provisions of Sections 37 and 38, if any Registered Person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or subsection (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.

Currently no revision of returns is possible. Only errors can be rectified in the return for the month in which such errors are noticed.

### Illustration

Mr. A made supplies worth Rs. 5 lakhs to SEZ unit in the month of August 2017. While filing details in GSTR 1, his accountant made a typographical error and entered the invoice value of Rs. 4 lakhs in Table-6B of GSTR 1. Mr. A noticed this mistake in the month of November 2017 and corrected the invoice value in Table-9A of GSTR 1 for the month of November. Details of these amendments are to be reported in this Table.

### Notes to consider

- (i) Supplies not accounted for in GSTR 1 shall not be declared in the amendment Table.
- (ii) Amendments declared in April 2018 to September 2018 pertaining to invoices issued in financial year 2017-18 shall not be declared here. Such amendments are to be declared in Part V of GSTR 9.

### Additional notes to consider

- (i) It includes only those amendments which have the effect of increasing the value of supplies.

- (ii) Only amendments declared in returns from August 2017 to March 2018 shall be declared here.
- (iii) Amendment of invoices is possible only if they have already been entered in GSTR 1.

*Issues*

- (i) There is no amendment Table in GSTR 1 for exempted, nil rated and non-taxable supplies. If there is any inadvertent error in declaring the exempted turnover in GSTR 1 can it be amended in GSTR 9?
- (ii) What is to be done if exempt supply is wrongly declared as nil rated supply or non-taxable supply or vice-versa. There is no amendment Table for such supplies. Can it be corrected in GSTR 9?

**Sl. No. 5K: Supplies reduced through Amendments (-)**

5K	Supplies reduced through Amendments (-)						
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**Introduction**

Details of amendments made to exports and supplies to SEZs on which tax has not been paid shall be declared here.

This information has to be derived from Table-9A i.e. Amended Export and SEZ invoices and Table-9C i.e. Amended Credit/ Debit Notes of GSTR 1

**Analysis**

As per Section 39(9), subject to the provisions of sections 37 and 38, if any Registered Person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or subsection (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.

Currently no revision of returns is possible. Only errors can be rectified in the return for the month in which these are noticed.

*Illustration*

Mr. A made supplies worth Rs.5 lakhs to SEZ unit in the month of August 2017. While filing details in GSTR 1, his accountant made a typographical error and entered the invoice value of

Rs. 6 lakhs in Table-6B of GSTR 1. Mr. A noticed this mistake in the month of November 2017 and corrected the invoice value in Table 9A of GSTR 1 for the month of November. Details of these amendments are to be reported in this Table.

*Notes to consider*

- (i) Amendments declared in April 2018 to September 2018 pertaining to invoices issued in the financial year 2017-18 shall not be declared here. Such amendments are to be declared in Part V of GSTR 9.

*Additional notes to consider*

- (i) It includes only those amendments which have the effect of decreasing the value of supplies.
- (ii) Only amendments declared in returns from August 2017 to March 2018 shall be declared here.
- (iii) Amendment of invoices is possible only if they have already been entered in GSTR 1.

*Issues*

- (i) There is no amendment Table in GSTR 1 for exempted, nil rated and non-taxable supplies. If there is any inadvertent error in declaring the exempted turnover in GSTR 1 can it be amended in GSTR 9?
- (ii) What is to be done in cases where exempt supply is wrongly declared as nil rated supply or non-taxable supplies or *vice-versa*. There is no amendment Table for such supplies. Can it be corrected in GSTR 9?

**SI. No. 5L: Sub-Total (H to K above)**

5L	Sub-Total (H to K above)					
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The total of this Table may be auto calculated and would contain the sum total of amendments made to the outward supplies on which tax is not payable either through credit and debit notes or through amendment Table declared during the financial year 2017-18. However, it is to be noted here that amendment made in the financial year 2018-19 to invoices pertaining to the financial year 2017-18 shall not be declared here. There is a separate part, part V, in GSTR 9 for capturing this information.

**SI. No. 5M: Turnover on which tax is not to be paid (G + L above)**

5M	Turnover on which tax is not to be paid (G + L above)					
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The total of this Table may be auto calculated and contains the total turnover of the outward supplies on which tax is not paid by the taxpayer during the financial year 2017-18. It is the sum total of outward supplies on which tax is not payable after giving effect to amendments through credit and debit notes or through amendment Table declared in any subsequent return in the financial year 2017-18.

**Sl. No. 5N: Total Turnover (including advances) (4N + 5M - 4G above)**

5N	Total Turnover (including advances) (4N + 5M - 4G above)						
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Table No.	Instructions
5N	Total turnover including the sum of all the supplies (with additional supplies and amendments) on which tax is payable and tax is not payable shall be declared here. This shall also include amount of advances on which tax is paid but invoices have not been issued in the current year. However, this shall not include the aggregate value of inward supplies on which tax is paid by the recipient (i.e. by the person filing the annual return) on reverse charge basis.

**Part III : Details of ITC as declared in returns filed during the financial year**

Input tax credit is money held in-trust by the Government with a promise to adjust or return it in future as per the provisions of law. Input tax credit is a right that vests on fulfilment of conditions. In certain circumstances even end use comes as a check to confirm the conditions of entitlement of credit.

Each tax – CGST, SGST, IGST and Cess – operates in individual compartment with the facility of cross utilization in a certain manner.

While credit may be available as a right, unless the vesting conditions are fulfilled, the said rights could get affected. It is therefore, imperative that the conditions for vesting of these rights are fulfilled.

***ITC available in normal circumstances:***

In general the ITC is available for the registered person, if the following conditions are fulfilled:

- (a) The inward supplies of goods and/or services are in the course or furtherance of business;
- (b) The inward supplies of the goods and / or services are other than those specified under Section 17(5);
- (c) The recipient has received tax invoice on eligible inward supplies;
- (d) The recipient has received the goods and / or services;
- (e) The supplier of goods and / or services has paid tax on such outward supplies and declared the outward supplies in the relevant returns;

**ITC available in special circumstances**

The circumstances may change in the business, whereby under the law, the input tax credit that was not available as discussed above may need to be allowed in the changed circumstances. Section 18 envisions five such circumstances and carefully releases credit, though there may be many others like the transitional credit. Such circumstances would be as follows:

1. Input tax credit of GST paid on goods held in stock on the day immediately preceding the date of registration;
2. Composition dealer opting out of composition scheme can claim credit on the stock held on the effective date when composition scheme becomes inapplicable.
3. The goods or inputs held in stock on the day immediately preceding the date when exemption is withdrawn on supply of goods and / or services;
4. Change in the constitution of the entity due to sale, merger, demerger, amalgamation, lease or transfer of business, the transferee can claim the credit of unutilised balance of the input tax credit of the transferor.
5. Transitional Credit as per the provisions of the GST law on the introduction of GST.

Though the tax paid on various inward supplies are available on fulfilling the above conditions, that would not be full and final for utilization as further restrictions are put in place. Thereby this credit can be called as "Input Tax Credit Available".

It is important to note that ITC availed through Form 3B return filed for FY 2017-18 would be a credit of FY 2017-18 and ITC for the year FY 2017-18 availed in FY 2018-19 would be a credit of FY 2018-19 not FY 2017-18.

**Table 6****Sl. No. 6A. Total amount of input tax credit availed through GSTR 3B (sum total of Table 4A of Form GSTR 3B)**

6A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)	<Auto>	<Auto>	<Auto>	<Auto>
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Table No.	Instructions
6A	Total input tax credit availed in Table 4A of FORM GSTR-3B for the taxpayer would be auto-populated here.

**Introduction**

This is an auto-populated and not editable column. Table 6A of GSTR 9 contains the details of ITC availed in GSTR 3B during the financial year. The purpose of this clause is to aggregate

the quantum of Input tax credit availed by the Registered Person on import of goods, import of services, Inward Supplies liable to reverse charge, tax credit received from the Input service distributors and any other ITC availed on regular inward supplies.

### Analysis

- Source of information

This is auto-populated from the details filed by the taxpayer in its GSTR-3B.

- Revision required

The column is auto populated from the returns filed during the year and thus, cannot be revised.

### SI. No. 6B. Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)

6B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	Inputs				
		Capital Goods				
		Input Services				

Table No.	Instructions
6B	<p>Aggregate value of input tax credit availed on all inward supplies except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Table 4(A)(5) of FORM GSTR-3B may be used for filling up these details.</p> <p>This shall not include ITC which was availed, reversed and then reclaimed in the ITC ledger. This is to be declared separately under 6(H) below.</p>

### Introduction

Table 6B of GSTR 9 contains the details of ITC availed on inputs, input services and capital goods availed by a Registered Person during the financial year. Unlike the details in table 6A, details in this Table have to be entered manually.

### Analysis

- Source of information

In this Table, the Registered Person must report the aggregate value of input tax credit

availed on all inward supplies except:

- those on which tax is payable on reverse charge basis but includes supply of services received from SEZs (as SEZ unit would raise a tax invoice for services supplied). It is important to note that the supply of goods from SEZ shall not be included as no tax invoice is raised by SEZ for such supply.
- Input tax credit which was availed, reversed and subsequently reclaimed in the ITC ledger. For illustration, credits which are reversed on account of non-payment to vendor within one hundred and eighty days as required under second proviso to Section 16(2). When payment is made, the Registered Person is eligible to reclaim the credit. Such credit is to be reported in Column 6H of GSTR 9.

Such values can be taken from the input tax register maintained by the Registered Person for input tax credit. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Further, only the tax components are disclosed in Table 6 of GSTR 9. The value of inward supplies is not disclosed.

It is relevant to note that if the Registered Person has disclosed gross total ITC [including ineligible ITC u/s 17(5)] in Table 4A of GSTR 3B and reduced the ineligible ITC in Table 4B (2) of GSTR 3B, then he should disclose the gross total ITC [including ineligible ITC u/s 17(5)] in Table 6B of GSTR 9. The ineligible ITC u/s 17(5) would be disclosed in Table 7E of GSTR 9.

Where Registered Person has disclosed only the net ITC in Table 4A GSTR 3B, he must disclose the same in Table 6A of GSTR 9.

➤ Validation of information

This Table should include information from total ITC availed in Table 4A (5) of GSTR 3B where information for all other ITC is to be filled. However, it is to be noted that the total of Table 4A (5) of GSTR 3B need not be equal to data reported in Table 6B of GSTR 9. This is for the reason that Table 4A (5) of GSTR 3B would contain all other ITC for which no specific column is provided GSTR 3B.

➤ Revision required

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. Therefore, there is no scope for revision / addition of data which is available in books of accounts but not disclosed in GSTR 3B..

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- The tax payer needs to bifurcate the total ITC availed into Inputs, Capital Goods and Input Services. Reference may be made to additions column in the fixed assets schedule to ascertain the amount pertaining to Capital Goods.
- Only ITC availed in GSTR 3B for the period July 2017 to March 2018 has to be disclosed in this Table. ITC relating to 2017-18 availed in subsequent GSTR 3B should not be disclosed in this Table. Such data would be disclosed in Table 8C of GSTR 9.

#### Conclusion

Therefore, 6B of GSTR 9 contains input tax credit availed on tax invoices and debit notes (forward charge) pertaining to 2017-18 that is declared in GSTR 3B (All other ITC) furnished for the financial year 2017-18.

#### Sl. No. 6C. Inward supplies received from un-registered Persons liable to reverse charge (other than B above) on which tax is paid and ITC availed

6C	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				

Table No.	Instructions
6C	Aggregate value of input tax credit availed on all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Table 4(A) (3) of FORM GSTR-3B may be used for filling up these details.

#### Introduction

Table 6C of GSTR 9 contains the aggregate value of input tax credit availed on all inward supplies received from an unregistered person (other than import of services) on which tax is payable on reverse charge basis. Tax paid on supplies received from an unregistered person and on which input tax credit has not been availed, would not be reported under this clause. It is important to note that 4G of GSTR-9 may contains such values on which tax has been paid under reverse charge.

#### Analysis

- Source of information  
In this Table, the taxable person should report aggregate value of input tax credit

availed on all inward supplies (of input, input services and capital goods) as received from an unregistered Person on which he was liable to pay tax under reverse charge. It is relevant to note that this table would contain inward supplies liable to reverse charge under section 9(3) as well as 9(4) of CGST Act. N/N 38/2017 – CT(R) dated Oct 13, 2017 was issued by the Government to provide exemption from payment of tax under reverse charge for supplies received from unregistered Persons. Therefore, clause 6C of GSTR 9 would contain data relating to inward supplies received from unregistered Persons liable to GST u/s 9(4) from Jul 1, 2017 to Oct 12, 2017 only (note the exclusion of date of notification as per section 5 of General Clauses Act).

➤ Validation of information

This Table shall include information from total ITC availed in Table 4A (3) of GSTR 3B and filed for the period from July 2017 to March 2018. It is important to note that column of 4A (3) of GSTR 3B contains tax paid under reverse charge u/s section 9(3) and section 9(4). However, under Table clause 6C, only tax paid under reverse charge u/s 9(3) and 9(4) on supplies procured from an unregistered Persons shall be disclosed.

➤ Revision required

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. Therefore, there is no scope for revision / addition of data which is available in books of accounts but not disclosed in GSTR 3B.

*Conclusion*

Therefore, 6C of GSTR 9 contains input tax credit availed on all self-raised invoices on account of purchases made from unregistered suppliers pertaining to 2017-18 and which has been duly disclosed in GSTR 3B as filed for the said financial year.

**Sl. No. 6D. Inward supplies received from Registered Persons liable to reverse charge (other than B above) on which tax is paid and ITC availed**

6D	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				

**Introduction**

Table 6D of GSTR 9 contains the aggregate value of input tax credit availed on all inward supplies received from Registered Persons (other than B above) on which tax is payable on reverse charge basis. It is important to note that 4G of GSTR-9 may contains such values on which tax has been paid under reverse charge.

### Analysis

➤ Source of information

In this Table, the taxable person should report aggregate value of input tax credit availed on all inward supplies (of input, input services and capital goods) as received from Registered Persons on which he was liable to pay tax under reverse charge as per section 9(3) of the CGST Act. The list of goods liable to GST under reverse charge u/s 9(3) is notified in N/N 4/2017-Central Tax (Rate), dated 28-6-2017. Further, in respect of services, the list of services has been notified in NN 13/2017- CT(R) dated Jun 28, 2017 tax and NN 10/2017- Int (R) dated Jun 28, 2017tax.

➤ Validation of information

This Table should include information from total ITC availed in Table 4A (3) of GSTR 3B and filed for the period from July 2017 to March 2018. However, only tax paid on supplies liable to reverse charge u/s 9(3) of CGST Act and which are obtained from Registered Persons would be disclosed in this Table.

➤ Revision required

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. Therefore, there is no scope for revision / addition of data which is available in books of accounts but not disclosed in GSTR 3B.

### Conclusion

Therefore, 6D of GSTR 9 contains input tax credit availed on all invoices and debit notes received from registered supplies on which liability to pay tax is under section 9(3) of the CGST Act.

### Sl. No. 6E. Import of goods (including supplies from SEZs)

6E	Import of goods (including supplies from SEZs)	Inputs				
		Capital Goods				

Table No.	Instructions
6E	Details of input tax credit availed on import of goods including supply of goods received from SEZs shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs and capital goods. Table 4(A)(1) of FORM GSTR-3B may be used for filling up these details.

### Introduction

Table 6E of GSTR 9 should contain the aggregate value of input tax credit availed on all imports including those made from SEZ units.

### Analysis

➤ Source of information

In this Table, the taxable person should report aggregate value of input tax credit availed on all imports (for inputs and capital goods) from outside India or SEZ units. Such data can be sourced from the bill of entry or other similar document prescribed under the Customs Act, Customs Tariff Act or rules made thereunder for the assessment of integrated tax on imports.

➤ Validation of information

Table 4A (1) of GSTR 3B may be used for filling up these details in this Table. This includes information of total ITC availed in Table 4A (1) of GSTR 3B and filed for the period from July 2017 to March 2018.

➤ Revision required

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. Therefore, there is no scope for revision / addition of data which is available in books of accounts but not disclosed in GSTR 3B.

#### *Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- Registered persons importing goods should make sure that the entire input tax credit on inputs or capital goods is availed in this column.
- Only the IGST paid on import of goods can be availed as ITC. BCD and Social Welfare Surcharge cannot be availed as ITC.
- Ensure that the GSTIN is updated in the ICEGATE and the GSTIN appears on the Bill of Entry.

#### *Conclusion*

Therefore, 6E of GSTR 9 contains input tax credit availed on all the bills of entries filed on goods imported during the period July 2017 to March 2018 which have been duly recorded and disclosed in GSTR 3B.

#### *Disclosure in Form GSTR-9*

IGST paid on the import of goods and capital goods and availed as credit has to be disclosed under Sl. No. 6E of Form GSTR-9. Further, goods procured from SEZ, where the Bill of Entry has been filed by the dealer also has to be disclosed under this Sl. No. 6E.

IGST paid on the import of goods and capital goods irrespective of whether input tax credit has been claimed or not shall be disclosed against Sl. No. 8G of Form GSTR-9.

The difference between Sl. No. 6E (Auto populated in Sl. No. 8H) and Sl. No. 8G of Form GSTR-9 would be IGST paid on imports which are not eligible as input tax credit. For example, IGST paid on goods imported which are used for effecting exempt supply.

It is relevant to note that the input tax credit paid on import of goods would not appear in Form GSTR-2A. Therefore, adequate care has to be taken to ascertain the input tax credit of GST paid on the import of goods and to declare that against Sl. No. 6E.

Further it may also be noted that as per Sl. No. 8G compared with Sl. No. 8H, if any credit is not availed during the same financial year, there is no provision for mentioning credit availed in the subsequent financial year before September just like it is in Sl. No. 8C. Therefore clarity is awaited in this regard

#### Sl. No. 6F. Import of services (excluding inward supplies from SEZs)

6F	Import of services (excluding inward supplies from SEZs)				
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Table No.	Instructions
6F	Details of input tax credit availed on import of services (excluding inward supplies from SEZs) shall be declared here. Table 4(A)(2) of FORM GSTR-

#### Introduction

Table 6F of GSTR 9 contains the aggregate value of input tax credit availed on all import of services where tax has been paid under reverse charge by the recipient of services.

#### Analysis

##### ➤ Source of information

In this Table, the Registered Person should report aggregate value of input tax credit availed on all import services received from outside India. Data for this clause can be corroborated with the details in disclosed Notes to Accounts of Financial Statements. However, it is relevant to note that liability to pay GST on import of services arises only if conditions specified in Section 2(11) of the IGST Act are satisfied.

##### ➤ Validation of information

Table 4A (2) of GSTR 3B may be used for filling up the data in his Table.

##### ➤ Revision required

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. Therefore, there is no scope for revision / addition of data which is available in books of accounts but not disclosed in GSTR 3B.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- In order to qualify as import of service, it is important that the place of supply of service as per Section 13 of the IGST Act should be within India.
- The rate of exchange for determining the value of taxable service should be the rate of exchange determined as per the generally accepted accounting principles as on the date of time of supply as per Section 13 of the CGST Act.

*Conclusion*

Therefore, 6F of GSTR 9 contains input tax credit availed on all the GST paid on import of services pertaining to 2017-18 which has been duly filed in GSTR 3B.

**SI. No. 6G. Input tax credit received from ISD**

6G	Input Tax credit received from ISD				
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Table No.	Instructions
6G	Aggregate value of input tax credit received from input service distributor shall be declared here. Table 4(A)(4) of FORM GSTR-3B may be used for filling up these details.

**Introduction**

Table 6G of GSTR 9 contains the aggregate value of input tax credit availed on credits received from Invoice or credit note, or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.

**Analysis**

- Source of information
 

In this Table, the Registered Person should report aggregate value of input tax credit availed on all invoices raised by ISD. The Registered Person should be in possession of invoice issued by ISD u/r 54(1) of CGST Rules. It is also relevant to note that the ineligible portion of ITC distributed should not be availed as ITC.
- Validation of information
 

Table 4A (4) of GSTR 3B may be used for filling up the data in this Table.
- Revision required
 

This Table should contain data which has been disclosed in GSTR 3B for the period July 2017 to March 2018. i In case there is any addition to ITC pertaining to 17-18 and are considered in GSTR 3B from April to March 2019, then that shall form part of Table 13 of GSTR 9.

**Sl. No. 6H. Amount of ITC reclaimed (other than B above) under the provisions of the Act**

6H	Amount of ITC reclaimed (other than B above) under the provisions of the Act				
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Table No.	Instructions
6H	Aggregate value of input tax credit availed, reversed and reclaimed under the provisions of the Act shall be declared here.

**Introduction**

Sl. No. 6H of GSTR 9 contains the aggregate value of input tax credit which was availed, reversed and reclaimed again during the same financial year by the Registered Person [Rule 37-Non-payment within 180 days]

**Analysis**

## ➤ Source of information

In this Table, the Registered Person should report all input tax credit claimed, reversed and reclaimed by him during the period July 2017 to March 2018.

Illustration – ITC reversed on account of non-payment to a vendor within one hundred and eighty days. When payment is made, the Registered Person is eligible to reclaim the credit. Such credits are to be reported in Table 6H.

## ➤ Validation of information

ITC disclosed in Table 6B and 6H should be equal to the data disclosed in Table 4A (5) of GSTR 3B.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- ITC availed and reversed during 2017-18 and reclaimed in 2018-19 should not be disclosed in this Table.

Includes	Excludes	Reference
ITC that was availed, reversed and then reclaimed	ITC availed and reversed during 2017-18 and reclaimed in 2018-19 not to be disclosed here	Table 4(A)(5) of Form GSTR-3B

**Sl. No. 6I. Sub-total (B to H above)**

I	Sub-total (B to H above)					
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This shall be auto computed in GSTR 9, & would contain the aggregate of ITC availed on inward supplies including services received from SEZ, inward supplies received from an unregistered person liable to reverse charge, inward supplies received from a registered person liable to reverse charge, import of goods, import of service and ITC received from ISD.

**Sl. No. 6J. Difference (I – A above)**

6J	Difference (I - A above)				
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Table No.	Instructions
6J	The difference between the total amount of input tax credit availed through FORM GSTR-3B and input tax credit declared in row B to H shall be declared here. Ideally, this amount should be zero.

**Introduction**

This Table shall be auto computed in GSTR 9, & would contain the difference between the total net credit disclosed in GSTR 3B (Table 6A) and the details of credit disclosed in Table 6B to 6H.

**Analysis**

Ideally, the difference in Table 6J should be nil. This is for the reason that the amount disclosed in 6A is auto populated from GSTR 3B of July 2017 to March 2018. Further, the amount disclosed in Table 6B to 6H is merely the classification of ITC availed in GSTR 3B. If the amount is not zero and a tax liability arises, then it has to be discharged through DRC-03 if not rectified in the next financial year'.

**Sl. No. 6K. Transition Credit through TRAN – 1**

6K	Transition Credit through TRAN-I (including revisions if any)				
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Table No.	Instructions
6K	Details of transition credit received in the electronic credit ledger on filing of FORM GST TRAN-I including revision of TRAN-I (whether upwards or downwards), if any shall be declared here.

### Introduction

Table 6K of GSTR 9 contains the aggregate value of input tax credit availed by the Registered Person through TRAN-1. The credits availed through Form TRAN-1 are credited directly into the Electronic credit ledger of the Registered Person.

### Analysis

- Source of information

In Table 6K, the Registered Person should report the amount of credit received in the electronic credit ledger through FORM GST TRAN-I. Where the registered taxpayer has revised GST TRAN-1, the credit claimed in the revised TRAN-1 should be disclosed in this Table.

In respect of Registered Persons who were not able to file the Transition returns due to IT related glitches, the Government vide Circular No. 39/13/2018-GST dated Apr 3, 2018 has specifically allowed such taxpayers to file the returns till Jan 31, 2019 (Order No. 4/2018-GST dated 17.09.2018). In respect of such persons, no data would be disclosed in Sl. No. 6K of GSTR 9.

### Sl. No. 6L Transition Credit through TRAN – II

6L	Transition Credit through TRAN-II				
Table No.	Instructions				
6L	Details of transition credit received in the electronic credit ledger after filing of FORM GST TRAN-II shall be declared here.				

### Introduction

Sl. No. 6L of GSTR 9 contains the transitional credit availed and received in electronic credit ledger, by the registered person by filing of **FORM GST TRAN-II during the reporting financial year** shall be declared here, in case the form is filed during subsequent financial year the same need to be reported in Table 13 of Part V.

### Analysis

- Source of information
- In 6L, the Registered Person should disclose the quantum of ITC received in the electronic credit ledger through FORM GST TRAN-II. Where the Registered Person has filed TRAN-II after March 2018, the amount of such credit should not be disclosed in Sl. No. 6L of GSTR 9. This is because the credit through TRAN-II would have been credited to electronic credit ledger in the month in which TRAN-II was filed.

### Sl. No. 6M. Any other ITC availed but not specified above

M	Any other ITC availed but not specified above				
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### Introduction

Sl. No. 6M of GSTR 9 contains details of the ITC availed but not covered under any of the heads specified under 6B to 6L above. In such a situation the registered person is required to disclose any other ITC availed in table 6M.

**Details of credit under special circumstances specified in 18(1) shall be declared here.**

**Situation 1** -Any person who has applied for registration within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take **credit of input tax** in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax.

**Situation 2**- A person who takes voluntary registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration.

**Situation 3** - Where any registered person ceases to composition levy person, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax normal levy. However, he also entitled to take credit in respect of capital goods but the same shall be reduced by such percentage points as prescribed in CGST Rules.

**Situation 4**-Where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable; However, he also entitled to take credit in respect of capital goods but the same shall be reduced by such percentage points as prescribed in CGST Rules.

**In all the above situations the registered person should have filed Form GST ITC 01, within the time prescribed.**

**Situation 5**-Where there is a change in constitution of any registered person or on account of sale of business, lease or transfer of business, amalgamated or merged with another registered person then the input tax credit which remain unutilised in his electronic credit ledger shall be transferred to the other person. **In this situation the registered person should have filed Form GST ITC 02, within the time prescribed.**

Illustrative Situations:

1. Credit availed under section 18(1)(a) to 18(1)(d) of the CGST Act, 2017 it to be disclosed in table 6M

2. Credit availed under section 18(3) read with Rule 41(1) of CGST Rules, 2017 on account of sale, merger, demerger, amalgamation, lease or transfer of a business is to be disclosed in table 6M

### Analysis

- Source of information
- In 6M, the Registered Person should disclose the quantum of ITC received in the electronic credit ledger through FORM GST ITC-01 and FORM GST ITC-02, the amount of ITC should not be disclosed in Sl. No. 6L of GSTR 9. This is because the credit through ITC-01/ITC-02 would have been credited to electronic credit ledger in the month in which ITC-01/ITC-02 was filed.

### SI. No. 6N. Sub-Total (6K to 6M above)

N	Sub-total (K to M above)					
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This data shall be auto computed & contains the total of all the ITC availed through TRAN-I, TRAN-II and any other ITC availed during the relevant financial year.

### SI. No. 6O. Total ITC availed (I+N above)

O	Total ITC availed (I + N above)					
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Table No.	Instructions
6O	Total ITC availed as per GSTR-3B and other ITC credited directly to electronic credit ledger by filing TRAN-I, TRAN-II, ITC-01 and ITC-02.

Total ITC availed during the period July 2017- March 2018 shall be Auto computed here (**Sum of 6I & 6N**).

### Table – 7 Details of ITC Reversed and Ineligible ITC for the financial year

Input tax credit which satisfies the 'test of disallowance' partially will be restricted. But input tax credit that is entirely disqualified would be ineligible. Section 16 contains the conditions when the ITC becomes available to a person. On the other hand, Section 17 of the Act deals with the restricted and ineligible input tax credit. Therefore, the recipient claiming the input tax credit would be required to reverse the input tax credit claimed. The test of disallowance shall be framed on the basis of business facts and circumstance to ascertain restricted input tax credit - whether the inputs and / or input services are put to use for purpose other than business (Section 17(1)), exempt supplies (Section 17(2)) Negative list of inward supplies (Section 17(5)) would be considered as ineligible ITC for all purposes. It must be noted here that ITC which is restricted can be reclaimed if excess reversal was made earlier or when the conditions for reclaiming the input tax credit are satisfied. However, it must be noted that

ineligible credit cannot be availed once it is declared as ineligible. In this table, details relating to Input Tax Credit reversed or ineligible will be disclosed, which consist of eight sub-clauses.

#### SI. No. 7A Reversal under Rule 37

7A	As per Rule 37				
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Table No.	Instructions
7A, 7B, 7C, 7D, 7E, 7F, 7G 7H and	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. This column should also contain details of any input tax credit reversed under section 17(5) of the CGST Act, 2017 and details of ineligible transition credit claimed under FORM GST TRAN-I or FORM GST TRAN-II and then subsequently reversed. Table 4(B) of FORM GSTR-3B may be used for filling up these details. Any ITC reversed through FORM ITC -03 shall be declared in 7H. . If the amount stated in Table 4D of FORM GSTR-3B was not included in table 4A of FORM GSTR-3B, then no entry should be made in table 7E of FORM GSTR-9. However, if amount mentioned in table 4D of FORM GSTR-3B was included in table 4A of FORM GSTR-3B, then entry will come in 7E of FORM GSTR-9.

#### Introduction

As per the second proviso to Section 16(2) that if the Registered Person fails to pay to the supplier of goods or services or both except in case 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 the prescribed manner.

As a general comment applicable through out table 7 is that where credit is included in 6B+6H, the same may be excluded in 7 and where credit is not so included then the same ought not to be excluded in 7 to avoid double reversal. Where ineligible credits are found to be availed in GSTR 3B and is now accepted to be reversed, taxpayer may identify whether such ineligible credit has already been utilized or remains unutilized. Where it is utilized, then the same is to be paid in cash through DRC 03. But where it is lying unutilized, author is of the view that the same may be reversed through DRC-03 by paying through credit and the same be included in table 7 as it is a reversal of Credits. Care may be taken not to reverse or pay twice the amount of such ineligible credit.

#### Analysis

Rule 37 of the CGST Rules prescribes that credit is to be reversed in proportion to the unpaid

amount in GSTR 2 for the month immediately following the period of one hundred and eighty days from the date of issue of the invoice.

To the extent specified, the following are not to be considered for reversal

- Supplies made without consideration as specified in Schedule I.
- Value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15.

In both the situations mentioned above, reversal of credit under the second proviso to Section 16(2) would not be applicable.

The amount of input tax credit reversed as per this provision shall be added to the output tax liability of the Registered Person for the month in which the details are furnished.

The Registered Person shall be liable to pay interest at the rate notified under sub-section (1) of Section 50 for the period starting from the date of availing credit on such supplies till the date when the amount is added to the output tax liability. Some experts hold the view that interest is not payable until credit is utilized as interest arises under Section 50(1) only when 'tax remains unpaid' and no tax is unpaid merely by availing credit which may be doubtful. Suitable disclosure may be made whether interest is paid on such reversal or not.

The time limit of 180 days from the date of invoice shall not apply to a claim for re-availing of such credit. It is important to make a clear distinction in books of accounts within the current asset accounts between 'credit available' and 'credit deferred'.

It is important to note that the taxable person is entitled to re-claim (except interest, if any paid) the input tax credit after effecting the payment to the supplier. It is relevant to note that the time limit specified under Section 16(4) is not applicable for re-claiming the credit reversed under Rule 37. This infers that the recipient is entitled to re-claim the input tax credit without any time limit.

#### SI. No. 7B Reversal under Rule 39

7B	As per Rule 39				
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#### Introduction

Rule 39 deals with the procedure for distribution of input tax credit (ITC) by Input Service Distributor (ISD). ISD is required to distribute ITC in the manner prescribed in the sub rule 39 (1). The ISD shall as per rules 39(1) (d), separately distribute the amount of ineligible input tax credit as per section 17(5) of the CGST Act (ineligible under the provisions of sub-section (5) of Section 17 or otherwise). Amounts to be shown under 7B would be on the basis of the Input Service Distributor credit note issued by Input Service Distributor, as prescribed in sub-rule (1) of Rule 54, to reduce the credit issued by the ISD already for any reason. If any supplier gives

credit note to the ISD, then input tax credit is required to be reduced and shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed in terms of clause (d).

### Analysis

- Source of information

Information is required to be mentioned from the bifurcation of amount mentioned in GSTR 3B part 4B(2). It should be cross-checked with the workings done by the taxable person and its books of accounts.

- Validation for Sl. No. 7B
  1. Verification of ISD credit notes issued under rule 54(1) of the CGST Rules.
  2. Contra Ledger of ISD is required to be matched for the verification of reversal on account of credit note issued by ISD.
- Revision Required

### Notes to consider

- There might be a situation when ISD has availed the ITC and distributed the same to the recipient after that the supplier has issued credit note to the ISD.
- ISD may issue ISD invoice to the recipient in excess of the eligible proportion.
- Since ISD is not required to get the accounts audited it might be possible that ineligible credit may be distributed inadvertently, which may be availed by the recipient though the same is blocked credit.

### Sl. No. 7C: As per Rule 42 (Reversal of input tax credit for Inputs and Input services)

7C	As per Rule 42				
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### Introduction

Input tax credit already availed may be reversed due to multiple reasons. Information to be reported in Table 7 must be derived from Table -4(B) of GSTR 3B which the Registered Person has already reported before filling GSTR 9.

Rule 42 of the CGST Rules describe the manner of determination of input tax credit in respect of inputs or input services and reversal thereof. The same provision for capital goods is covered in Rule 43. A registered person is eligible to avail input tax credit as per Section 16(1) after complying with requirements prescribed in section 16(2).

On valid availment of input tax credit, the same is to be tested on the basis of usage of such credit whether the same is used for the purpose of business or other than business as per section 17(1). Further, the same is also being tested based on usage of such credit to effect

taxable supply or exempt supply as per section 17(2). Accordingly, only valid credit would be available, and ITC used for non-business purpose or effecting exempt supply to reverse.

Reversal required would have been done monthly and then again at the end of the year. Now, at the time of filing GSTR 9 if any error is discovered in the amounts of such reversal, then taxpayer may identify whether such credit has already been utilized or remains unutilized. Where it is utilized, then the same is to be paid in cash through DRC 03. But where it is lying unutilized, author is of the view that the same may be reversed through DRC-03 in credit and the same be included in table 7 as it is a reversal of Credits.

### Analysis

#### ➤ Source of Information for entire Table-7

As discussed, the reporting requirement in this Table must be derived from return already filled which is GSTR 3B. Input tax credit reversal as reported in Table 4(B) of GSTR 3B may be used for reporting information. Screenshot of the reporting requirement in GSTR 3B is reproduced below.

#### ➤ Validation of Information

One should report Input tax credit reversal pertaining to the credit availed during financial year 2017-18 and reported in GSTR 3B filled for the period July-17 to March 18 as credit reversal in part 4B (1) of GSTR 3B. But credit reversal reporting requirement in GSTR 3B is consolidated for Input, Input services and capital goods. Reporting requirement in Table 7C of GSTR 9 requires reversal of Input and input service credit and reversal of capital goods credit in Table 7D. Bifurcation of these amounts reported in Table 4(B) (1) would help the tax payer to identify the amount to be reported in Table 7C and Table 7D.

At the time of validation if it is found that input tax credit left to be reversed in GSTR 3B filed for the financial year 2017-18 and reported in GSTR 3B filed for financial year 2018-19, would be reported in Table-12 of GSTR 9.

After verification if it is found that ITC is not reversed in any returns then DRC-03 is required to be filed for the said reversal.

#### ➤ Revision required

A Registered person may have reversed the input tax credit as below:

Situation	Reporting requirement in Table of GSTR 9
ITC Reversed in 2017-18	Table 7C (for input and input service) and Table-7D (for capital goods)
ITC Reversed by mistake and re-availed in 2017-18	ITC Reversal in Table 7C (for input and input service) and Table 7D (for capital goods) and re-availed ITC would be auto populated in Table 6A

ITC Reversed in 2018-19	Table 12
ITC Reversed by mistake and re-availed that ITC in 2018-19	ITC Reversed in Table 12 and availed ITC in Table 13.

### Illustration

XYZ Ltd. is having an aggregate turnover of Rs. 120 lakhs for a particular month consisting of taxable supply of Rs.90 lakhs and exempt supply of Rs. 30 lakhs. It has availed input tax credit of input and input services as follows:

- (i) ITC availed of Rs. 3 lakhs exclusively for effecting taxable supply
- (ii) ITC availed of Rs. 1.5 lakhs exclusively for effecting exempt supply
- (iii) ITC availed of Rs. 1.75 lakhs exclusively for used for non-business
- (iv) ITC of Rs. 0.25 lakhs for purchase of a motor vehicle
- (v) ITC of Rs. 2.5 lakhs which cannot be segregated whether used in taxable or exempt supply.

*In this case if XYZ Ltd has availed total credit of Rs. 9 lakhs, then reversal required is as follows:*

*Rs.1.5 lakhs –used for effecting exempt supply*

*Rs. 1.75 lakhs - used for non-business purpose*

*Rs. 0.25 lakhs –blocked credit*

*Rs. 3 lakhs ITC exclusively used for effecting taxable supply would be fully available.*

*Now balance credit of Rs. 2.5 lakhs out of Rs. 9 Lakhs which is common credit shall be reversed based on the ratio of exempt to aggregate turnover which is 25% (30 lakhs / 120 lakhs). Reversal of common credit comes to Rs. 0.625 lakhs (25% of 2.5 lakhs) is to be added in reversal of common credit list and balance common credit Rs.1.875 lakhs (2.5 lakhs – 0.625 lakhs) would be available.*

### Notes to consider

- *Most common error that may be made by a Registered Person is wrong classification of supply into taxable and exempt supply. The scope of exempt supply is wider enough to cover non-taxable supply along with exempt supply on which the supplier is not liable to pay tax. Other income lying in Profit and Loss Account may contain some income which is exempt and accordingly ITC reversal calculation is required at every tax period.*

- Please note that interest income is also exempt income but for reversal requirement under this rule, the same would not be considered as exempt income as per the amendment to Explanation in Rule 43 vide NN 3/2018-CT dated Jan 23, 2018. But, until Jan 22, 2018, interest would continue to be regarded as exempt supply for purposes of calculating reversal of common credits. While experts are divided on the question of whether the intent was to allow this exclusion from the very beginning or only from the date of amendment, care must be taken to consider the implications and make suitable disclosures while taking a view that this explanation is to be given retrospective effect as no express provision on 'date of effect' is available from the amendment.
- Only if ITC is availed then reversal would be required. E.g. a Registered Person may not have claimed ineligible ITC as reported in GSTR 3B then the same would not be required to be reversed in this calculation. The same is required to be reversed only if it is included as All Other ITC in GSTR 3B.

*Additional notes to consider*

- *Reporting* required to be made is only whatever is reported in GSTR 3B or in case the taxable person has not reported in the GSTR-3B for the period GSTR-3B for Jul-17 to Mar-18 and the tax liability needs to be paid through DRC-03.
- Even though input tax credit reversal as per the above calculation and reversal of input tax credit made by a Registered Person does not match then also as far as Table-7C is concerned, only ITC reversal declared in return is to be reported.
- The tax payer should bifurcate ITC reversal on input, input services and capital goods and report them in appropriate Tables.
- Reversal is required for each tax period and at the end of the year consolidated calculation for the year is also required and the differential ITC to be reversed / re-availed as the case may be.

*Conclusion:*

Sl. Nos. 7A to 7H pertain to the reversal of ITC due to ineligibility or reversals required under Rules 37, 39, 42 and 43 of the CGST Rules and section 17(5) of CGST Act, transitional credit as per TRAN1 and TRAN 2. It is important to review the same with books of accounts. As all the amounts are required to be filled in from the GSTR 3B filed for the period July 2017 to March 2018, it might be possible that the reversals is not made as per the provisions of law and required to be reported in GSTR 9. By filling Table 7 the Registered Person would be able to know the correct consolidated amounts of reversal made or required to be made.

**Sl. No. 7D: As per Rule 43 (Reversal of input tax credit for capital goods)**

7D	As per Rule 43				
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**Introduction**

Input tax credit already availed may be reversed due to multiple reasons. Information to be reported in Table 7 shall be derived from Table 4(B) of GSTR 3B which the Registered Person has already reported before filling GSTR 9.

We have discussed provisions required for calculating ITC and reversal thereof for input and input services as per Rule 42. The procedure for calculating input tax credit and reversal of capital goods is provided in Rule 43.

**Analysis**

- The source of Information for the entire Table-7

As discussed, reporting requirement in this Table must be derived from the return already filed which is GSTR 3B. Input tax credit reversal as reported in 4(B) of GSTR 3B may be used for reporting information. Screenshot of the reporting requirement in GSTR 3B is reproduced below.

- Validation of Information

One should report input tax credit reversal pertaining to the credit availed during the financial year 2017-18 and reported in GSTR 3B filed for the period July-17 to March 18 as credit reversal in Part 4B (1). But credit reversal reporting requirement in GSTR 3B is consolidated for Input, input service and capital goods. Reporting requirement in 7D of GSTR 9 requires reversal of Capital goods credit. Bifurcation of these amounts reported in Table-4(B) (1) would help the tax payer to identify amounts to be reported in 7C and 7D.

At the time of validation if it is found that input tax credit left to be reversed in GSTR 3B filed during the financial year 2017-18 and reported in GSTR 3B filed during financial year 2018-19, then it would be reported in Table 12 of GSTR 9.

After verification if it is found that ITC is not reversed in any returns then DRC-03 is required to be filed for the said reversal.

- Revision required

The Registered person may have reversed the input tax credit in the manner given below:

Situation	Reporting requirement in Table of GSTR 9
ITC Reversed in 2017-18	Table 7C (for input and Input service) and Table 7D (for capital goods)

ITC Reversed by mistake and re-availed that ITC in 2017-18	ITC reversal in Table 7C (for input and input services) and Table 7D (for capital goods) and re-availed ITC would be auto populated in Table 6A
ITC Reversed in 2018-19	Table 12
ITC Reversed by mistake and re-availed in 2018-19	ITC reversed in Table 12 and re-availed ITC in Table-13.

**Illustration**

XYZ Ltd., is having an aggregate turnover of Rs. 13 lakhs for a particular month consisting of taxable supply of Rs. 10 lakhs and exempt supply of Rs.3 lakhs. They have availed Input tax credit of capital goods as follows:

- (i) ITC of capital goods availed of Rs. 3 lakhs exclusively for effecting taxable supply
- (ii) ITC of capital goods availed of Rs. 1.5 lakhs exclusively for effecting Exempt supply
- (iii) ITC of capital goods availed of Rs. 1.75 lakhs exclusively for Non-business
- (iv) ITC of capital goods of Rs. 0.25 lakhs for purchase of a motor vehicle
- (v) ITC of capital goods of Rs. 2.5 lakhs about which there is no clarity whether used in taxable or exempt supply.

Assume that all capital goods were purchased in March-18.

In this case if XYZ Ltd., has availed total credit of Rs.9 lakhs, then reversal required as follows:

Rs.1.5 lakhs –used for effecting exempt supply

Rs. 1.75 lakhs - used for non-business purpose

Rs. 0.25 lakhs –blocked credit

Rs.3 lakhs ITC exclusively used for effecting taxable supply would be fully available.

Life of capital goods would be 5 years (60 month), for 2017-18, there would be only 1 tax period as capital goods were purchased in the month of March-18, common credit available for reversal would be Rs. 0.15 lakhs (Rs. 9 lakhs / 60 month).

Now this common credit of Rs. 0.15 lakhs shall be reversed based on the ratio of exempt to aggregate turnover which is 25% (3 Lakhs / 12 lakhs). Accordingly, reversal of Rs. 0.0375 lakhs is required during the month of March-18.

**Sl. No. 7E: Reversal under section 17(5) of the CGST Act**

7E	As per section 17(5)				
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### Introduction

The Input tax credit availed on goods or services that are blocked for availment of credit or which are ineligible will be identified and reversed as per Sec 17(5) of CGST Act, such reversal will be disclosed in this clause. If the amount stated in Table 4D of FORM GSTR-3B was not included in table 4A of FORM GSTR-3B, then no entry should be made in table 7E of FORM GSTR-9.

The taxpayer needs to review the list of credits not availed by him due to the restriction in Section 17. This review would be to ensure that the restriction has been rightly categorized by the Registered Person and look for an opportunity to consider the role of deemed supply, composite or mixed supply to enable credit.

E.g.: In case of a cost plus company which raises invoice on the parent company including cost incurred on rent-a-cab services received by the company, a view can be taken that such services are being used for providing the composite supply of services by the Company and therefore tax paid on such inward supply is eligible for credit as per section 17(5)(b).

A Similar view can be taken for Health and Life insurance services as well. However, costs incurred in providing an outward supply does not imply that those costs form a composite supply. Due care must be exercised while taking such tax positions.

### Analysis

- Source of information
  1. Information is required to be taken from the sum total of all the GSTR 3B part 4B (2). While making reversals, please consider that exclusion will arise only if said amount of credit included in 6B+6H and reference may be had to general guidance provided earlier.
  2. Ledgers of the Expenses mentioned above (a) to (r).
- Validation
  1. The said information has to be verified from all GSTR 3B for the period July 2017 to March 2018.
  2. Verification of ledgers of expenses given above and summary of the same is to be made stating also the ineligible ITC pertaining to the same.
  3. Since the ITC of these supplies are not eligible, it is possible that they might not have been availed and not shown in the GSTR 3B returns.
  4. Another important aspect to be verified by the taxpayer is the nexus between input and output. Though direct nexus between input and output is not mandated by the GST Law, there is an indirect reference for establishing nexus in Section 16 of the GST Act, which entitles ITC on inputs, input services and capital goods used or intended to be

used in the course or furtherance of business. Further, there are various restrictions in Section 17 which makes it inevitable to establish the nexus between input and output.

5. Once the nexus is identified, the tax payer needs to verify the impact of the same on the ITC reversal made under section 17(5).

E.g.: Reversal of ITC under section 17(5)(h) needs to be reviewed to check if the reversal on account of issue of free supply was actually required or not, as only disposal of free sample gets covered under section 17(5)(h) and not all cases where goods are transferred / issued to a person free of cost. If any inputs are supplied free of cost to a customer to entice further sales, it would fall within the definition of supply and hence would be liable to pay GST on the same after availing credit.

In the above example, if it is identified at the time of scrutiny / audit by the GST authorities that GST has not been paid on supply, the Registered Person would be required to pay tax on the same, but ITC reversed earlier cannot be claimed at that time due to restriction in section 16 (4).

#### Sales Promotion Schemes

Sometimes, companies announce offers like 'Buy One, Get One free'. For example, „buy one soap and get one soap free or get one tooth brush free along with the purchase of tooth paste". In fact, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers. Hence no ITC in respect of such free supplies are required to reverse u/s 17(5) and reported in table 7E. (Refer to Circular No. 92/11/2019-GST dated 7<sup>th</sup> March 2019)

#### *Notes to consider*

1. ITC of the said supplies is availed in the case of Motor Car, Clubs due to fact that GSTR 2A reflecting the same.
2. In GSTR 3B ineligible credits are not availed and shown. In such situation same should not to be reflected here.

#### *Additional notes to consider*

#### **In case where ineligible credit is not availed in GSTR 3B**

The Registered Person has not availed the ineligible credit under section 17(5) and hence not reversed the ITC.

**GSTR 9****Table 7F: Reversal of TRAN-I credit**

7F	Reversal of TRAN-I credit				
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**Table 7G: Reversal of TRAN-II credit**

7G	Reversal of TRAN-II credit				
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**Introduction**

This Table requires details of reversal of transitional Transactional credit claimed and reported earlier in 7K and 7L. Transfer of taxes paid under earlier tax regime would flow into GST regime through this self-declaration. And there may be reasons to reverse some or all of this credit due to inaccuracies in understanding the extent of transition credit permitted. Revision was permitted through GSTR 3B filed and now, the credit so reversed is to be reported in this clause.

During the implementation of the GST regime, the Government had provided mechanism to claim transitional credit on a self-declaration basis in form TRAN-I and / or TRAN-II. Such transitional credit claimed may find a variance due to arithmetical errors, unclear laws or errors of omission and commission by the registered person. The possibility of errors in such credit taken were high since the transitional credit was taken on the basis of various statutory filling like VAT returns, Service tax, Excise Return, etc. Credit which taken in excess / or taken wrongly can be reversed in GSTR 3B and GSTR 9 by using an appropriate Table. TRAN-I or TRAN-II credit taken in excess of what is eligible will be reported in this Table.

**Analysis:**

- Source of Information

For the limited purpose of verifying the amount reversed, the same column in GSTR 3B, that is, Table 4(B) and TRAN1/2 may be relied upon.

- As discussed, reporting requirement in this table would be derived from the return already filled which is from GSTR-3B Table – 4(B) and TRAN-I/II.
- Statutory returns filled during the earlier regime
- Stock records
- Electronic credit ledger having the category of addition or reduction therefrom in respect of Transitional credit

Apart from clerical errors in claiming such credit, it may also become liable for reversal in the following situations:

Situation where TRAN-I credit needs to be reversed Credit of Krishi Kalyan cess, / Education cess and / secondary and Higher education cess availed earlier that was carried forward has now come to be clearly identified as ineligible to be carried over into the GST regime

- (i) from Service tax / Excise return

Registered person may have carry forwarded all credit available in last Service tax or Excise return filled. There may be a case where he has claimed Krishi Kalyan cess (KKC) as CGST credit and which gets credited to Electronic credit ledger. Authority for advance ruling (Maharashtra) has ruled that the accumulated credit of Krishi Kalyan cess (KKC) shall not be admissible as input tax credit (ITC) in GST. (KANSAI NEROLAC PAINTS LIMITED 2018-VIL-11 AAR - MAHARASHTRA)

Since KKC can only be utilized towards payment of KKC only and unutilized balance of KKC cannot be utilized in the GST regime. As such credit would not be available.

Similarly, a person might have claimed credit of cess lying in the last filed Excise or Service tax return. On receiving communication from department regarding reversal of such cess or even voluntarily, he may reverse such excess claimed credit.

Wrong credit carried forward in TRAN-I, where the said amount of credit is not admissible under the GST law.

Credit liable to be reversed for failure to recover goods sent to a job-worker in terms of the time limit prescribed, then reversal is required under section 141 of the CGST Act. where goods are not received back from a job worker within the stipulated time.

Credit liable to be reversed for failure to recover goods sent on-approval to a potential customer/ worker within the time prescribed under Section 142(12) of the CGST Act.

Credit reversal required under Section 142(12) where goods sent on approval were not received back within the stipulated time.

Situation where TRAN-II credit needs to be reversed

- (i) for failure to pass on the benefit of such transition credit allowed under the GST.
- (ii) In case of TRAN-II credit may be required to be reversed because the credit availed through TRAN-II may not be passed on to the customer.
- (iii) Excess / wrongly availed credit in TRAN-II by mistake or because of direction by the department

### **Validation of Information**

Reversal of transitional credit is required in the circumstances mentioned above. And eligible credits are linked to 'conditions' that are to be fulfilled subsequent to the claim of credit. Validation of information regarding reversal is firstly factual, that is, whether it has already

been reversed or not? Then, compliance with the 'conditions' related to the credit claimed may be examined in each case. As regards TRAN 2, conditions relate to the benefit being passed on and credit limited to sales within Dec 2017, namely:

- A registered person, on primary scrutiny of the last return filled of earlier law, verifies his TRAN-I and if credit is cess and KKC carried forward, then he has to reverse the same.
- Credit taken under 140(3), conditions as mentioned above need to be checked with respect to the possession of Invoice not later than 12 months from the appointed date.
- A registered person should verify that goods sent on job-work or on approval have been returned within the stipulated time and entered in the stock register.
- A registered person should verify that sundry creditors for services as on 01/07/2017 are settled by 30<sup>th</sup> September 2017, as per 140(9).
- In case of TRAN-II, a registered person must have passed on the benefit of reduced prices to recipients to the extent of credit availed in TRAN-II.
- A registered person should verify that credit taken in TRAN-II for goods were sold on or before 31<sup>st</sup> December 2017.

#### **Presentation in Annual Return :**

A registered person is required to reverse excess / wrongly availed credit in GSTR-3B. If the same is reversed in GSTR-3B filed during 2017-18, then the same will be reported in this Sl.No.Table-7F. If such reversal is in GSTR 3B 'for' 2018-19, then it cannot be reported here but in Sl.N.12 of GSTR-9 because this Table warrants information of ITC reversed as declared in return filed during the financial year only.

If reversal of TRAN-I or TRAN-II credit is made in GSTR-3B filed during 2018-19 then the same will not be reported here but in Part V Table – 12 of GSTR-9.

#### **Illustration**

RP Ltd. has filed his April-17 to June-17 service tax return wherein the closing balance of service tax was Rs.5, 00,000 and KKC of Rs.60,000. At the time of filling TRAN-I on 30<sup>th</sup> November 2017, the company claimed both credit of Service tax and KKC in TRAN-I hence amount gets credited to the CGST electronic credit ledger.

On scrutiny by the registered person, the company to know that credit of KKC was not allowed. Hence, they have reversed such credit in GSTR-3B of March-18. In such case, such credit reversal is required to be reported in Table-7F of GSTR-9 since credit gets reversed during 2017-18 itself.

Suppose in the above situation, they reversed such credit in GSTR-3B of May-18, then such credit reversal is required to be reported in Table-12 of GSTR-9

Mr. Peter provided sales and services of automobiles as an unregistered dealer under excise in the Central excise regime. Under the GST, he incorrectly claimed a transitional credit of Rs.18000/- on his stock in hand in TRAN-II. The Excise credit claimed needs to be reversed as there is no documentary evidence of the eligible input.

*Notes to consider*

- (i) Ensure that returns under the earlier laws have been promptly filed for claim of transition credit from the last return filed.
- (ii) Person filling TRAN-I must have filled all the 6 month period returns under the earlier law immediately preceding the appointed day.
- (iii) Composite dealer being disqualified from transition credit should not have claimed the same, because he is not eligible to claim Transitional credit
- (iv) Goods in respect of which such transition credit is availed under section 140(3) must actually be used for making taxable output supplies
- (v) Verify that the relevant invoice or document is in possession.
- (vi) Possession of invoice or other documents evidencing payment of duty under earlier law is a must for a person filing TRAN-II
- (vii) The TRAN-I and TRAN-II credit taken at times is not verified by checking the valid invoices for the eligible amount.

*Additional notes to consider*

- Reporting is required only for whatever is reported in GSTR-3B.
- Registered person should bifurcate the ITC reversed on Input, input service and capital goods and report in respective figure.
- Reversal required for each tax on each period and at the yearend consolidated calculation for the year should be required and differential ITC to be reversed / re-availed as the case may be.

**Table 7H: Other reversals (pl. specify)**

7H	Other reversals (pl. specify)				
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It might be possible that there are situations where the credit availed which has to be reversed does not fall under table 7A to 7G. In such situations the registered person has to reverse the said credit and will be reflected here.

**Situation 1** - Where any registered person who has availed input tax credit and paying tax under normal levy, opts to pay under composition levy, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option and the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

**Situation 2** - Where any registered person who has availed input tax credit where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of such exemption and the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

**In both the situations the registered person should have filed Form GST ITC 03, within the time prescribed.**

***Important Note: Values in Table 7A to 7H need to be entered if and only if credit has been availed in 4A and reversed in 4B of Form GSTR 3B***

*Source Information:*

GSTR 3B, Fixed assets register & Ledger, GSTR 2A, Sales Return Register, Stock register of Inputs, Work in Process and Finished Goods.

Validation:

1. A registered person has to verify all the purchase return and credit notes issued by the supplier (counter-party of taxpayer). In GSTR 2A any transaction reflected with respect to outward supply is required to be verified with a corresponding reversal in GSTR 3B.
2. In case of reversal due to special circumstances mentioned in Section 18(4), details of closing stock on which ITC is availed are to be verified and the corresponding reversal thereof in GSTR 3B.

3. In case of supply of capital goods on which input tax credit has been taken, ITC is required to be reversed. The same has to be verified with Fixed Asset Register and ledger thereof.

*Conclusion:*

Any credit reversal made during July -17 to March 18 September-17 (after March 2018, it would appear in SI.No.12) and as shown in GSTR-3B which is not covered in Table-7 elsewhere is to be reported here.

Point 7A to 7H pertain to the reversal of ITC due to ineligibility or reversals required under Rules 37, 39, 42, 43 of the CGST Rules, 2017 and Section 17(5) of the CGST Act, 2017 and transitional credit as per TRAN1 and TRAN 2. It is of the utmost important to review the same with books of accounts to ensure that correct values are finally reported. As all the figures are required to be filled in from the GSTR 3B filed for the period July, 2017 to March, 2018, it might be possible that the reversals may not have been made accurately. By filling point 7 the registered person will be able to ensure accuracy of consolidated figures of reversal for the year in GSTR 9. However, if any tax liability arises due to wrong reversal and the same is not rectified in next FY, then the same may be declared here.

**Table 7I: Total ITC Reversed (Sum of A to H above)**

7I	Total ITC Reversed (Sum of A to H above)				
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This table is auto filled and contains the sum total of ITC reversed including Ineligible ITC reversed which was claimed wrongly during July-17 to March-18 and which were duly recorded in GSTR-3B for that period.

**Table 7J: Net ITC Available for Utilization (60 - 7I)**

7J	Net ITC Available for Utilization (60 - 7I)				
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This table auto calculates Net ITC available for utilization from details furnished in Table-6 and Table-7. Total credit availed as per Table-6 would be reduced from ITC reduction as declared in Table-7 and net result thereof would be auto populated in Table-7J.

**Sl. No. 8 - Other ITC related Information:**

Table 8 of GSTR 9 contains two sections. The first section relates to the comparison of credit availed on forward charge by the taxpayer with the credit available as per inward supply uploaded by the suppliers in GSTR 1, duly reflected in GSTR 2A (Clause A to F of Sl. No.8). The second section relates to the comparison of IGST paid on the import of goods with IGST availed on import of goods (Clause G to J of Sl. No. 8). The differences in both the cases (Clause K of Sl. No. 8) is sought 'to be lapsed'.

It is pertinent to note that Sl. No. 6 of Annual Return deals with '*Details of ITC availed, as declared in return during the financial year*'. Both Table 6 and 8 deal with ITC. However, the difference in Sl. No. 6 and 8 is that Sl. No. 6 commences with ITC availed by the tax payer, as claimed by the tax payer in Form GSTR 3B and bifurcates the credit availed under various heads like credit availed under forward charge, reverse charge - under Sections 9(3) and 9(4), import of goods and import of service. In contrast, Table 8 commences with ITC as per Form GSTR 2A i.e. inward supplies of the registered person, as declared by his suppliers. Table 8 primarily seeks to determine:

- (a) ITC availed on forward charge which has lapsed (Clause E of Sl. No. 8)
- (b) ITC availed on forward charge which is not eligible (Clause F of Sl. No. 8)
- (c) ITC not eligible on import of goods (Clause J of Sl. No. 8)
- (d) Total ITC which has lapsed: Aggregate of 8E + 8F + 8J

It is also opportune to mention here that:

- (a) ITC relating to import of services
- (b) ITC availed under reverse charge
- (c) ITC availed from ISD

are not subject to reconciliation in Sl. No. 8.

**Clause A of Sl. No.8: ITC as per GSTR-2A (Table 3 & 5 thereof)**

A	ITC as per GSTR-2A (Table 3 & 5 thereof)	<Auto>	<Auto>	<Auto>	<Auto>
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Table No.	Instructions
8A	The total credit available for inwards supplies (other than imports and inwards supplies liable to reverse charge but includes services received from SEZs)

	<p>pertaining to FY 2017-18 and reflected in FORM GSTR-2A (table 3 &amp; 5 only) shall be auto-populated in this table. This would be the aggregate of all the input tax credit that has been declared by the corresponding suppliers in their FORM GSTR-I.</p>
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### Introduction

Clause A of Sl. No.8 is an auto populated detail & non editable. The value of supplies along with relevant nature and amount of tax shall be auto populated from Table 3 and 5 of Form GSTR-2A. Table 3 of GSTR 2A relates to '*inward supplies received from a registered person other than the supplies attracting reverse charge*'. Table 5 of GSTR 2A relates to '*Debit/ Credit notes received during the current tax period*'. Thus, what is auto populated from GSTR 2A into this clause is only the data relating to credit availed on inward supplies, where GST is paid to suppliers and amendments made thereto in the form of debit/ credit notes.

### Analysis

Values only in Table 3 and 5 of GSTR 2A are auto populated in this clause because this clause r/w Clause B and C of Sl. No.8 seeks to compare and determine the credit availed by the tax payers on their own account in GSTR 3B vis-à-vis the credit uploaded by suppliers, as captured in GSTR 2A.

Verification of GSTR 2A may bring forth the following discrepancies:

- Unknown purchases
  - The supplier may have uploaded the invoice with incorrect GSTIN. In such cases, the registered person may receive inward supplies not pertaining to it/ him. Since this value gets captured in GSTR 2A, it gets auto populated in this clause.
  - The registered person does not have any *locus standi* to take such credits in his GSTR 3B (the data from which gets reflected in Clauses B and C of Sl. No.8)
  - Unknown purchases would lead to a difference in Clause D of Sl. No.8. This difference would have to be shown as ineligible credit in Clause F of Sl. No.8.
- Purchases for which credit is ineligible
  - A portion of the GST paid on inward supplies may be ineligible u/s 17 and Rules made thereto. Ineligible credit would however form part of GSTR 2A, when the supplier uploads the same in GSTR 1.
  - Ineligible credit forming part of this clause is sought to be identified and reported in Clause F of Sl. No.8.

- Twin-reporting
  - There could be cases where a single transaction could have two inward supplies in GSTR 2A. For example, the amount paid for purchase of air ticket by the taxpayer would entail two inward supplies; one from the airline for the ticket and second from the travel agent charging commission. Both the credits would be available through the transaction is a single one (subject to conditions for availment of credit).
  - One of the conditions for availing credit is that payment ought to be made to the supplier. However, payment would be made by the taxpayers only to the travel agent and not the airline. The condition of making payment would have been satisfied notwithstanding the fact that payment is not made directly to the airline carrier in the instant case. Reference is drawn to Explanation (ii) to Section 16(2) (b) of CGST Act, 2017, made by the Central Goods and Service Tax (Amendment) Act, 2018.
- Inward supplies where GSTR 1 has not yet been filed (via ROD 2/2018, GSTR1 od 217-18 could be filed till March 2019) would be conspicuous by its absence
  - There could be cases where a registered person has paid consideration to suppliers and taken credit based on invoice, but the supplier has not uploaded the invoices. In such cases, such invoices would be conspicuous by their absence, though the registered person has accounted for the said invoices and taken credit thereon.
  - The registered person would not want to forego the credit merely because the supplier has not uploaded the invoices. The differential figure (due to registered person taking credit while supplier has not uploaded invoice) would lead to a negative value in Clause D of Sl. No.8.
  - Value in Clause D of Sl. No.8 is sought to be lapsed. So, there may be positive or negative value in 8D. And where 8D is not 'nil', the taxpayer would be obliged to offer explanation for the same. It would be advisable to be prepared with suitable explanation where 8D is not nil. Where 8D is positive value, then taxpayer needs to be mindful that that amount is seen as 'liable to be lapsed'. After suitable opportunity to explain, this amount would need to be lapsed. And where 8D is negative, taxpayer needs to be equipped with supplier-wise and invoice-wise data as to how conditions of section 16(2) were regarded by taxpayer to be satisfied even though certain amounts are not appears in GSTR 2A. Hence, it is only reasonable to expect that taxpayer would be allowed opportunity to explain to the department the reasons when 8D is not nil. The copy of invoice (complying with all the conditions stated in Rule 46 of CGST Rules, 2017), the date of

payment of consideration to the supplier are the primary documents/ evidences to be safeguarded by the tax payer in a case where value in Clause D of Sl. No. 8 is negative due to failure on the part of the supplier to upload information.

*Notes to consider*

Since the information in this clause is auto populated, there can be no input errors. However, there may be instances where supplier amends information provided in Table 4 regarding outward supplies through Clause A, B or C of Sl. No.9 of GSTR-1. In such cases if GSTR-9 is filed by the recipient before corresponding amendments by the supplier, the relevant information might not travel to this clause because of auto population taking effect before corresponding amendment by supplier and consequent updating by GSTN. Hence recipient ought to match the figures of GSTR-2A with his invoices/debit/, credit notes before filing GSTR-9.

The tax payer would have to request the supplier to upload his invoices in GSTR 1 in case of a mis-match between invoices/ debit/ credit notes on hand and data uploaded in GSTR 2A. The uploading by supplier after intimation by the tax payers may have a lead time. Therefore, exercise of filing Form GSTR 9 must be started well in advance before the due date.

Should the supplier fail to upload his invoices in GSTR 1 or if the tax payers upload his GSTR 9 before the supplier uploads his invoices in GSTR 1, then Table 8D (explained below) may show a negative figure, leading to the issue of notice alleging excess/ irregular availment of credit.

There could be instances where B2B supplies have wrongly been declared as B2C supplies, for failure to provide GSTIN by the tax payer or due to genuine data entry error. If such supplies are in the nature of intra-State supplies or if such supplies are in nature of inter-State supplies but the value of supply being less than Rs.2.50 lakhs, then the invoice level details may not have been entered in GSTR 1 by the supplier. Hence, such data will not travel to GSTR 2A and consequently to this clause in GSTR 9. This data entry error will get reflected in Clause D of Sl. No. 8. The registered person will thereafter have to take corrective action by intimating the supplier to correct his GSTR 1. Since corrective action has to be taken by the supplier, it would be better to initiate the action well before the due date.

**Conclusion**

Table 8A deals with credits of a registered person, as a result of outward supply uploaded by suppliers. The supply uploaded by the supplier in the post financial year 2017-18, relating to financial year 2017-18 would be automatically uploaded in this clause. Failure to get invoices uploaded by the supplier on which credit is availed by the tax payer may lead to a *prima facie* disclosure in Table 8D leading to issuance of a show cause notice.

**Sl. No. 8B: ITC as per sum total of 6(B) and 6(H)**

8B	ITC as per sum total of 6(B) and 6(H) above	Auto>			
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Table No.	Instructions
8B	The input tax credit as declared in Table 6B and 6H shall be auto-populated here.

**Introduction**

Aggregate of input tax credit uploaded in Clause B and H of Sl. No.6 GSTR 9 gets auto populated in this clause.

Clause B of Sl. No. 6 of GSTR-9 captures input tax credit pertaining to Inward Supplies (other than imports and inward supplies on which tax is to be paid on reverse charge but includes services received from SEZ).

Input tax credit availed on import of goods and import of services is disclosed separately in Clause E and F of Sl. No.6. Inward supplies liable to reverse charge under section 9(3) and 9(4) is also separately disclosed in clause C and D of Sl. No.6 respectively. Hence, the aforesaid input tax credit is excluded in clause B of Sl. No.6. Supplies of services received from SEZ are liable to tax on forward charge and GST on such supplies received from SEZ is eligible to be taken as credit on forward charge, subject to the satisfaction of regular conditions under section 16 and 18 of the CGST/ SGST Act. Hence, input tax credit paid on services received from SEZ is included in Clause B of Sl. No.6.

Clause H of Sl. No.6 relates to the aggregate value of input tax credit availed, reversed and reclaimed under the provisions of the GST Act, 2017. Hence credit reclaimed/ re-availed as per the 2<sup>nd</sup> proviso to Section 16(2) of CGST/ SGST Act, 2017 should be reflected here. Credit availed, reversed and reclaimed pursuant to Rule 42(2)(b) of CGST/ SGST Rules, 2017 also must be entered here.

**Analysis**

This clause is also an auto populated field which consolidates the values entered in Clause B and H of Sl. No.6 of GSTR-9. Clause B and H of Sl. No.6 captures the values entered in Table 4(A)(5) of GSTR-3B - 'All *other input tax credit*'. This clause provides details of input tax availed on forward charge for the period July 17 to March 18.

- Documentary evidences/ workings to match with auto populated data in this clause
  - The tax payer ought to maintain a working sheet/ derive the balance of Clause B and H of Sl. No.6 (the aggregate of which gets auto populated into this clause). Working sheet also needs to be maintained for input tax credit on inward supplies received during 2017-18 but availed during April 2018 to March 2019.

*Notes to consider*

If ITC is wrongly reported in GSTR-3B, the mistake shall get reflected in this clause.

**Conclusion**

This clause is a data field inserted in GSTR 9 to bring forth all the input tax credit claimed by the tax payer on forward charge including credit reclaimed by the registered person.

**SI. No. 8C: 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 to September 2018.**

8C	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 to September 2018				
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Table No.	Instructions
8C	Aggregate value of input tax credit availed on all inward supplies (except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs) received during July 2017 to March 2018 but credit on which was availed between April to September 2018 shall be declared here. Table 4(A)(5) of FORM GSTR-3B may be used for filling up these details.

**Introduction**

This clause reflects the figures of input tax credit pertaining to 2017-18 availed through GSTR 3B filed during the months of **April 2018 to March 2019**. It is important to note that extended date to claim of ITC for FY 2017-18, was 31<sup>st</sup> March, 2019 for which relevant changes have been made into the GSTN portal in this table i.e September 2018 be read as March 2019.

It may be noted that some experts are of the opinion that GSTR 3B is not a 'return' through which the right to input tax credit vests as referred in Section 16(2)(d) of the CGST Act,. GSTR 3B is the statement under Rule 61(5) of CGST Rules, and this information is sought in this clause without prejudice. The values entered under this clause are required to be extracted from Table 4(A) (5) of GSTR 3B for April 2018 to March 2019.

**Analysis**

Section 16(4) of the CGST/ SGST Act, 2017 allows the taxpayer to avail credit upto due date of filing return for the month of March 2019. Thus, there ought to be a data entry field to disclose the credit availed from April to March months of the subsequent financial year. It is pertinent to note that credit availed only on forward charge in April 2018 to March 2019 would

be entered here since Clause B and C of S. No. 8 would be compared with Clause A of Sl. No. 8. The fact that Clause A of Sl. No.8 deals only with credit availed on forward charge is made clear by the text entered in the description column of this clause.

Where GSTR 3B is not reckoned as a return under section 39 but merely a statement ad interim under Rule 61(5) of the CGST Rules, 2017, since due date for filing GSTR 1 (by suppliers) is April,11,2019, which is long after the date specified and operating as time-limit in section 16(4). If credit is claimed on this interpretation, after April,23,2019 (being due date of March 2019 return) through the reconciliation statement in GSTR 9C, the said credit would still appear in Clause E & K of Sl. No.8 as 'to be lapsed'. Necessary advice may be taken regarding the disclosure of such an interpretation to retain the said credit.

#### *Notes to consider*

All credits including in-eligible credit relating to 2017-18, availed during April 2018 to March 2019 may be wrongly entered here. Only eligible credit availed for the period 2017-18 on forward charge, during April 2018 to March 2019 must be entered here.

#### *Additional notes to consider*

- (a) Sl. No.12 in part V of GSTR-9, captures the entire amount of input tax credit reversed reported in Table 4B of GSTR 3B during the months of April 2018 to March 2019 relating to the earlier year.
- (b) Value disclosed in this clause 'relating to' 2017-18 but reported in '18-19' is also referred in Part V. Care should to taken to report credit in 8C is such a manner than no credit 'relating' to 17-18 is forfeited due to non-reporting in GSTR 3B of 2017-18. Credit is not claimed in GSTR 9 but in GSTR 3B. Hence, GSTR 9 being a reflection of the eligibility to credit, either in 2017-18 or 2018-19, 8C is the table to make it clear as to which year any credit is 'relating to' and accordingly, establish correct reconciliation.

#### **Conclusion**

This clause is inserted to take care of the provisions of section 16(4) of the CGST Act, 2017, to ascertain, match and reconcile the credit availed in the subsequent financial year, where the credit availed relates to the previous financial year. The approach should be to restate 8C such that 8D is 'nil' after excluding ineligible credits under 17(2) and 17(5) and excluding unrecognized credits.

The values forming part of this clause must also form part of T13 (Pt. V of GSTR 9) – 'ITC availed for the previous financial year'. Since Pt. V of GSTR 9 provides for "Details of previous Financial year's transactions reported in the next Financial year", The registered person will be called to substantiate the data entered in T13, since it leads to reduction in tax liability.

**Sl. No. 8D: Difference [8A-(8B+8C)]**

8D	Difference [A-(B+C)]				
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Table No.	Instructions
8D	Aggregate value of input tax credit which was available in form GSTR-2A (table 3 & 5 only) but not availed in form GSTR-3B returns shall be computed based on the value of 8Am 8B & 8C. However, there may be circumstances where the credit availed in form GSTR-3B was greater than credit available in form GSTR-2A. In such cases the value in row 8D shall be negative.

**Analysis**

Ideally the value in this clause ought to be positive, since all inward supplies as reported in GSTR 2A may not be eligible input tax credit. In majority of circumstances GSTR 2A would also contain blocked credit under Section 17(5) and non-business credits under section 17(1), in addition to eligible credit. There could be credits used exclusively/ partially for exempt supplies, which will have to be dealt as per Section 17(2), (3) of CGST Act, 2017 r/w Rule 42 and Rule 43 of the CGST Rules, 2017. Hence this clause ought to generally declare a positive value.

However, in case this clause derives a negative value, it could point to the fact that ITC has been availed by the recipient, but the supplier has failed to upload the invoices in his GSTR 1, leading to the absence of corresponding credits and values in GSTR 2A of the registered person.

Negative values in this clause, in exceptional circumstances, could indicate errors or omissions/ commissions in the form of availing credit twice and availing excess credits due to typographical errors.

Suffice to say that if differential value in this clause is positive, then the value in this clause is normal. However, if the differential value in this clause is Zero or negative, it points to abnormal values. If differential value in this clause is Zero, it tends to point that credit has been availed on inward supply and that there is no blocked credit and non-business credits. If the differential value in this clause is negative, it generally tends to point to the fact that suppliers have not uploaded their information in GSTR 1 leading to supplies not getting captured in GSTR 2A. Negative differential value in this clause may tend to point towards errors of commission/ duplication on the part of a registered person while availing credit. Hence, it is stressed that working sheets must be prepared on the basis of ledger accounts/ invoice to determine and find out the exact cause of difference for initiation of remedial action either on the part of the registered person or on the part of suppliers of the registered person.

*Common Errors*

This is a derived value field. The errors manifested in this field would be due to inherent errors in Clause A to C to Sl. No.8.

*Additional notes to consider*

The registered person ought to consider possible ramifications where this clause discloses a negative figure. As discussed earlier, where 8D is not 'nil', there would be an occasion for examination of the reasons for the same and unless satisfactorily explained, there is some credit that remains to be lapsed and appropriated as revenue by tax department. Of course no such step would be taken without affording any opportunity to explain. Hence, it is advisable to maintain adequate explanation for the difference appearing in 8D.

However, It is important to note that through twitter / Press release , on 18<sup>th</sup> Oct, 2018 It was clarified that furnishing of outward details in FORM GSTR-1 by the corresponding supplier(s) & facility to view the same in FORM GSTR-2A by the recipient is in nature of taxpayer facilitation & does not impact the ability of taxpayer to avail ITC on self-assessment basis.

**Conclusion**

A negative figure in this clause would be a cause of concern and a repetitive trend every year for a registered person having a large number of suppliers. The registered person has no choice but to invest resources to initiate reconciliation and thereafter get the suppliers to carry out the rectification for omissions and commission on the part of suppliers.

A positive figure in this clause would not be a cause of concern. However, it also requires further action on the part of a registered person to bifurcate the difference between credit available and credit not availed and ineligible credit for further data entry hereinafter.

**Sl. No. 8E: Input tax credit available but not availed**

8E	ITC available but not availed				
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Table No.	Instructions
8E & 8F	The credit which was available and not availed in <b>FORM GSTR-3B</b> and the credit was not availed in <b>FORM GSTR-3B</b> as the same was ineligible shall be declared here. Ideally, if 8D is positive, the sum of 8E and 8F shall be equal to 8D.

**Introduction**

Difference value in Clause D of Sl. No.8 when positive, may contain eligible credits which have not been availed by the registered person. The most likely reason for such non-availment

could be the failure to take credit within the time lines specified under section 16(4) of CGST Act, 2017.

### **Analysis**

This clause seeks to lapse eligible credit, which has not been availed within the time limit specified under Section 16(4) of CGST Act, 2017. This becomes all the more important since input tax credit relating to previous year can be claimed in the subsequent financial year up to the due date of filing return for the month of March 2019..

Input tax credit which is neither reflected in GSTR 2A nor claimed in GSTR-3B but taken in books of accounts would not be eligible credit at all and hence the same is not to be entered in this clause. Here, difference between inward supplies uploaded by the supplier and inward supplies claimed by the registered person is sought to be verified.

Input tax credit may not have been availed due to various reasons. Some of them may be as follows:

- (a) There could be cases where goods have been delivered to the GSTIN from whom order is received but payment is made from another GSTIN under the same PAN. As per the definition of recipient under section 2(93) of the CGST Act, 2017, the person liable to pay consideration ought to be treated as a recipient. This input tax credit cannot be distributed under input service distributor mechanism since the said credit is related to goods and not services. The recipient shall have to forego such input tax credit in case it has not shown the same as outward supply from the branch which has made payment to the branch which has received the goods within the time specified under section 16(4).
- (b) Input tax credit pertaining to the goods of a registered person for which sister concern/associate enterprise has been wrongly entered as the recipient by the supplier, in case where amendment is not carried out by the supplier in GSTR 1 before the annual return is filed by the registered person.
- (c) Where the registered person's business has been transferred but input tax credit is not transferred to the transferee under section 18(3) of the CGST Act, 2017 by filing Form ITC-02

### *Notes to Consider:*

Where input tax credit has wrongly travelled to the GSTIN of the registered person, the supplier shall have to carry out amendment through Table 9 of GSTR-1 so that it reaches the destined GSTIN. In such cases the registered person has to disclose such credit in Clause F of Sl. No.8 and not under this clause.

Values derived in this clause must be scrutinized by the taxpayer. Line wise item may be checked by the tax payer and the treatment provided to this credit by the registered person in the books of accounts ought to be validated by the tax payer since the credit would move from current assets in the balance sheet to the corresponding expense account in the profit and loss account.

Where the amount of ITC claimed in returns is more than the amount of ITC flowing from GSTR 2A and a negative difference arises, zero amount may be taken. Please note that any value in 8D is 'net effect' of ineligible credits that ought to be lapse and other differences where credit is validly available. Are should to taken to be able to explain the difference appearing in 8D as discussed earlier.

Even when the Input tax credit is available, a Registered Person may choose not to avail it. He has the right to forego it or to avail it. Therefore, 'availed' is a positive action to 'make known' his intention to avail credit, on his filing of returns. Once credit is availed, consequences of an erroneous claim as well as the responsibility to satisfy subsequent conditions, would attach to the Registered Person. As such, it requires adjusting with a future liability to the Government, including interest and penalties.

Input tax credit claim refers to the credit declared by a Registered Person in a monthly return. Such credits would also appear in the electronic credit ledger. The input tax credit which is available but not 'availed' in the monthly returns cannot also be 'availed' in the annual return filed in Form GSTR – 9 and reconciliation statement in Form GSTR – 9C. Omission to avail within the time prescribed operates as a positive act or reflects intent to forego credit.

### Conclusion

The values entered in this clause may invite careful scrutiny u/s 35(5) read with 61. The assessee may be called upon to provide data of input tax credit available but not availed in the aforesaid cases. Hence it would be better to have validated data, if possible, invoice wise details to substantiate the entry made under this clause.

### SI. No. 8F: ITC available but ineligible

8F	ITC available but ineligible				
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Table No.	Instructions
8E & 8F	The credit which was available and not availed in <b>FORM GSTR-3B</b> and the credit was not availed in <b>FORM GSTR-3B</b> as the same was ineligible shall be declared here. Ideally, if 8D is positive, the sum of 8E and 8F shall be equal to 8D.

**Introduction**

This clause has been inserted in the annual return to report that portion of input tax credit availed on forward charge, which is ineligible to be taken as credit due to provisions of section 17 of CGST Act, 2017 read with Rule 42 and 43 of CGST Rules, 2017.

**Analysis**

Ineligible input tax credit is recorded in Table 4(D) of GSTR 3B. Ineligible input tax credit is divided into two parts:

1. Input tax credit ineligible as per Section 17(5) of CGST Act, 2017
2. Other ineligible input tax credit

Suffice to state that credit which has been determined as in-eligible credit under section 17(5) of the CGST Act, 2017 must find a mention under this heading. There could be cases where the registered person has uploaded only the eligible credit in Form GSTR 3B and completely omitted to enter the ineligible credit in Table 4(D) of GSTR 3B for the period July 2017 to March 2018. In such cases, the information would have to be procured from books of accounts and entered here notwithstanding the fact that the said values are not entered in GSTR 3B since GSTR 2A would include all inward supplies including the ineligible credit.

**Other Ineligible ITC:**

- (a) Input tax credit not intended to be used in the course or furtherance of business u/s 16(1) of the CGST Act, 2017
- (b) Input tax credit relating to non-business purposes u/s 17(1) of CGST Act, 2017
- (c) Input tax credit exclusively related to exempt supplies u/s 17(2) of CGST Act, 2017
- (d) Input tax credit related to exempt supplies u/s 17(3) of CGST Act, 2017
- (e) Input tax credit which has been capitalized and hence ineligible u/s 16(3) of CGST Act, 2017
- (f) Input tax credit availed in contravention of conditions u/s 16(2) of CGST Act, 2017

*Notes to Consider:*

Ineligible input tax credit may have been wrongly claimed in GSTR-3B. If such credit is rectified in the subsequent GSTR 3B by March 2018, then such rectifications would find a mention under this entry and the issue would be closed. However, if the ineligible credit is not rectified in the subsequent GSTR 3B by March 2018, then the GSTR 2A would capture the ineligible credit but Clauses B of Sl. No. 8 would carry forward the credit as a valid credit. The difference amount in Clause D would also be incorrect since it would not carry the ineligible credit. In such cases, the ineligible credit must be reversed in the month subsequent to filing GSTR 3B in subsequent financial year. This ineligible credit would come in clause F of Sl.

No.8 of the annual return of the subsequent financial year. However, the fact that such ineligible credit is forming part of Clause B of Sl. No.8 must be reported by the tax payer in GSTR 9C as a qualification in his audit report.

*Additional notes to consider*

The tax payer would have to look into all aspects relating to input tax credit. Verification of internal controls especially conditions for availing and utilizing the credit mentioned in section 16 of CGST Act, 2017.

It would also have to be verified if the credit which is ineligible as per section 17 of CGST Act, 2017, especially section 17(5) of the CGST Act, 2017 has been complied with. Thereafter reversals under Rule 37, 39, 42, 43 of the CGST Rules, 2017 would have to be verified for compliance. Such an arduous verification is necessary for the taxpayer to satisfy himself that the value entered in this entry is 'true and correct'.

**Conclusion for Table 8A to 8F**

The 'difference amount' mentioned in Clause D of Sl. No.8 must necessarily be either 'ITC available but not availed' as per Table 8E or 'ITC available but ineligible' as per Table 8F. Thus, the amounts mentioned in Clause E and F must add up to the values in Clause D. Values in Clauses E and F are mutually exclusive. Documentary evidences for each of them has to be independently obtained before the auditor can classify a particular transaction either under Clause E or F.

**Sl. No. 8G to 8J: Reconciliation of IGST paid on import of goods and IGST availed on import of goods and determination of IGST lapsed on import of goods**

IGST paid on the import of goods under Clause G of Sl. No. 8 is sought to be compared with IGST availed on the import of goods as per Clause H of Sl. No.8. The difference on account of IGST paid and IGST availed will be determined in Clause I of Sl. No.8. Thereafter 'IGST available on the import of goods but not availed' will be determined under in Clause J of Sl. No.8. The said credit will laps. This is the sum and substance of the latter portion of Sl. No.8 relating to Clauses G to J.

**Sl. No. 8G: IGST paid on import of goods (including supplies from SEZ)**

8G	IGST paid on import of goods (including supplies from SEZ)				
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Table No.	Instructions
8G	Aggregate value of IGST paid at the time of imports (including imports from SEZs) during the financial year shall be declared here.

**Introduction**

Aggregate value of IGST paid at the time of imports (including imports from SEZs) during the financial year shall be declared here. Bill of entry and tax paid challan can be referred for this amount.

**Analysis**

IGST is levied on the import of goods. The levy is under section 3(7) of Customs Tariff Act, 1975. As per proviso to Section 5(1) of the IGST Act, 2017, levy of IGST is when customs duty is leviable as per the Customs Tariff Act, 1975. Thus, import of goods is liable for IGST.

Supplies of goods or services or both to or by a SEZ unit or SEZ developer is treated as an inter-State supply as per Section 7(5) of IGST Act, 2017. Hence, supplies from SEZ unit/ developer to DTA would be liable to IGST. Further as per Section 30 of SEZ Act, 2005 any goods removed from SEZ to Developer 'shall be chargeable to customs duty', as leviable on such goods when imported. Attention is also drawn to Rule 47 (1) and (4) and (5) of SEZ Rules, 2006 which states that valuation and assessment of goods cleared to DTA shall be in accordance with the Customs Act, 1962. Hence supplies by SEZ to DTA would be exigible to IGST, as leviable when goods are imported into India. Hence this clause contains not only IGST paid on the import of goods but also on inward supplies from SEZ.

Rule 48 of SEZ Rules, 2006 mandates that DTA buyer ought to file Bill of Entry for home consumption when goods are supplied from SEZ to DTA. Hence the procedure for importing goods and procurement of goods from SEZ is similar. What is important to note from the aforesaid discussion is the details of goods procured from SEZ would be available with the customs department in ICEGATE. Thus, the GSTN can cross reference the particulars of goods procured from SEZ with ICEGATE (similar procedure adopted for the import of goods into India.). Therefore, the tax payer must validate the information (i.e. customs duty paid on the import of goods/ procurement of SEZ), to be entered under this row with customs duty paid by the tax payer as per ICEGATE. Differences if any must be investigated. The IGST paid on the import of both capital goods and inputs must be compiled here and the aggregate value thereof must be entered in this row.

*Common Errors*

This row requires the value of IGST paid on the import of goods/ procurement of goods from SEZ. The value to be entered in this row is the actual IGST paid not the IGST availed by the assessee. All goods imported/ procured from SEZ may not be eligible as credit. Be that as it may, the entire value of IGST paid on the import of goods including ineligible credits, credit not availed must be included in this row.

*Additional notes to consider*

As per the proviso to Rule 48(3) of SEZ Rules, 2006, in a case where such goods are supplied

back to the Domestic Tariff Area, as it is, and where the import duty on such goods is 'Nil' and (while procurement of such goods no export benefits were allowed against such goods) the SEZ Unit may be allowed to supply back such goods to the Domestic Tariff Area on the basis of invoice only and *filing of Bill of Entry in such cases shall not be required.*

As per instructions given at para 9 to GSTR 1, any supply made by SEZ to DTA, without the cover of a bill of entry is required to be reported by SEZ unit in GSTR-1. The supplies made by SEZ under cover of a bill of entry shall be reported by DTA unit in its GSTR-2 as imports in GSTR-2. The supplies made by SEZ without the cover of bill of entry may come in GSTR 1 of SEZ, but the said supply shall remain an import. However, the DTA shall be liable to pay IGST under reverse charge as per the proviso to Section 5(1) of the IGST Act, 2017 in both the cases.

The reason SEZ is required to file details in GSTR 1 where bill of entry is not filed is because, as per the proviso to Rule 48(3) of SEZ Rules, 2006, such imports attract Nil rate of customs duty. Since customs duty is not payable, DTA need not file the Bill of Entry. However, the fact remains that it is an import of goods since SEZ is deemed to be a territory outside the customs territory of India as per Section 53 of SEZ Act, 2006. Customs territory of India is nothing but customs area as per section 2(11) of the Customs Act, 1962. As per Section 51, the provisions of SEZ Act, 2005 shall have effect notwithstanding anything inconsistent therewith contained under any other law. Thus, any supplies made from SEZ to DTA ought to be treated as import of goods into India, irrespective of who has filed the Bill of Entry. Since supplies from SEZ to DTA is treated as import of goods due to the aforesaid provisions, the said transaction shall attract proviso to Section 5(1) of the IGST Act, 2017. The said tax shall be paid by the DTA under reverse charge as import of goods and hence find a mention under this clause.

### Conclusion

IGST paid on the import of goods as well as IGST paid on supplies from SEZ shall be covered under this clause. This table requires reporting where the fact is that IGST has been paid by taxpayer being an SEZ or direct imports.

### Sl. No. 8H: IGST credit availed on import of goods (as per 6E) above

8H	IGST credit availed on import of goods (as per 6(E) above)	<Auto>			
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Table No.	Instructions
8H	The input tax credit as declared in Table 6E shall be auto-populated here.

### Introduction

IGST credit on the import of goods including supplies from SEZ is reflected in 6E of GSTR 9. The data entered in 6E of GSTR 9 is auto populated into 8H of GSTR 9. It may be kept in

mind that 6E is bifurcated in IGST paid on inputs and capital goods. The aggregate of IGST paid on inputs and capital goods is auto populated into 8H.

### **Analysis**

Clause 6E covers only inputs and capital goods. Input services are not the subject to 6E since import of services is specifically covered under 6F of GSTR 9 and only data from 6E is auto populated into Table H.

#### *Notes to consider*

Errors made while filling in data in GSTR 3B would come back to bite the tax payer in Table 8. Any errors of omission/ commission/ duplication made while filing GSTR 3B in Table 4(A)(1) would get picked up and transferred to Entry No. 8H of GSTR 9.

#### *Additional notes to consider*

Table 8C considers ITC on inward supplies received during 17-18 but availed in April 18 to September 18. No such entry is there with respect to the import of goods on inward supplies received during 17-18 but availed in April 18 to September 18. Entry No. 8H auto populates data from 6E. The said 6E considers credit availed on the import of goods only for the period July 17 to March 18.

In the light of the aforesaid discussion, IGST availed only for July 17 to March 18 must be incorporated in Table 8H (which would get auto populated from Table 6E). This value is comparable with IGST paid on the import of goods from July 17 to March 18. Thus, the periods get matched.

The IGST paid on the import of goods in March 18 could have been availed in April 18 (i.e. IGST paid on the import of goods in the previous financial year may be availed in the subsequent financial year). In such cases, there would be a difference since IGST paid in March 18 would come in 8G of GSTR 9 for FY 17-18 whereas IGST availed in April 18 would come in 8H of GSTR 9 of FY 18-19 (since 8H auto populates data from 6E and since 6E data is to be procured from data entered in GSTR 3B for the FY for which GSTR 9 is being prepared). The differential figure in 8I would be positive for the FY 17-18 and thus not a cause of concern whereas other things remaining constant, the differential figure in Entry No. 8I would be a negative value for 2018-19. The reason for the same would have to be substantiated to the department since negative values may attract letters/ notices from the department seeking reason for the same.

### **Conclusion**

Clause 8H aims to set out availment of IGST on imports and supplies from SEZ as against available ITC on imports (ITC become available on payment of IGST), just like 8B for domestic supplies.

**Sl. No. 8I: Difference 8G-8H**

8I	Difference (G-H)				
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**Introduction**

Sl. No. 8I is not a data entry field. 8I merely shows the difference between IGST paid on the import of goods, as reduced by IGST claimed on the import of goods (as per Table 6E and therefore as per GSTR 3B). Since 8H - IGST claimed on import of goods receives data from GSTR 3B, the data in this Table is restricted to a particular financial year. As a corollary data to be compared in 8H also ought to be for a financial year. Only then would the comparison provide meaningful results. Thus, the difference in 8I would only be with respect to IGST on the import of goods for a particular financial year. There would be no spill-over effect of April 18 to September 18 to deal within the difference column in Table 8D.

**Analysis**

The difference in Table 8I may either be a positive figure or a negative figure. The reason the figure may be negative has already been discussed *supra* in 'notes to consider under Table 8H'. The differential figure when positive, may broadly consist of the following:

- (a) IGST paid as per Table 8G, which is eligible but not availed as per Table 8H
- (b) IGST paid as per Table 8G, which is in-eligible and hence not availed as per Table 8H

**Illustration: Refer to the Consolidated Illustration at the end of this Chapter***Notes to consider*

The differential figure in Table 8I may be negative, if mistakes are committed in the preparation of Table 4(A) (1) of GSTR 3B. Apart from genuine reason of IGST paid in the previous financial year but claimed in the subsequent financial year (for which the Bill of Entry wise data must be procured), leading to negative figure in Table 8I, all other differences need to be investigated. The reason for difference in Table 8I, substantiated in the form of line item wise data of the Bill of Entry must be prepared by the tax payer to validate the differential figure since Bills of Entries on which credit is eligible for the financial year 2017-18 may be availed in April 2018 to September 2018.

*Additional notes to consider*

As per the original scheme of the law, ITC on imports of goods was required to be entered in GSTR-2 as per section 38(2). However due to GSTR-2 being kept in suspended animation, IGST credit on import of goods is being taken in Table 4A.1 of GSTR-3B. Such IGST paid by a registered person on the import of goods does not travel through GSTR-2A. Further, as per Section 38(5) any errors or omissions in GSTR-2 can be redressed till the date of furnishing of return under Section 39 for the month of September following the end of the financial year

(and not due date of furnishing return for September) or date of furnishing of relevant annual return whichever is earlier. It may further be noted that GSTR-3 and not GSTR-3B is the return u/s 39. GSTR-3B stems out of Rule 61(5) and after amendments carried out in Rule 61(5), it is no longer a return “in lieu of” GSTR-3. Further due to the suspension of GSTR-2 itself, the cover of outer time limit u/s 38(5) is also not available for GSTR-2, which results in ITC on imports remaining uncapped in terms of timelines, should a registered person seek to take such a stand. However, it is cautioned that such a stand would definitely be precipitated by the revenue and would have to be tested in the Courts of law.

### Conclusion

The value in Sl. No. 8I may either be positive or negative. The tax payer ought to be very cautious if the value is negative and be ready with the reasons for this along with documentary evidence in the form of a working sheet supported by the necessary bill of entry.

### Clause J of Sl. No.8: ITC available but not availed on import of goods

8J	ITC available but not availed on import of goods (Equal to I)				
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### Introduction

Entry No. 8J deals with IGST paid on the import of goods, which has lapsed.

### Analysis

Though Entry No. 8J reads as ‘ITC available but not availed on import of goods’, in effect it is related to input tax credit available on the import of goods which has lapsed since the amount entered in 8J has lapsed as per 8K.

Goods imported into India and supplies made by SEZ to DTA, under a cover of the bill of entry is liable to IGST as per proviso to S.5(1) of IGST Act r/w S.7(5) of IGST Act r/w S.3(7) of CTA. However, not all goods imported are in the nature of inputs or capital goods and hence eligible as credit. Credit may not be available on the import of following goods:

- (a) Goods imported which are not intended to be used in the course of business as per S.16(1)
- (b) Goods imported which are used entirely for non-business purposes as per S.17(1)
- (c) Goods imported which are used exclusively for exempt supplies as per S.17(2) and S.17(3)
- (d) Goods imported which are blocked as credit u/s 17(5)
- (e) Goods imported which consist of telecommunication towers

IGST paid on imported goods, available but not availed and credit is ineligible should be entered here, though the entry heading reads as 'ITC available but not availed on import of goods' since IGST value entered under this heading would lapse as per 8K of GSTR 9.

**Sl. No. 8K: Total ITC to be lapsed in current financial year (E+F+J)**

K	Total ITC to be lapsed in current financial year (E + F + J)	<Auto>	<Auto>	<Auto>	<Auto>
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Table No.	Instructions
8K	The total input tax credit which shall lapse for the current financial year shall be computed in this row.

**Introduction**

This is merely an aggregate of total credit lapsed in 8E, 8F and 8J

**Analysis**

ITC from the following fields is consolidated as lapsed:

8E: Eligible ITC available but not availed arising out of difference between GSTR 2A (Table 3 and Table 5) and Point 4A.5 of GSTR-3B

8F: Ineligible ITC available but not availed arising out of difference between GSTR 2A (Table 3 and Table 5) and Point 4A.5 of GSTR-3B

8J: ITC on IGST paid on imports and supplies from SEZ as reduced by ITC availed on imports in Table 4A.1 of GSTR-3B

There could be cases where ITC on inward supplies, received during 17-18 but not availed till March 19 should be lapsed as per S.16 (4). There must be a mechanism put in place to lapse the same and a mechanism to determine and quantify such lapsed credit. There is no such mechanism in GSTR 3B/ GSTR 2A (returns in vogue). Table 8 provides the machinery provision and reporting mechanism to determine and disclose lapsed credit.

There must also be a mechanism to determine eligible and in-eligible credit from amongst the total credit available to an assessee. Table 4(A) (D) no doubt provides the reporting mechanism for the same. However Registered Persons may have reported only the eligible credit and availed the same while they have completely ignored and failed to report ineligible credit in Table 4(A) (D). This mistake is brought to the fore by Table 8 and also rectified in the forms of entries in Table 8E and 8F notwithstanding the fact that the ineligible credit has not been disclosed in GSTR 3B since Table 8 of GSTR-9 starts from GSTR 2A (which includes both eligible and ineligible credit).

*Notes to consider*

This field is only a calculative field. Hence the errors committed in other fields shall also travel to this field.

**Additional notes to consider**

Only the ITC available and not availed coming from 8E, 8F and 8J has been directed to be lapsed. ITC on reverse charge including ITC on import of service is not being reported in Table 8 and hence not being lapsed under Table 8. Merely because the said credits are not being subject to reporting purposes in Table 8 does not mean that the said credit would not lapse, if the said credit is not availed within the timelines set out in section 16(4) of CGST Act, 2017.

**Conclusion**

ITC on domestic inward supplies (both goods and services) subject to forward charge, IGST available as ITC on import of goods including supply of goods from SEZ is only being reported in Sl. No. 8. ITC on reverse charge on domestic inward supply of goods and services and import of service though not being reported in Sl. No.8 would lapse, if it does not meet the time lines set out in Section 16(4) of CGST Act, 2017.

**Consolidated Illustration for Table 8 of GSTR-9****Details available:**

- (a) Total Credits claimed in GSTR-3B
  - CGST: Rs.20,000
  - SGST: Rs.20,000
  - IGST: Rs.15,000
- (b) Out of the above the following is the ineligible credit
  - CGST: Rs. 500
  - SGST: Rs.500
- (c) Credit reflecting in GSTR-2A
  - CGST: Rs.8,000
  - SGST: Rs.8,000
  - IGST: Rs.25,000
- (d) IGST on the Import of Goods
  - Claimed in GSTR-3B: Rs.12,000

- As per the Books of accounts: Rs.16,000
- (e) ITC of FY 2017-18 claimed in the month of April'18-
- IGST: Rs.2,000

**Table 8 of GSTR-9**

8 Other ITC related information					
	Description	Central Tax	State Tax/UT Tax	Integrated Tax	Cess
A	ITC as per GSTR-2A (Table 3 & 5 thereof)	8,000	8,000	25,000	-
B	ITC as per the sum total of 6(B) and 6(H) above	20,000	20,000	15,000	-
C	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 to March 2019	-	-	2,000	-
D	Difference [A-(B+C)]	(12,000)	(12,000)	8,000	-
E	ITC available but not availed (out of D)	0	0	8,000	-
F	ITC available but ineligible (out of D)	0	0	-	-
G	IGST paid on the import of goods (including supplies from SEZ)	-	-	16,000	-
H	IGST credit availed on the import of goods (as per 6(E) above)	-	-	12,000	-
I	Difference (G-H)	-	-	4,000	-
J	ITC available but not availed on the import of goods (Equal to I)	-	-	4,000	-
K	<b>Total ITC to be lapsed in current financial year (E + F + J)</b>	<b>0</b>	<b>0</b>	<b>12,000</b>	<b>-</b>

Note: Zero has been inserted in 8E and 8F because credit of Rs.12, 000 is available, eligible and availed by the registered person. However, the supplier has not uploaded the invoices in GSTR 2A making the values negative.

**Sl. No. 9: Details of tax paid as declared in the returns filed during the Financial Year**

9	Description	Tax Payable	Paid through cash	Paid through ITC			
				Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6	7
	Integrated Tax						
	Central Tax						
	State/UT Tax						
	Cess						
	Interest						
	Late fee						
	Penalty						
	Other						

Instruction: 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.

**Introduction**

After capturing details relating to outward supplies in Part II and details of Input tax Credit availed and reversed in Part III of GSTR 9, Part IV requires the person filing an Annual Return to report the details of tax, interest, late fee, penalty and other amounts payable and paid thereon on a cumulative basis for the financial year (in case of the Financial Year 2017-18 it should be considered and read for the period of July 2017 to March 2018 only).

The purpose of point number 9 in Part IV is to get the consolidated value of tax liability self-assessed including tax payable on additional liability which has not been reported yet and tax paid, discharged in the monthly returns i.e Form 3B by the Registered Person for the period for which the Annual Return is being filed. The given details along with differential tax details declared in Sl. No. 14 in Part V of the Form shall assume the total tax liability for the financial year which is calculated, declared and discharged by the Registered Person up to the date of filing the Annual Return and balance has to be paid in cash through DRC-03. The given details

shall be useful while filing the reconciliation statement in GSTR 9C for the Registered Person for calculating the actual tax liability for the financial year.

### Analysis

#### ➤ Source of Information

The details in this clause maybe taken from details in Table 6.1 of GSTR 3B filed for July 2017 to March 2018. Reference may be had to the introduction to GSTR 9 where details furnished in the returns are required to be furnished from the returns filed for the year 2017-18 whether during the year or belatedly but not for the months of 2018-19. Details of payment i.e. payment through cash and **payment through ITC is auto populated in GSTR 9 table 9 and it is non-editable field.**

#### ➤ *Validation of Information*

##### **(A) For tax Payable and tax Paid**

Information required in this clause is of 'tax payable' and 'tax paid' (by cash or credit). Table 6.1 of GSTR 3B is meant for collecting information and including it here. The Table also contains 'tax payable' and 'tax paid'. As regards 'tax payable', the same must be in alignment with taxable turnover in Sl.No.4, particular 4M of GSTR 9 and corresponding 'tax payable'.

Accordingly, where taxable turnover reported in GSTR 1 and GSTR 3B are in agreement with each other, there would be no 'new' tax liability identified for the first time in GSTR 9. However, where they are not in agreement, which is often the case, taxable turnover reported in GSTR 1 and that on which tax is actually discharged through GSTR 3B may not be in agreement. It is for this reason that Sl.No.9 captures 'tax payable' based on GSTR 9 (4N) but 'tax paid' based on GSTR 3B (6.1).

Now, on a quick reference to instructions against Sl.No.9Q (of GSTR 9C) will reveal that 'tax payable' must flow from clause 9 along with taxes admitted against 10 and 11 of GSTR 9. Tax payable, therefore, could not be based on the actual GSTR 3B (so as not to continue the error in GSTR 9C but put to rest by Registered Person admitting short-payment and by Auditor verifying the same in the reconciliation. From this, it is clear that 'tax payable' is a conclusion that is being reached in this Annual Return and must be correctly admitted by the Registered Person and 'tax paid' cannot be anything more than that already discharged from time to time vide GSTR 3B and if not discharged yet through DRC-03 in cash must be paid.

Hence, column (2) would be derived based on 4N but column (3) would flow from 6.1 of GSTR3B.

##### **A) For Interest Payable and Paid**

For reporting the amount of interest under the given column, interest actually admitted and paid must be reported here.

The details of interest actually paid under Section 50 can be captured from Table 5.1 of GSTR 3B filed for the financial year, if paid. Further, the details of interest paid, to be reported in Part IV of GSTR 9 can also be cross verified with Credit and Debit relating to interest in Electronic tax Liability Register.

It is important to note that interest liability must be re-calculated for compliance of provision of section 16 of the CGST Act, which provides for reversal of ITC if creditors for inward supply have not been paid in 180 days. Therefore, sundry creditors outstanding as on 31.03.2018 must be reconciled that no outstanding amount is lying for inward supplies made by them in between 1.07.2017 to 2.10.2017.

**B) For Late Fees Payable and Paid**

For reporting Late Fees duly paid during the period July 2017 to March 2018 for late filing of any of the GST Returns on which Late Fees was levied and paid by the Registered Person, Table 6.1 of GSTR 3B shall be used.

Further, the details of Late Fee to be reported in Part IV of GSTR 9 can also be cross verified with Credit and Debit relating to late fee in Electronic tax Liability Register.

**C) For Penalty and Other Dues Payable and Paid.**

In GSTR 3B, there is no Table specified for payment of any Penalty or Other Dues. However, under the law there can be instances where a person filing an Annual Return might have paid penalty due to various instances such as like for causing movement of goods in violation of provisions of Rule 138 or due to any order passed by proper officer etc. Since only details relating to liabilities disclosed in monthly returns are to be reported in GSTR 9, no details of penalty or Other Dues should be reported in Part IV of Table 9 at least for the year 2017-18.

*Illustration*

Please specify what actions should be taken while reporting amounts in Table-9 of GSTR 9 and any further action to be taken through GSTR 3B, in the following cases:

- (a) Value of taxable supply pertaining to February 2018 amounting to Rs. 100,000/- with IGST of Rs. ,5000/- was reported in GSTR 1 of February 2018 and in GSTR 3B of April 2018.
- Ans. The same should be reported in Table 10 (Rs. 100,000 as taxable value and Rs. 5,000 as IGST) and subsequent payment of tax through GSTR-3B in April 2018 should be reported in Table 14. Please note that since the mistake was rectified in FY 18-19, nothing shall be reported in Table 4.
- (b) Value of taxable supply pertaining to February 2018 amounting to Rs 100,000/- with IGST of Rs 5,000/- was reported in GSTR 1 of April 2018 and in GSTR 3B of February 2018.

Ans. Since the amount was reported in GSTR-3B of FY 17-18, it needs to be reported in Table 4 and payment of tax shall be auto-populated in Table 9.

(c) Value of taxable supply pertaining to February 2018 amounting to Rs 100,000/- with IGST of Rs 5,000/- was identified after March 2019.

Ans. Since the taxable value pertains to FY 17-18 and it has not been reported through GSTR-3B in FY 18-19, the said skipped amount should be reported in Table 4 and shown as tax payable in Table 9. This tax payable amount needs to be discharged through DRC-03 in cash.

#### *Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- The Tax Liability Register, the Input Tax Credit Ledger and the Cash Ledger should be used as a basis for validating the amounts relating to payment of tax, Interest and Late Fee disclosed in the GSTR 3B.
- The amounts reported in GSTR 3B filed for the period July 2017 to March 2018 maybe considered for incorporating data in the given Part of GSTR 9.
- The details of Tax Payable are based on details of Outward Supplies reported in Table-4 under Part-II of GSTR 9. Since details are dependent on details entered in GSTR 3B for July 2017 to March 2018 hence complete details of the same should be entered in Table 4.

### **Implications of Section 77 of the CGST Act read with Section 19 of the IGST Act**

#### **I. Introduction**

It is possible for an Auditor to come across situations where a registered person has paid the wrong kind of tax viz, CGST and SGST / UTGST in lieu of IGST and vice versa. Therefore, such incorrect payment of tax, if any, should be identified and considered appropriately.

A plain reading of Section 77 of the CGST Act and Section 19 of the IGST Act, 2017 (which are *pari materia*), a reasonable inference can be drawn that the provisions of the said sections shall apply only in a situation where it is '**held**' that a wrong tax is charged and paid. The word '**held**' must be understood to construe a situation where an adjudicating authority holds an interstate transaction as intra-state transaction or vis a versa. This reasoning is also supported by the fact that the later part of the sections speak of "shall be granted refund" which necessarily implies that the adjudicating authority who holds a transaction where a tax is wrongfully charged and paid shall also be vested with the duty to grant refund. At this juncture, it may be important to note that some experts believe that the rigors of unjust enrichment contained in Sec. 54(4)/ (5) of the CGST Act would still have to be satisfied. However, it is possible that in such a situation the provisions of Section 54(8) of the said Act help in alleviating difficulties and enabling one to seek refund.

A situation where parties themselves decide that a wrong tax has been charged and paid would not fall within these two provisions, whereas the effect of it must be given through table 9A of GSTR 1 read with GSTR 3B.

## II. Analysis

- (a) Section 77 of the CGST Act provides for the adjustment of taxes paid incorrectly. Where a registered person has considered a transaction to be an **intra-State** supply and paid CGST and SGST/UTGST and is subsequently held to be an **inter-State** supply and IGST is liable to be paid, the registered person, is required to pay IGST on such transaction. The registered person is entitled to claim refund of CGST and SGST/UTGST paid on the transaction. In such situations interest is not payable by virtue of Section 77(2) of the CGST Act and 19(2) of the IGST Act, 2017.
- (b) Similarly, where the registered person has considered a transaction to be an **inter-State** supply and paid IGST and SGST/UTGST, and is subsequently held to be an **intra-State** supply and CGST and SGST/UTGST is liable to be paid, the registered person is required to pay the applicable CGST and SGST/UTGST on such transaction. In this situation also, it is to be noted that interest is not liable to be paid when the correct tax is paid.

C.B.E. & C. Circular No. 26/26/2017-GST, dated 29-12-2017 has clarified in common error III that that incorrect tax paid can be corrected through next month 3B.

## III. Illustrations:

**Situation 1 – Supply treated as intra-State supply and CGST and SGST/UTGST paid, whereas, the said supply is an inter-State supply and IGST is liable to be paid. Such error has been identified and rectified in the returns filed for the period July 2017 – March 2018**

- (a) Where the supplier has amended the turnovers relating to intra-State supply declared in the returns filed earlier as inter-State supply in Form GSTR 1 filed for the period July 2017 to March 2018 the amount of IGST is paid thereon should be declared against Part II Sl. No. 4K of Form GSTR – 9. Similarly, the amount of incorrect CGST and SGST / UTGST paid earlier should be declared against Part II Sl. No. 4L. If the supplier has filed an application seeking refund of CGST and SGST/UTGST paid earlier (prior to filing of Form GSTR – 9), the details should be furnished against Part VI Sl. No. 15A.
- (b) The amount of IGST applicable on the supply should be declared appropriately in Part III Sl. No. 9 of Form GSTR – GSTR 9C. The total amount of tax paid as declared in Annual Return (GSTR 9) against Part III Sl. No. 9Q would be in excess of the amount of tax payable. Therefore, the reason for unreconciled amount of tax shall be mentioned

under Part III Sl. No. 10 as “excess tax incorrectly paid as intra-State supply instead of inter-State supply”.

**Situation 2 – Supply treated as intra-State supply and CGST and SGST/UTGST is paid. However, supply is inter-State supply and IGST is liable to be paid. Such error has been identified and rectified in the returns filed for the period April 2018 – September 2018 along with claim of refund**

- (i) Where the supplier has amended the tax paid on intra-State supply declared earlier, as inter-State supply in the Form GSTR 1 filed during the period April 2018 – September 2018, such adjustment of taxes shall be declared in Part V Sl. No. 10 and Part V Sl. No. 11 of Form GSTR-9. The IGST payable shall be added by declaring the liability against Part V of Sl. No. 10 in GSTR 9.

In respect of CGST and SGST/UTGST, the registered supplier should not reduce the liability under Sl. No. 11 of Form GSTR-9. This is for the reason that the supplier is required to file an application for refund of CGST and SGST/UTGST paid on the transaction.

- (ii) The amount of IGST applicable on the supply should be declared appropriately in Part III Sl. No. 9 of Form GSTR – GSTR 9C. The total amount of tax paid as declared in Annual Return (GSTR 9) against Part III Sl. No. 9Q would be in excess of the amount of tax payable. Therefore, the reason for unreconciled amount of tax shall be mentioned under Part III Sl. No. 10 as “excess tax incorrectly paid as intra-State supply instead of inter-State supply”.

**Situation 3 – Supply treated as intra-State supply and CGST and SGST/UTGST is paid. However, supply is inter-State supply and IGST liable to be paid. Such error has been identified but not rectified in the returns filed**

- (a) Where the incorrect tax paid on a supply is identified subsequently and the same is not amended in Form GSTR 1 filed till September 2018, then there does not arise any requirement to adjust the tax paid incorrectly in Form GSTR-9. The correct tax liability has to be declared against Part III Sl. No. 9 of GSTR 9C and the applicable tax has to be remitted appropriately.
- (b) The correct tax liability must be declared in sl. No. 9 of GSTR 9C. The registered supplier has to take steps to file the refund application in respect of taxes wrongly paid.

**IV. Conclusion:**

The auditor should, in such cases, devise a suitable audit program to ascertain the nature of supply and shall verify the nature of taxes collected and paid. After appropriate checks, the rectification exercise of tax paid incorrectly should be undertaken.

**Table10: Supplies / tax declared through Amendments (+) (net of debit notes)**

	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
<b>10</b>	Supplies / tax declared through Amendments (+) (net of debit notes)					

**Introduction**

As already discussed in 'Introduction to Part II' items to be reported in Table 10 are:

- Additional Invoices related to 2017-18 but reported in the GSTR 3B returns for the months April 2018 to March 2019 ;
- Debit notes dated before Mar 31, 2018 omitted in 2017-18 and reported in the returns for the months of April 2018 to March 2019
- Amendments to invoices related to 2017-18 and reported (with errors) in the GSTR 3B for 2017-18 but now reported (duly rectified) in the returns for the months of April 2018 to March 2019

Please note that returns 'for' the month may well be filed on-time or belatedly. It would still remain returns 'for' the month. While considering in this clause, data reported 'for' 2017-18 but in GSTR 3B 'for' 2018-19 alone is to be reckoned. Any data reported 'for' 2017-18 belatedly does not become GSTR 3B 'for' 2018-19'.

**Analysis**

Analysis of due dates for amending returns filed during the financial year 2017-18.

Returns	Time limit
GSTR 1 and GSTR-2	As per the proviso to Section 37(3) and 38(5)-Due date is upto the date of furnishing return under section 39 (i.e. GSTR -3 which is yet to notify) for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier however the date is extended till due date of furnishing the GSTR-1 for the month of March 2019 by inserting the proviso to section 37(3) vide the Central Goods and Services Tax (Second Removal of Difficulties) Order, 2018, w.e.f. <b>31-12-2018</b> .

GSTR 3	As per the Proviso to section 39(9) - Due date for furnishing of return for the month of September (i.e.GSTR 3 yet to notify) following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.
GSTR -3B	As per Circular No. 7/7/2017-GST dated 1 <sup>st</sup> September 2017 by filing corresponding month GSTR 1, GSTR2 and GSTR 3 and as per Circular No. 26/26/2017-GST dated 26.12.2017 rectification can be done in subsequent monthly returns (i.e. GSTR 3B) but no end date is specified for such rectification.

From combined reading of the above Table, time limit for rectification of returns relating to financial year 2017-18 is up to the due date of furnishing of GSTR 3 for the month of September following the relevant financial year or filing annual returns whichever is earlier. A view could be taken that since due date for filing GSTR 3 is yet to be notified, due date for rectification of returns would always be the date of filing annual return for the FY 2017-18.

Proviso to section 37 (3) is inserted by the Central Goods and Services Tax (Second Removal of Difficulties) Order, 2018, w.e.f. 31-12-2018 *that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019*

➤ Source of information for Sl. No 10 of Part –V

All information reported here must flow from GSTR 3B filed after the financial year till the due date of filing returns for March 2019. As such, working notes for the preparation of GSTR 9 will involve the summation of data from GSTR 3B filed for April 2018 to March 2019.

➤ Validation of information

Information in 10 of GSTR 9 would be corrections of errors of omission or commission made during the year 2018-19 in GSTR 1 and taxes paid in 3B also in 2018-19 in respect of such supplies which increases the total value of supplies be reported here. If, it reduces the value of supplies then it should be reported in Sl.No.11. Any debit notes both B2B and B2C dated prior to March 31, 2018 but reported in 2018-19 (upto due date of furnishing of GSTR-1 for the month of March 2019 ) in GSTR 1/3B with respect to the original supply reported in 2017-18 should only be considered for deriving the final value to be disclosed in Sl.No.10.

However, debit notes dated after April 1, 2018 would continue to be reflected in 2018-19 and not be introduced back into transactions pertaining to 2017-18 because the circumstances necessitating credit note and debit note would have arisen only in 2018-19.

Further debit notes relating to 2016-17 and upto June 30, 2017 that are issued after July 1, 2017 are to be considered in 2017-18 as provided in Section 142(2)(a) and (b) of the CGST

Act in respect of such overlapping transactions.

It is suggested that the following precautions should be taken while reporting of correct values:

- (a) Only debit note dated within the financial year 2017-18 should be considered.
- (b) Credit note should not be considered for Sl.No.10. It should be considered for Sl. No 11 of Part V.
- (c) Debit note issued in respect of both B2B and B2C transactions should be considered.
- (d) All the amendments or additions to supplies which increase the turnover should be considered.
- (e) If the effect of amendment is to reduce the total turnover, then it should be considered in Sl.No.11

The amounts that are to be reported may be derived from the Tables of GSTR 1 if taxes of the same are paid through 3B in 18-19. The various components of this Part 10 would be as follows:

Category of supply	Relevant Table of GSTR 1
Amendment to B2C which increase the total turnover	Table 10
Amendment to B2B supplies which increasing the total turnover	Table 9A
Amendment to B2C large inter-State invoice which increases total turnover.	Table 9A
Amendments to zero rated supplies which increases total turnover.	Table 9A
Amendments to debit notes which have effect of increasing total turnover.	Table 9C
Additional debit notes dated 2017-18 declared after FY within due date	Table 9B

#### Illustration

Particulars	Reporting in GSTR 9
1.Tax invoice B2B dated 5 <sup>th</sup> July 2017 of Rs.1,00,000 reported as Rs. 10,000/- in July returns	Scenario -1 Sl.No.4B – Rs.10,000/- Sl. No 4K –Rs.90,000/-
Scenario -1 Amended in March 18 GSTR 3B	Scenario -2
Scenario -2 Amended in Aug 2018 GSTR 3B	Sl.No.4B – Rs.10,000/-

	Sl. No 10 – Rs.90,000/- <i>Filing of GSTR-1 date need not be considered for reporting in this table.</i>
2.Tax invoice B2B dated 5 <sup>th</sup> July 2017 of Rs.1,00,000 reported as 1,00,000/- in July returns and debit note issued on 5 <sup>th</sup> Aug 2017 for Rs.10,000/- Scenario -1 debit note considered in Aug-17GSTR 3B Scenario -2 debit note missed for consideration in Aug-17 GSTR 3B but considered in March -18 GSTR 3B Scenario-3 debit note missed for consideration in Aug-17 GSTR 3B but considered in April -18 GSTR 3B	Scenario -1 Sl.No.4B – Rs.1,00,000/- S. No 4J –Rs.10,000/-  Scenario -2 Sl.No.4B – Rs.1,00,000/- Sl. No 4J –Rs.10,000/- Scenario -3 Sl.No.4B – Rs.1,00,000/- Sl. No 10 –Rs.10,000/-
3.Tax invoice B2B dated 5 <sup>th</sup> July 2017 of Rs.1,00,000 reported as Rs. 1,00,000/- in July returns and debit note issued on 5 <sup>th</sup> April 2018 for Rs.10,000/- Scenario -1 debit note considered in April-18 GSTR 3B Scenario -2 debit note missed for consideration in April-18 GSTR 3B but considered in Sep -18 GSTR 3B	Scenario -1 Sl.No.4B – Rs.1,00,000/- Sl. No 4J – Nil Sl.No.10-Nil (debit note dated 5 <sup>th</sup> April to be considered in the annual returns of FY18-19) Scenario -2 Sl.No.4B – Rs.1,00,000/- Sl. No 4J –Nil Sl.No.10-Nil

#### Issues

1. All the rectification carried out for supplies made during the year 2017-18 by way of addition or amendments upto the date of filing annual returns should be compiled and reported in Sl.No. 10 and 11 of part V of GSTR 9. Credit Note dated 5<sup>th</sup> April 2018 issued in relation to supply dated 10<sup>th</sup> Oct 2017 reported in April month GSTR 3B as this is a transaction of 2018-19 and cannot be pulled back into 2017-18 even though the event leading to issuance of credit note takes place before the Annual Return is filed. In fact, in clause 5E, it is clearly stated that 'in case' such shifting of transactions between financial years is done, then the same needs to be set right.

*Notes to consider*

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- For a clear demarcation, it should be ensured that such amounts do not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017)
- The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns.
- Date of original invoice and original invoice serial number is very important in updating Sl.No.10. The entire debit note updated after FY 17-18 till the due date for rectification of returns would have reference of original invoice issued during the FY 2017-18. The same should be verified carefully.
- Only rectifications of the B2C and B2B amounts should have been reported in the GST returns upto the tax period March but those reported after FY should only be considered in this Table.

*Conclusion*

Therefore Sl.No.10 of GSTR 9 contains:

- (a) Debit notes dated FY 17-18 but reported after FY (Table 9B of GSTR 1).
- (b) Additions/Amendment to supplies reported in Table 10 (B2C) and Table 9A(B2B) and 9C of GSTR 1 (amendments to debit notes and credit notes) which have effect of increasing the total turnover.

**Sl. No. 11: Supplies / tax reduced through Amendments (-) (net of credit notes)**

	Description	Taxable Value	Central Tax	State Tax /UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
11	Supplies / tax reduced through Amendments (-) (net of credit notes)					

Table No.	Instructions
10 & 11	Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 9A, Table 9B and Table 9C of FORM GSTR-1 of April to September of the current financial year or date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here.

### Introduction

As already discussed in 'Introduction to Part II' items to be reported in Table 11 are:

- (a) Credit notes dated 2017-18 and reported in GSTR 1 'for' 2017-18 but reported in the returns 3B for the months April 2018 to March 2019
- (b) Amendments to invoices related to 2017-18 and reported (with errors) in the GSTR1 for 2017-18 but now reported (duly rectified) in the returns i.e 3B for the months April 2018 to March 2019

Please note that returns 'for' the month may well be filed on-time or belatedly. It would still remain returns 'for' the month. While considering in this clause, data reported 'for' 2017-18 but in GSTR 3B 'for' 2018-19 alone is to be reckoned. Any data reported 'for' 2017-18 belatedly does not become GSTR 1/3B 'for' 2018-19'.

### Analysis

- Source of information for Sl.No. 11 of Part –V.

All information reported here must flow from GSTR 1 filed after the financial year till the due date of filling returns for March 2019 or the annual return whichever is earlier. As such the working notes for the preparation of GSTR 9 would involve the summation of data from GSTR 1 filed for April 2018 to March 2019 or the date of filing the annual return whichever is earlier.

- Validation of information.

Information in Table 11 of GSTR 9 would be corrections of errors of omission or commission made during the 2018-19 in GSTR 3B in respect of such supplies which reduces the total value of supplies/tax. If it increases the value of supplies/tax, then it should be reported in Sl.No.10. Any credit notes both B2B and B2C dated prior to March 31, 2018 but reported in 2018-19 in GSTR 3B in respect of the original supply reported in 2017-18 should only be considered for deriving the final value to be disclosed in Sl.No.11.

However, credit notes dated after April 1, 2018 would continue to be reflected in 2018-19 and are not to be introduced back into transactions pertaining to 2017-18 because the circumstances necessitating credit note and debit note would have arisen only in 2018-19.

Further credit notes relating to 2016-17 and upto Jun 30, 2017 that are issued after Jul 1, 2017 are to be considered in 2017-18, as provided in section 142(2)(a) and (b) of the CGST Act in respect of such overlapping transactions.

It is suggested that the following precautions should be taken while reporting of correct values and making them in consonance with each other:

- (a) Only credit note dated within the financial year 2017-18 should be considered.
- (b) Debit note should not be considered for Sl.No.11 it should be considered for Sl.No. 10 of Part V.

- (c) Credit note B2B and B2C should be considered.
- (d) All the amendments to supplies which reduce the turnover should be considered.
- (e) If the effect of amendment is to increase the total turnover/tax, then it should be considered in Sl.No.10

The amounts that are to be reported can be directly derived from the Tables of GSTR 1. The various components of this Part 11 would be as follows:

Category of supply	Relevant Table of GSTR 1
Amendment to B2C which reduce the total turnover/tax	Table 10
Amendment to B2B supplies which reduce the total turnover/tax	Table 9A
Amendment to B2C large inter-State invoice which reduce the total turnover/tax.	Table 9A
Amendments to zero rated supplies which reduce the total turnover/tax.	Table 9A
Amendments to debit notes/credit notes which reduce total turnover/tax.	Table 9C
Additional credit notes dated 2017-18 declared after FY within the due date.	Table 9B

*Illustration*

Particulars	Reporting in GSTR 9
1. Tax invoice B2B dated 5 <sup>th</sup> July 2017 of Rs.10,00,000/- reported as Rs. 1,00,000/- in July returns Scenario -1 Amended in March 18 GSTR 1 Scenario -2 Amended in Aug 2018 GSTR 1	Scenario -1 Sl.No.4B – Rs.,1,00,000/- Sl. No 4L –Rs. 9,00,000/- Scenario -2 Sl.No.4B – Rs.10,0000/- Sl. No 11 – Rs.9,00,000/-
2. Tax invoice B2B dated 5 <sup>th</sup> July 2017 of Rs.1,00,000 reported as Rs. 1,00,000/- in July returns and credit note issued on 5 <sup>th</sup> Aug 2017 for Rs.10,000/- Scenario -1 credit note considered in Aug-17GSTR 1 Scenario -2 credit note missed for	Scenario -1 Sl.No.4B – Rs.1,00,000/- Sl. No 4I –Rs.10,000/- Scenario -2 Sl.No.4B – Rs.1,00,000/-

<p>consideration in Aug-17GSTR 1 but considered in March -18 GSTR 1</p> <p>Scenario-3 credit note missed to for consideration in Aug-17GSTR 1 but considered in April -18 GSTR 1</p>	<p>Sl. No 4I –Rs.10,000/-</p> <p>Scenario -3</p> <p>Sl.No.4B – Rs.1,00,000/-</p> <p>Sl. No 11 –Rs.10,000/-</p>
<p>3.Tax invoice B2B dated 5<sup>th</sup> July 2017 of Rs.1,00,000 reported as Rs. 1,00,000/- in July returns and credit note issued on 5<sup>th</sup> April 2018 for Rs.10,000/-</p> <p>Scenario -1 credit note considered in April-18GSTR 1</p> <p>Scenario -2 credit note missed for consideration in April-18GSTR 1 but considered in Sep -18 GSTR 1</p>	<p>Scenario -1</p> <p>Sl.No.4B – Rs.1,00,000/-</p> <p>Sl. No 4I – Nil</p> <p>Sl.No.11-Nil</p> <p>(credit note dated 5<sup>th</sup> April to be considered in annual returns of FY18-19</p> <p>Scenario -2</p> <p>Sl.No.4B – Rs.1,00,000/-</p> <p>Sl. No 4I –Nil</p> <p>Sl.No.11-Nil</p>

*Notes to consider*

The following control checks should be performed for validation of the amounts reported under this head:

- For a clear demarcation one should ensure that such amounts do not belong to the earlier tax regime (Before 1<sup>st</sup> July 2017)
- The outward supplies register should be used as a basis for validating the amounts disclosed in the GST returns.
- Date of original invoice and serial number of original invoices is very important in updating Sl.No.11. The entire credit note updated after FY 17-18 upto the due date for rectification of returns would bear reference of the original invoice issued during the FY 2017-18. The same should be verified carefully.
- Only rectification reported after the financial year 2017-18, done in 2018-19 should be considered here in respect to both B2B and B2C.
- Further, GSTR 9 cannot be prepared based on sample verification. No such exclusion is permissible here. Completeness must be ensured for the compilation of information as preparation of GSTR 9 is the duty of the Registered Person who cannot resile from his responsibility.

*Conclusion*

Therefore, Sl.No.11 of GSTR 9 contains:

- (a) Credit notes dated 17-18 but reported in next FY (Table 9B)
- (b) Amendment to supplies reported in Table 10 (B2C) and Table 9A(B2B) and Table 9C of GSTR 1 (amendments to debit notes and credit notes) which have effect of reducing total turnover.

**Sl. No. 12 Reversal of ITC availed during previous financial year**

	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
12	Reversal of ITC availed during previous financial year					

Table No.	Instructions
12	Aggregate value of reversal of ITC which was availed in the previous financial year but reversed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for previous financial year, whichever is earlier shall be declared here. Table 4(B) of FORM GSTR-3B may be used for filling up these details.

**Introduction**

Sl. No. 12 of Part V of the GSTR 9 contains the summary of the input tax credit to be reversed that was availed during the reporting financial year. The data to be tabulated relates to the input credit that was taken in the reporting financial year and reversed during the period April 2018 to March 2019. The reversal may be for various reasons like erroneously taken credit or failure to make payments within the stipulated time. The amount of credit that needs to be reversed is to be disclosed in this column.

**Analysis****➤ Source of information**

The information to be disclosed in the column is linked to the GST returns filed between the month of April 2018 to March 2019 for the accounting transactions recorded in the books from July 2017 to the end of the financial year on 31<sup>st</sup> March 2018. The reference documents for the input credits would be the data from GSTR 3B and GSTR 2A along with the accounting records like the supplier's invoices, debit notes etc.

➤ **Validation of Information**

The input credit availed between July 2017 to March 2018 may have to be reversed post the completion of the financial year due to various reasons ((recognised in the financial year ensuing year on the following reasons)):

- (a) *Reversal of Transitional credit:* During the implementation of the GST regime, the Government had provided for claiming of credits available in various forms in the Form TRAN-I and TRAN-II on a self-declaration basis. The transitional credit claimed may find a variance due to errors of omission and commission by a Registered Person. The same can be adjusted in this section. The possibility of errors in such credit taken were high since the transitional credit was taken on the basis of various statutory filings like the VAT returns, Service tax, Excise Registers. The credit was also taken by unregistered taxpayers of the erstwhile regimes for their stocks (tax suffered stock) to the extent of tax paid by them without adequate awareness of the laws.
- (b) *Credit wrongly claimed on items covered under section 17(5)*
- (c) *Non-reversal under Rule 42/43*

*Revision required*

The errors and omission which require a reversal are to be rectified in the GSTR 3B within the time limitation of the filing of returns, as non-revision may result in the denial of ITC, penalty and additional liability in the form of interest.

In case there is re-claiming of the input credit due to the tax payer complying with the GST, the same needs to be declared in the GSTR 1 and 3B returns.

*Illustrations:*

The following illustrations list the situations where the possible GST reversal of credit could arise:

- (i) Mr. Peter provided sales and services of automobiles as an unregistered tax payer under excise in the Central Excise regime. Under GST, he incorrectly claimed a transitional credit of Rs. 18,000/- on his stock in hand in TRAN-II. The Excise credit claimed needs to be reversed as there is no documentary evidence of the eligible input.
- (ii) Mr. Ranjan purchased a carriage in December 2017 for moving goods from his factory. Mr. Ranjan was into both taxable and exempt supplies with a 70:30 ratio. However, reversal under Rule 43 was not carried out during 2017-18 but reversed in 2018-19 before September 2018.

*Notes to consider:*

- (a) The TRAN-I and TRAN-II credit taken at times is not verified with valid invoices for the amount eligible.

- (b) Bifurcation of eligible credit for taxable and exempt supplies for capital goods is never carefully divided nor followed in terms of the continuity of proportionality.

*Additional notes to consider*

A Table needs to be prepared on the reversal of credit done under the various provisions of the GST Act and Rules and working papers needs to be checked with the GSTR 9 column 7A to 7H. The working sheets need to be retained as the same would be needed while filing the annual return of the Financial Year 2018-19.

TRAN-I and TRAN-II should be referred to for the correctness of the input credit taken on transitional basis.

Capital goods input credit availment ratio should be re-visited to ensure the correctness of the input credit claimed.

*Conclusion*

The provisions of reversal of credit and re-claiming of the credit in the GSTR 9 needs to be properly documented and also retained as the effect of the same extends to different financial years. The various inadvertent errors or common errors of omission and commission are also taken care of with the provisions of reversal.

**Sl. No. 13: ITC availed for the previous financial year**

	Description	Taxable Value	Central Tax	State Tax /UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
13	ITC availed for the previous financial year					

Table No.	Instructions
13	Details of ITC for goods or services received in the previous financial year but ITC for the same was availed in the returns filed for the months of April to September of the current financial year or date of filing of Annual Return for the previous financial year whichever is earlier shall be declared here. Table 4(A) of FORM GSTR-3B may be used for filling up these details.

**Introduction**

Section 16(4) provides that credits relating to a particular financial year needs to be claimed within the due date of filing the returns for September of the subsequent financial year or the date of filing the annual return whichever is earlier. However proviso to section 16(4) is inserted by the Central Goods and Services Tax (Second Removal of Difficulties) Order,

2018, w.e.f. **31-12-2018** 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 financial year 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. This Table requires the taxpayer to declare the details of ITC claimed by him in the subsequent year (April to March 2019 ) which relates to the reporting financial year..

### Analysis

➤ Source of information

All credits claims are reported in a statement in GSTR 3B filed 'for' each month. For credit relating to inward supplies 'for' July 2017 to March 18, the same would be reported in GSTR 3B for each month. However, when inward supplies for July 2017 to March 2018 are not so claimed and reported in GSTR 3B 'for' the months April to March 2019, this information is to be reported in Sl.No.13. This information would be available in Table 4(A) of the said GSTR 3B.

➤ Validation of information

A registered Person can verify GSTR 3B relating to April to March 2019 and compare with the inward supplies dated July 2017 to March 2018. One may also validate this information with GSTR 2A relating to July 2017 to March 2018.

### Illustration

For instance, if a registered person fails to claim input tax credit, say, for the tax period February 2018 but declares the same in the return relating to May 2018, then as stated above, this information is to be validated with GSTR 3B for the tax period May 2018 and GSTR 2A for the tax period February 2018 and reported in this Sl.No.13.

#### Notes to Consider

1. Credit can be claimed for 2017-18 in any month during 2017-18 or 2018-19 (up to due date of furnishing of return for the month of March 2019). If credit is delayed and considered as credit for 2018-19, there is no concern. However, if outward supplies did not get reported during 2017-18 and are reported in 2018-19, and this tax liability is settled with omitted credits, then all this should be reported and explained in this table.

2. Amounts (output tax and input credit) admitted to be related to 2017-18 but reported in 2018-19 (not through belated returns) should not be 'double counted' in both these years. Clearly reporting the year to which they belong to will help exclude the same in the Annual Returns for 2018-19.
3. A registered Person should validate the above information with the data available in GSTR 2A.

**Sl. No. 14. Differential tax paid on account of declaration in 10 and 11 above**

14	Differential tax paid on account of declaration in 10 & 11 above		
	Description	Payable	Paid
	1	2	3
	Integrated Tax		
	Central Tax		
	State/UT Tax		
	Cess		
	Interest		

**Scope**

After capturing details of additions or amendments to any of the supplies already declared in the returns of the reporting financial year but furnished in Table 9A, Table 9B and Table 9C of GSTR 1 of April 18 to March 2019 for the F.Y. 2017-18 in Table 10 and 11 of GSTR 9, Table 14 aims to capture the details of differential tax liability, either increase or decrease, as the case may be, arising out of such reporting by the person filing the Annual Return. The Table 14 also captures whether the relevant additional tax arising has been paid or not. The details of Interest in respect of any additional tax payable and paid in Table 14 is also required to be disclosed here.

**Purpose**

The purpose of Sl. No. 14 in Part V is to get consolidated value of differential (increase or decrease) tax liability self-assessed and discharged in the monthly returns filed after March 2018 but up to March 2019, by the Registered Person for the period for which Annual Return is being filed. The given details along with details to be fed in Sl. No. 9 in Part IV of the Form shall deduce the total tax liability for the financial year calculated, declared and discharged by the Registered Person up to September 2018. The given details shall be useful for filing reconciliation statement in Form 9C for the Registered Person and also for calculating the deviation from the actual tax liability for the financial year.

## Analysis

### ➤ Source of Information

No Instruction /Guidance has been given by the Government for filing of details in this clause 14. Hence, it has to be understood by the person filing an Annual Return on his own appreciation of the facts.

Since amounts of tax payable in Sl. No. 14 arises from details in Sl. No. 10 and 11, details of tax payable should net total of what has been reported in Table 10 and 11. For details of tax paid on differential liability disclosed, the reference to relevant GSTR 3B needs to be made.

### ➤ Validation of Information

#### (A) For tax Payable

Since under Table 9 of Part IV, the details of tax payable for details of supplies on which person filing the Annual Return is reported through the details of tax as derived in 4N, hence in a similar manner, for details of tax payable to be reported in 14, the net amount of tax reported in 10 and 11 should be considered. In case where the net effect of tax disclosed in 10 and 11 is negative i.e. where the amount of tax in Credit Note or reduction in taxable value reported in GSTR 1 of April 2018 to March 2019 is more than amount of tax in Debit Note or amount of taxable value to be increased then such amount shall be disclosed as negative amount in tax payable.

#### (B) For tax paid through Cash

In case, the amount of tax disclosed in 10 and 11 is positive or it causes an increase in liability of tax and such tax has been also paid in GSTR 3B filed for months from April 2018 to March 2019, then by finding out the exact details through a reconciliation sheet, the amount of tax paid should be mentioned.

Since in GSTR 3B, a single amount shall be shown in 6.1 for tax paid for liability self-assessed for the month for which GSTR 3B along with details of differential tax paid pertaining to FY 2017-18, a reconciliation for the total tax paid should be compulsorily kept by the person filing the Annual Return.

In case where the amount of differential tax liability is Nil or Negative or where the tax has already been paid in GSTR 3B filed for the period up to March 2018 for the differential tax disclosed in GSTR 1 between April 2018 to March 2019, no disclosure is required to be made in the column of tax Paid in 14 under Part V of GSTR 9.

#### (C) For Interest Payable and Paid

For reporting the amount of interest under the given column, the person filing an Annual Return needs to calculate the interest applicable under section 50 of the CGST Act. The

said interest needs to be calculated by identifying the exact months in which the additional tax liability should have been paid up to the month in which it is actually paid.

The details of Interest actually paid under section 50 can be captured from working prepared by the person filling the Annual Return for filling the Table 6.1 of the GSTR 3B filed between April 2018 to March 2019 .

➤ Revision Required

The given part has been discussed with Table 9 under Part IV.

➤ Illustration

- (i) Details of tax payable amounting to Rs. 10,000/- under IGST has been reported in Table 10 and details of tax to be reduced amounting to Rs. 5,000/- under IGST has been reported in Table 11. The amount of total tax paid in GSTR 3B of July 2018 was Rs. 70,000/- which included the amount of tax paid under amendments amounting to Rs. 5,000/-.

How can this be disclosed in Table 14 of Part V of GSTR 9?

Ans. The amount of Rs. 5,000/- shall be disclosed in tax payable under Column "Payable" in Table 14. The same shall be based on amounts entered in Table 10 and 11. Further a working should be kept by the Registered Person regarding the payment of tax paid through GSTR 3B for the month of July 2018 in which the regular tax was Rs. 65000/- and Rs. 5,000/- was paid in respect of liabilities reported for amendments.

- (ii) The other detailed Illustrations discussed with Table 9 under Part IV.

➤ Notes to consider

The following are the control checks that a person should perform for validation of the amounts reported under this head:

- The Tax Liability Register, the Input Tax Credit Ledger and the Cash Ledger should be used as basis for validating the amounts relating to payment of tax, Interest and Late Fees disclosed in the GSTR 3B.
- The amounts reported in GSTR 3B filed for the period of July 2017 to March 2018 where tax or interest relating to additional tax liability on supplies reported between April 2018 to March 2019 in GSTR 1 should only be considered for punching data in given Part of GSTR 9.
- The details of additional tax payable are based on details of Outward Supplies reported in Table-10 and 11 under Part-V of GSTR 9. Since details in Part-V are dependent on details entered in GSTR 1 for April 2018 to March 2019 hence complete details of same should be entered in Table 10 and 11.

- A detailed working should be kept which should reconcile with books of accounts wherein the details of tax liability paid in GSTR 3B for current month and for previous months are mentioned. In case said working is not kept, the details of tax and interest paid in Table 14 shall be incorrect.
- The details of tax paid should be disclosed in Table 14 only when additional tax is paid through GSTR 3B through returns of April 2018 to March 2019 .
- *Additional notes to consider*
- *Conclusion*

Thus, details to be entered in Table 14 under Part V of GSTR 9 contains details of tax Paid and Interest paid declared in GSTR 3B filed for the period of April 2018 to March 2019 2018 and details of tax and Interest Payable on the basis of details entered in Table 10 and 11 under Part V of GSTR 9.

**Sl. No. 15A to 15G: Particulars of demands and refunds**

15	Particulars of Demands and Refunds							
	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee/ Others
	1	2	3	4	5			
A	Total Refund claimed							
B	Total Refund sanctioned							
C	Total Refund Rejected							
D	Total Refund Pending							
E	Total demand of taxes							
F	Total taxes paid							

	in respect of E above							
G	Total demands pending out of E above							

### Introduction

SI. No. 15A to 15G of GSTR 9 requires particulars of refund of taxes and the demand of taxes for the relevant financial year to be reported under this head comprising of the following:

- (a) Total refund claimed in SI No.15A
- (b) Total refund sanctioned in SI No. 15B
- (c) Total refund rejected in SI. No. 15C
- (d) Total refund pending in SI No. 15D
- (e) Total demand of taxes in SI No. 15E
- (f) Total taxes paid out of the aforesaid demand of taxes in SI No.15F
- (g) Total demands pending out of the aforesaid demand of taxes in SI No.15G

The details of demand and remittance of interest, penalty, late fee and fine are also to be reported under the relevant heads in SI No.15E to 15G.

The refund claim includes unutilised input tax credit claimed as refund.

### Analysis

#### (i) Refund of taxes

**SI. No. 15A: Total refund claimed:** The aggregate value of refund of taxes claimed (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) under the GST Law during July 2017 to March 2018 has to be reported under this head which includes refunds claims which have been sanctioned, rejected or pending for processing comprises of the refund in any of the following scenarios:

- (a) Refund of taxes paid in excess
- (b) Refund of balance in the cash ledger after payment of taxes
- (c) Refund of unutilised input tax credit in case of zero-rated supplies of goods/ services without payment of taxes

- (d) Refund of taxes paid in case of zero-rated supplies of goods/services with payment of taxes
- (e) Refund of taxes paid on account of deemed exports (where refund is claimed by the supplier)
- (f) Refund of taxes paid on account of deemed exports (where refund is claimed by the recipient)
- (g) Refund of taxes paid on account of supply of goods/ services made to a SEZ unit/ developer
- (h) Refund of unutilised input tax credit on account of inverted duty structure
- (i) Refund of pre-deposit
- (j) Refund of taxes paid where the transactions are considered as intra-state supplies, but which are subsequently considered as inter-State supplies
- (k) Provisional refunds received

Non-GST refund claims (i.e. refund claimed under erstwhile law) should not be reported here.

In case of refund of Integrated tax paid on export of goods out of India as per Rule 96(1) shipping bill shall be deemed to application for refund only when Export Manifest (EGM) is filed covering the shipping bill number and date a valid GSTR 3B is furnished. Hence refund claimed amount to be reported considering the compliance of Rule 96(1) of Central Goods and Services Tax Rules, 2017.

**SI. No. 15B: Total refund sanctioned:** The aggregate value of the refund of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) sanctioned upto 31.03.2018 out of the total refund applied for the relevant financial year as reflected in the sanction orders has to be reported under this head. Refund granted and adjusted against any outstanding demand of taxes in Form GST RFD 07 should be disclosed here before the adjustment of demand of taxes. Further even the provisional refund (of 90%) sanctioned must be reported here. This is because Rule 91(2) clearly provides for sanctioning of the provisional refund by passing order in FORM GST RFD-04.

**SI. No. 15C: Total refund rejected:** The aggregate value of the refund of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) rejected out of the total refund claimed for the relevant financial year has to be reported under this head. Cases where deficiency memo has been issued upon filing of refund application but order whether sanctioned or rejected has not been issued, should not be reported.

**SI. No. 15D: Total refund pending:** The aggregate value of the refund of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) pending out of the total refund

claimed for the relevant financial year has to be reported under this head. In other words, the aggregate value of all refund applications for which acknowledgement has been received has to be reported under this head excluding the provisional refunds received. In case of refund of Integrated tax paid on export of goods out of India as per Rule 96(1) shipping bill shall be deemed to application for refund only when Export Manifest (EGM) is filed covering the shipping bill number and date a valid GSTR 3B is furnished. Hence refund amount which are in compliance of Rule 96(1) of Central Goods and Services Tax Rules, 2017 should be appear here.

**Refunds during transition period:**

It has to be ensured that the following refunds during the transitional period must be excluded from disclosure under the SI No.15A to 15D since they are processed as refund under the provisions of the erstwhile law:

- (a) Refunds claimed on or after 01<sup>st</sup> July 2017 in relation to the CENVAT credit, duty, tax, interest or any other amount paid under the erstwhile law.
- (b) Refund claimed on or after 01<sup>st</sup> July 2017 for the refund of taxes paid under the erstwhile law for the export of goods or services during the erstwhile regime or GST regime.
- (c) Refund claimed on or after 01<sup>st</sup> July 2017 for the refund of taxes paid under the erstwhile law in respect of services not provided.
- (d) Refunds on account of revision of returns filed under the erstwhile law.
- (e) Refunds on account of proceeding of appeal, review or reference relating to claim of CENVAT credit under the provisions of the erstwhile law initiated during the erstwhile regime or GST regime.

**(ii) Demand of taxes**

**SI. No. 15E: Total demand of taxes:** The aggregate value of the demand of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) along with interest and penalty for which an order confirming the demand has been issued by the adjudicating authority has to be reported under this head.

In the scenario where the order has been passed in GST RFD-07 by way of adjustment of the amount of refund against the outstanding demand under the GST, then, the demand of tax before adjustment against refund of tax would form part of the reporting under this head, if the demand has not been included earlier.

**SI. No. 15F: Total taxes paid out of the aforesaid demand of taxes:** The aggregate value of demands of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) paid

along with interest, penalty and late fee out of the value of confirmed demand as declared in SI No.15E above has to be reported under this head.

In the scenario where the order has been passed in GST RFD-07 by way of adjustment of the amount of refund against the outstanding demand under the GST, then, the amount of such refund adjusted would form part of the reporting under this head.

**SI. No. 15G: Total demands pending out of the aforesaid demand of taxes:** The aggregate value of demand of taxes (CGST, SGST/UTGST, IGST and Cess to be disclosed separately) along with interest, penalty and late fee pending recovery out of the total demand of taxes, interest, penalty and late fee declared in SI No.15E above has to be reported under this head

#### Source of information

#### SI. No. 15A: Total Refund claimed

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15A	Total Refund claimed							

Table No.	Instructions
15A, 15B, 15C and 15D	Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here. Refund claimed will be the aggregate value of all the refund claims filed in the financial year and will include refunds which have been sanctioned, rejected or are pending for processing. Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. These will not include details of non-GST refund claims.

Types of refunds claimed	Source of information
Refund of taxes paid in excess	Copy of the Form GST RFD-01 filed for the relevant period. A Certificate in Annexure 2 of FORM GST RFD-01 issued by a Chartered Accountant or a Cost Accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person where the refund claimed is more than Rs. 2 lakhs.

Refund of balance in the cash ledger after payment of taxes	Copy of the Form GST RFD-01 filed for the relevant period. Balance of electronic cash ledger lying in GST portal as on the date of application of refund
Refund of unutilised input tax credit in case of zero-rated supplies of <b>goods without payment of taxes</b>	Copy of the Form GST RFD-01 filed for the relevant period Copy of the Form GST RFD-11 (LUT) filed for the relevant period Statement containing details of shipping bills or bills of export for the relevant period and copy of shipping bills
Refund of unutilised input tax credit in case of zero-rated supplies of <b>services without payment of taxes</b>	Copy of the Form GST RFD-01 filed for the relevant period Copy of the Form GST RFD-11 filed for the relevant period Letter of undertaking filed Statement containing details of relevant bank realisation certificates or Foreign inward remittance certificates for the relevant period
Refund of integrated tax paid in case of zero-rated supplies of <b>goods with payment of taxes</b>	To verify that the integrated tax has not been collected from the customer Shipping bills / bills of export, EGM and duly furnished valid GSTR-3B (evidencing payment of taxes).[Ref: Rule 96(1) of CGST Rules]
Refund of integrated taxes paid in case of zero-rated supplies of <b>services with payment of taxes</b>	Copy of the Form GST RFD-01 filed for the relevant period. Statement containing details of relevant bank realisation certificates or Foreign inward remittance certificates for the relevant period To verify that the integrated tax has not been collected from the customer Copy of valid form GSTR-3B as evidence of payment of taxes. Electronic cash ledger or electronic credit ledger.t
Refund of taxes paid on account of <b>deemed exports</b> (where refund is claimed by the supplier)	Statement containing details of the relevant export invoices for the relevant period. <u>Proof of receipt of Goods by the Eligible Recipient:</u> <i>In case of Supply to Advance Authorisation Holder or EPCG Holder – Acknowledgment that Holder has received the goods should be obtained from the jurisdictional tax officer having jurisdiction over the said Holder</i> <i>In case of Supply to EOUs –</i>

	<p>(a) Copy of prior intimation in Form A issued by EOU in Form B format prescribed in Circular No. 14/14 /2017 – GST dated 06.11.2017</p> <p>(b) Copy of the tax invoice under which such supplies have been made by the supplier, duly endorsed by the recipient Export Oriented Unit that said deemed export supplies have been received by it</p> <p>(c) Verify record maintained in Form B format prescribed in Circular No. 14/14 /2017 – GST dated 06.11.2017</p> <p>Undertaking from the Recipient of the Deemed Export that the Recipient has not taken Input tax Credit of the GST paid by the Supplier.</p> <p>To verify that the CGST / SGST or IGST has not been collected from the EOU.</p> <p>Undertaking from the Recipient of the Deemed Export that they shall not claim the refund of the GST paid by the Supplier as per N/N 49/2017 – Central tax dated 18th October 2017.</p>
Refund of taxes paid on account of deemed exports (where refund is claimed by the recipient)	<p>Copy of the Form GST RFD-01 filed for the relevant period.</p> <p>Statement containing details of the relevant export invoices for the relevant period.</p>
Refund of taxes paid on notified inward supplies by Agency of UNO, MFI, UNO organisation, consulate or embassy	Copy of the GST RFD-10 filed for the relevant quarter.
Refund of integrated tax paid on account of supply of <b>goods</b> made to a SEZ unit/ developer	<p>Copy of the Form GST RFD-01 filed for the relevant period</p> <p>Statement containing the details of the relevant invoices along with the evidence regarding the endorsement by the specified officer of the Zone.</p> <p>To verify that the integrated tax has not been collected from the customer</p> <p>A declaration to the effect that the SEZ Unit/ Developer has not availed the input tax credit of the tax paid by the supplier of goods or services or both, in a case where the refund is on account of supply of goods or services made to a SEZ Unit/ Developer</p>

Refund of taxes paid on account of supply of <b>services</b> made to a SEZ unit/ developer	Copy of the Form GST RFD-01 filed for the relevant period Copy of approval issued by the Development Commissioner of SEZ listing the services for authorized operation. Statement containing the details of relevant invoices along with the evidence regarding the endorsement by the specified officer of the Zone To verify that the integrated tax has not been collected from the customer A declaration to the effect that the SEZ Unit/ Developer has not availed the input tax credit of the tax paid by the supplier of goods or services or both, made to a SEZ Unit/ Developer
Refund of unutilised input tax credit on account of inverted duty structure.	Copy of the Form GST RFD-01 filed for the relevant period Statement containing the details of relevant invoices received and issued for the relevant period
Refund of pre-deposit	Copy of the order allowing the appeal by the First Appellate Authority or Appellate Tribunal or High Court or Supreme Court
Refund of taxes paid on the transactions considered as intra-state supplies, but is subsequently held as inter-state supplies.	Copy of the Form GST RFD-01 filed for the relevant period Statement showing details of transactions considered as intra state supply which has subsequently been held as interstate supply
Provisional refund received	Copy of the Form GST RFD-01 filed for the relevant period Copy of Form GST RFD 04

**Sl. No. 15B: Refund sanctioned:**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15B	Total Refund sanctioned							

The provisional order sanctioning the refund in Form GST RFD-04 for the relevant period along with the payment advice in Form GST RFD-05.

The final order in Form GST RFD-06 sanctioning the refund amount for the relevant period can be scrutinised in case of refund claimed in case of the following scenarios:

- (a) zero-rated supply of goods or services or both made by Registered Persons.
- (b) Refund on account of deemed export
- (c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- (d) Refund of taxes paid on the transactions considered as intra-state supplies, but is subsequently held as inter-state supplies.
- (e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- (f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

**Sl. No. 15C: Total Refund rejected:**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15C	Total Refund Rejected							

The aggregate value of the refund rejected in the final order in Form GST RFD-06 can be scrutinised in case of the aforesaid scenarios.

It has to be ensured that the amount of refund rejected has been credited to the electronic credit ledger by an order made in Form GST PMT-03 in case where the rejection of refund does not involve unjust enrichment and the refund claim was for unutilized input tax credit.

**Sl. No. 15D: Total refund pending:**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15D	Total Refund Pending							

Verification of the acknowledgement of all Forms GST RFD-02 filed during July 2017 to March 2018 should be compared with the refund order sanctioned / rejected to check to arrive at

refund amount pending. The provisional refunds received have to be excluded for the purposes of reporting under this head. The rejected refunds which are appealed against should be disclosed here.

**SI. No. 15E: Total demand of taxes**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15E	Total demand of taxes							

Table No.	Instructions
15E, 15F and 15G	Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority shall be declared here. Aggregate value of taxes paid out of the total value of confirmed demand as declared in 15E above shall be declared here. Aggregate value of demands pending recovery out of 15E above shall be declared here.

The order confirming the demand of taxes for the relevant financial year by adjudicating authorities has to be verified with order. If the Registered Person has made an appeal against the order, the value of such order would still have to be reflected here until the disposal of the appeal.

**SI. No. 15F: Total taxes paid out of the aforesaid demand of taxes**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15F	Total taxes paid in respect of E above							

The copy of the challan as a proof of payment out of the confirmed demand of taxes to be verified with the order demanding taxes for the relevant financial year. Hon'ble Apex court in a recent judgment laid in *DCW Ltd v. Union of India* 2015(324) ELT 702 has categorically held that the doctrine of unjust enrichment is not applicable to cases where the amount is deposited in terms of interim order of a Court. Hence the pre-deposit cannot be treated as the taxes paid out of the demand. The said amount retains the character of a pre-deposit till it is adjusted against the demand.

**Sl. No. 15G: Total demands pending out of the aforesaid demand of taxes**

	Details	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5			
15G	Total demands pending out of E above							

The differential value between the total demand confirmed vide orders and the aggregate value of the taxes remitted vide copy of the challans has to be determined for the relevant financial year. Where an appeal has been preferred to the Appellate Authorities or High Court or Supreme Court, pre-deposit amount should not be considered the pending amount of tax not paid.

**Validation of information**

In addition to the scrutiny of the relevant documents in the respective scenarios, the following documents, as mentioned supra can be scrutinised to validate the amounts reported under this head:

- The refunds claimed/ sanctioned/ rejected, and the details of assessment orders passed in relation to such demand and refund for the relevant financial year disclosed in the annual report and audited financial statements.
- The relevant ledger accounts for the relevant period relating to refund has to be scrutinised for each GSTIN to ensure that the respective entries have been passed for refunds received/ reversed etc.
- It has to be ensured that the unutilised input tax refund claimed has been debited in the electronic credit ledger.
- In case a Registered Person has multiple GSTIN, the details of demand of tax / refund of every State / UT should be derived from his main trial balance on the basis of which the financial statements are prepared and audited

*Notes to Consider*

- A Registered Person having multiple GSTIN among different states shall have to maintain the details of refund claimed, sanctioned, rejected and pending in GSTIN wise basis;
- Any refund claimed / sanctioned / rejected or demand of any tax pertaining to earlier Laws (other than GST) shall not be reported here.

### Conclusion

The details of refund (segregating refund claimed, sanctioned, rejected and pending) and value of demand of taxes (segregating demand of tax, taxes paid, demand of tax pending) along with interest, penalty and late fee for the relevant financial year has to be disclosed under the relevant heads (CGST, SGST/UTGST, IGST and Cess) by considering the relevant supporting documents.

### SI. No. 16: Information on supplies received from Composition taxpayers, deemed supply under section 143 and goods sent on-approval basis

Table 16 of GSTR 9 requires details of supplies received from composition tax payers, inputs and capital goods supplied by the principal to the job-worker and not returned within the time specified under section 143 of the CGST Act,2017 and supplies made on approval basis and no invoice is raised or goods returned to the supplier within 180 days of supply.

### SI. No. 16A: Supplies received from Composition taxpayers

	Details	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
16A	Supplies received from Composition taxpayers					

Table No.	Instructions
16A	Aggregate value of supplies received from composition taxpayers shall be declared here. Table 5 of FORM GSTR-3B may be used for filling up these details.

### Introduction

As per the provision of the Section 10 of CGST Act, the Registered Person can opt for composition scheme if his Aggregate turnover during the preceding financial year doesn't exceed Rs.1.5 crore subject to certain conditions. The composite taxpayer cannot collect tax on its supply from the recipient. He is also restricted from supplying services during the period July2017 to March 2018. However, amendment is provided in the CGST Act 2018, wherein he can supply services provided the value of service does not exceed 10% of the turnover in the State / Union Territory of the preceding financial year Rs. 5 lakhs whichever is higher.

The registered person, not being a composite tax person, is required to provide value of inward supplies received from the composition taxpayers in Table-16A.

## Analysis

### ➤ Source of information

Composite taxpayers cannot issue tax invoice, they must issue a **Bill of supply** as mentioned in section 31(3)(c) of the CGST Act. Details of inward supplies received from the composite can be extracted from the books if the same are recorded separately. If the same is not available, the same would have to be separated from the details of inward supplies in the books.

### ➤ Validation of information

The amounts that are to be reported can be derived from Table - 5 of GSTR 3B.

Table no.5 of GSTR 3B would have aggregated value of inward supplies received from the composite tax payer, exempt supplies and Nil rate inward supply. Working papers providing break up of details furnished in this Table would help the taxpayer to identify supply received from the composition taxpayer. If any certain / all supplies from the composite tax payers have not been declared in GSTR 3B the same can be declared in GSTR 9.

#### *Notes to consider*

The following checks should be performed for the validation of amounts reported under this head:

- Figures reported in Table 16A must be compared with workings used for reporting in Table-5 entry 1 of GSTR 3B.
- Only inward supply received from the composition scheme is to be reported here. Any inward supplies which are NIL-rated, exempted, non-GST etc. should not be a part of this.

## Conclusion

Value of supplies received from composition taxpayers during July 2017 to March 2018 would have to reported here

### SI. No. 16B: Deemed supply under section 143

	Details	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
16B	Deemed supply under Section 143					

Table No.	Instructions
16B	Aggregate value of all deemed supplies from the principal to the job-worker in terms of sub-section (3) and sub-section (4) of Section 143 of the CGST Act shall be declared here.

### Introduction

Table 16B requires reporting of details of the deemed supply as per Section 143 of the CGST Act. Section 143 (3) and (4) of the CGST Act deals with payment of tax on the deemed supply when inputs or capital goods are not returned by the recipient (job-worker) within prescribed time period to the registered principal which are sent on or after 01<sup>st</sup> July 2017. Section 143(3) of the CGST Act provides that inputs sent for job-work are not received by the principal within 1 year of it being sent, then the same would be deemed as supply in the hands of the supplier on the day on which the inputs were sent by the principal. Section 143(4) of the CGST Act provides that capital goods (other than moulds and dies, jigs and fixtures, or tools) sent for job-work are not received by the principal within 3 year of their being sent, then the same would be deemed as supply in the hands of the supplier on the day on which the capital goods were sent by the principal.

### Analysis

#### ➤ Source of information

- Register maintained by the principal for goods received from the job worker wherein details of inputs / capital goods received with the date of receipt and date of return can be verified

#### ➤ Validation of Information

- Report, if any, sent to the principal by the job-worker giving details of inputs / capital goods received and sent and those in stock
- Confirmation of the above details to be obtained vis. Delivery Challan and Form GSTR ITC-04.

### Illustration

#### Example:

XYZ Ltd principal manufacturer has sent input for job work to the job worker on 31<sup>st</sup> July 2017. As per Section 143(1) of CGST Act, he can send such goods for job work without payment of tax. Time limit for receiving back such input is 1 year from the date of being sent, XYZ Ltd would have to get back such input or intermediary goods arising from job work process on such input before 30<sup>th</sup> July 2018. Now if XYZ Ltd is not in a position to get back such goods

before 30<sup>th</sup> July 2018, then as per Section 143(3), it is deemed supply effected on 31<sup>st</sup> July 2017 itself. Therefore, XYZ Ltd has to pay tax along with interest for 1 year on such supply.

Such transaction needs to be reported in GSTR-3B and GSTR-1 for the month of July-18. Taxable value of such input sent along with tax thereon is to be reported in Table-16B for the Financial year 2018-19.

If XYZ Ltd had issued capital goods instead of input then, XYZ Ltd has to get back such capital goods before 3 years on their being sent out that is before 30<sup>th</sup> July 2020. If capital goods are not received back by principal before 30<sup>th</sup> July 2020, then it is deemed supply for XYZ Ltd on 31<sup>st</sup> July 2017 itself and tax is to be paid on such capital goods along with interest for 3 years. Such transaction needs to be reported in GSTR-3B and GSTR-1 for the month of July-20. Taxable value of such capital goods sent along with tax thereon is to be reported in Table-16B for the Financial year 2020-21.

#### Notes to Consider

- As per the amended CGST Act, 2018, time period of bringing back input within 1 year and capital goods within 3 years may be extended by the commissioner for further period but not exceeding 1 year for input and 2 years for capital goods. But this provision would be effective from 1<sup>st</sup> February 2019 .
- Since time limit of bringing back input and capital goods is 1 year and 3 years respectively of goods sent on or after 01<sup>st</sup> July 2017, there would not be a case of deemed supply as per Section 143 as on 31<sup>st</sup> March 2018 since time limit of 1 year or 3 year would not be crossed as on reporting date and no transaction will be reported in Table-16B for the year 2017-18.

#### Conclusion

The control check that a person should perform for validation of the amounts reported under this head or the period July 2017 to March 2018 no value should be provided since the inputs and capital goods received would be less than 1 year.

#### SI. No. 16C: Goods sent on approval basis but not returned

	Details	Taxable Value	Central Tax	State Tax /UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
16C	Goods sent on approval basis but not returned					

Table No.	Instructions
16C	Aggregate value of all deemed supplies for goods which were sent on approval basis but were not returned to the principal supplier within one eighty days of such supply shall be declared here.

### Introduction

16C requires reporting of details of goods sent on approval by the supplier on approval basis which are not returned within 6 months from the date of supply under the GST period.

Section 142 (12) of the CGST Act provides that goods sent on approval basis, not earlier than six months before the July 1, 2017, are rejected or not approved by the buyer and returned to the seller on or after July 1, 2017, no tax shall be payable thereon if such goods are returned within six months from July 1, 2017. Therefore, where goods are not returned within 6 months from July 1, 2017 in respect of goods sent on approval basis prior to GST regime, such details to be reported in this field. Please note that this information is to be included under Sl.No.5G of GSTR 9C.

The CGST Act provides that if goods sent on approval are not returned by the recipient to the supplier within 6 months from the date of supply, the same shall be treated as supply in the hands of the supplier.

### Analysis

#### ➤ Source of information

- The register maintained by the supplier in respect of goods sent on approval basis wherein the details date of receipt and date of return can be verified.
- Stock records of the supplier.

#### ➤ Validation of Information

- Notes to financial statements.
- Stock records
- Certificate issued by an independent Chartered Accountant for stock verification conducted.

### Illustration

XYZ Ltd has supplied its newly manufactured watch to its prospective customer Mr. A on sale on approval or return basis on 31<sup>st</sup> July 2017. If Mr. A gives approval of such items being retained by him on 31<sup>st</sup> August 2017, then Invoice needs to be raised on 31<sup>st</sup> August 2017. But if Mr. A doesn't give approval of accepting this item or not return this item before 31<sup>st</sup> January 2018 (within 6 months), then time of supply is 1<sup>st</sup> February 2018 for XYZ Ltd and invoice needs to be raised on 01<sup>st</sup> February 2018 and tax needs to be paid on watch supplied.

XYZ Ltd. has to report this transaction as supply in GSTR-3B and GSTR-1 for the month of February 2018.

This transaction is to be reported in Table-16C along with taxable value and tax thereon in GSTR-9 for financial year 2017-18.

XYZ Ltd has supplied its newly manufactured watch to its prospective customer Mr. A on sale on approval or return basis on 31<sup>st</sup>December 2017. If Mr. A gives approval of such items being retained by him on 31<sup>st</sup>March 2018, then Invoice needs to be raised on 31<sup>st</sup>March 2018. But if Mr. A doesn't give approval of accepting this item or not return this item before 30<sup>th</sup> June 2018 (within 6 months), then time of supply is 1<sup>st</sup>July 2018 for XYZ Ltd and invoice needs to be raised on 01<sup>st</sup>July 2018 and tax needs to be paid on watch supplied.

XYZ Ltd. has to report this transaction as supply in GSTR-3B and GSTR-1 for the month of July 2018.

This transaction is to be reported in Table-16C along with taxable value and tax thereon in GSTR-9 for the financial year 2018-19.

*Notes to consider*

- **Goods sent on approval prior to the GST regime:** Where goods are not returned by the recipient within 6 months from July 01, 2017 in respect of goods sent on approval basis prior to the GST regime (sent on approval basis between Jan 1, 2017 to Jun 30, 2017), such details need to be reported in this filed which may be missed out.
- **Goods sent on approval during the GST regime:** Where goods are not returned by the recipient in respect of goods sent on approval basis within 6 months of receipt of goods by the recipient, such details need to be reported in this filed.

*Additional notes to consider*

- Since no actual sales happen when goods are sent to the recipient on sale on approval basis, this transaction would not be reported in any Return till the permissible time limit expires and such goods are sent on delivery challan only. Therefore, there would be no track to capture such a transaction.
- One can also verify closing stock in the books of account in which goods sent on approval basis can be scrutinized and analysed to identify goods sent 6 months back but not returned or accepted by the recipient then it would be treated as supply to be covered in this Table. Tax invoice is required to be raised and tax needs to be paid.

**Sl. No. 17: HSN Wise Summary of outward supplies**

17 HSN Wise Summary of outward supplies								
HSN Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9

Table No.	Instructions
17 & 18	Summary of supplies effected and received against a particular HSN code to be reported only in this table. It will be optional for taxpayers having annual turnover upto `1.50 Cr. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above ` 1.50 Cr but upto ` 5.00 Cr and at four digits' level for taxpayers having annual turnover above ` 5.00 Cr. UQC details to be furnished only for supply of goods. Quantity is to be reported net of returns. Table 12 of FORM GSTR1 may be used for filling up details in Table 17. It may be noted that this summary details are required to be declared only for those inward supplies which in value independently account for 10 % or more of the total value of inward supplies.

**Introduction**

- Part VI of GSTR 9 relates to "Other Information". As the name suggests, additional but important information relating to HSN wise summary of outward supplies made by the taxpayer during the financial year. India has adopted the Harmonized System of Nomenclature (HSN) for goods and Services.
- For the financial year 2017-18, a summary of inward and outward supplies effected / made against a particular HSN code is to be reported in this Table.
- The relevant Rule46(g) of the CGST Rules provides that the HSN code is to be mentioned on the face of the tax invoice in terms of the NN 12/2017-CT(R)dated Jun 28, 2017 issued under the CGST Act.

Sl. No.	Annual Turnover in the preceding financial year	Number of Digits of HSN
(1)	(2)	(3)
1.	Upto rupees one crore fifty lakhs	Nil
2.	More than rupees one crore fifty lakhs and upto rupees five crores	2
3.	More than rupees five crores	4

(d) Therefore, while it is optional to mention HSN code for taxpayers having annual turnover up to Rs. 1.50 crores it would be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above Rs. 1.50 crores but up to Rs. 5.00 crores and at four digits' level for taxpayers having annual turnover above Rs. 5.00 crores.

(e) **Rate of tax and Classification:** The Central Government and the State Governments have issued notifications specifying the rate of tax based on the classification / description of goods with reference to the chapter heading, sub-heading and tariff item. It is also notified that the 'tariff item', 'sub-heading', 'heading' and 'chapter' as referred to therein shall have the same meaning as tariff item, sub-heading, heading and chapter as specified in the First Schedule of the Customs Tariff Act, 1975.

The methodology adopted for the purpose of classification of goods under the Customs Tariff Act is commonly known as Harmonized System of Nomenclature (HSN, or also known as Harmonised Commodity Description and Coding System) – abbreviated version according to WCO is HS). It is a multipurpose International Product Nomenclature developed by the World Customs Organisation (WCO). WCO has 181 members and India is a member of WCO since 1971. India had adopted the system of HSN in 1986.

(f) **Rules of interpretation for classification:** It is specified that the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 including the section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of the notification issued under the GST Laws.

*It is apparent from the above explanations and references thereto that the principles of classification and rules of interpretation for classification of goods under the Customs Tariff Act shall be adopted for the purpose GST Laws for the purpose of classification of goods.*

**General Rules for the Interpretation – The Customs Tariff Act:** The First Schedule to The Customs Tariff Act specifies the 'General Rules for the Interpretation of the First Schedule' that should be adopted for the purpose of classification of goods and determination of rate of

tax. The said rules refer to the sections, section notes, chapters, chapter notes, headings and sub-headings. It also specifies the 'General Explanatory Notes' which should be referred for the purpose of classification of goods. HSN has 21 sections, 99 Chapters, 1244 Headings and 5244 sub headings (please note that Chapter 99 is kept blank for common use – which has been used to classify services).

### Analysis

1. The source and validation of information to 17 in Part VI:
  - (a) In respect of column 1 relating to goods and / or services would normally be the tax Invoice. However, such HSN based classification ought to be corroborated with allied documents such as E-way bills, delivery challans, notifications and clarifications including explanatory notes to the scheme of classification of services. It is possible that the tax rates may have been changed during the financial year in respect of goods supplied. In such cases this column should be so filled that it reflects or captures such rate changes.
  - (b) For column 2 (UQC): Unit Quantity Code is the code of measurement of a particular commodity i.e. Kilograms, Meters, Litres, Numbers etc. Different goods could be measured through different UQC's based on the nature of goods. In respect of services it could be man hours, man-days etc.
  - (c) Column No 3 (Total Quantity): Total quantity of Outward Supplies made during the financial year is to be filled in this column. It may be worth noting that every Registered Person would have to maintain complete quantitative records of the goods traded (or manufactured and traded) or services provided during the financial year.
  - (d) Column No 4 (taxable Value): The expression "taxable value" is not defined under the Act, whereas it must be understood to be the value of taxable supply on which tax becomes payable. In the instructions provided to GSTR 2 in Sl. No. 5 of Table 5 it is stated that "taxable value" means assessable value for custom purposes on which IGST is computed.
  - (e) Column No 5 (Rate of tax): The rate of GST applicable must be reported in this column keeping in mind that there could have been changes in the applicable tax rates on a particular item / HSN code during the period July 2017 to March 2018. When there is a change, there will be separate details for each rate of tax in respect of the same supply.
  - (f) Column No 6 (Central tax) / Column No 7 (State tax/ UT tax) / Column No 8 (Integrated tax) / Column No 9 (Cess): Essentially column 6 to column 9 capture the Taxes payable based on the nature of outward supplies i.e intra-State or inter-State supplies. Caution must be exercised to ensure that such HSN based taxable supplies reflected in this table match with turnover reflected elsewhere in the annual return.

- (g) Such information may also be verified from Table 12 of GSTR1.
- (h) Relevant notifications / circulars / advance rulings etc., could also be considered.

**Issues**

- (a) It is possible that incorrect tax rates may have been applied due to incorrect application of HSN at the time of raising of invoices. In such situations, Debit / Credit note may have been (or ought to be) issued. If such errors are rectified in GSTR 1 upto the return for the month of September (for Financial year 2017-18 month of March) of the subsequent financial year, then the rectified amounts would be reported here. If the errors are noticed after the filing of GSTR 1 for the month of September, then the amounts which have actually been reported pertaining to the year 2017-18 would be given here.
- (b) It may happen that there are disputes with regard to the classification of a particular nature of supply into different rates. This may be due to a classification dispute with regard to the applicable HSN code or the identification of a particular supply into composite or mixed or standalone supply. In such cases, the rates and classification as depicted in the GST returns should be reported here.

*Illustration*

1. Effective from July 2017, a person had classified 'Bed and Bath Towels' into the HSN code A and had taken the rate of 18% prevailing at that time. However, upon reconsideration and taking of legal opinion, such products were reclassified into HSN code B which was taxable at the rate of 28% in the month of July 2017. Such reclassification was done in GSTR 1 for the month of April 2018 for all such products supplied from the month of July 2017 and the additional tax liability was discharged accordingly. In this case, the revised HSN code of 3307 should be reported in Table 17.
2. In the above illustration, if the detection of the requirement of reclassification had occurred in the month of April 2019 after the filing of GSTR 1 for the month of March 2019, then such detection cannot result in any reclassification in the Annual return. HSN code of A would be continued to be taken as they had been reported as such for the period 2017-18 till the filing of GSTR 1 for the month of March 2019.

*Notes to consider*

1. Incorrect HSN / SAC stated in the invoices, in case of forward charge supplies;
2. Incorrect HSN applied in respect of taxes payable under reverse charge mechanism in respect of transactions subject to tax under section 9(4) of the CGST Act (while self-invoicing);
3. Different HSN applied for the same product under the earlier law as compared to the GST regime;

4. Conflict of opinion between the Auditor and taxpayer for a particular commodity;
5. HSN / SAC mentioned in the invoice differs with that of an Advance Ruling /FAQ issued by the tax department;
6. Different HSNs used by the supplier in case of an inward supply and the registered taxpayer mentioning different HSN for the same product in respect of an outward supply.

In all the above situations, irrespective of what should be the classification and how the same is perceived elsewhere by the Auditor or the Advance ruling authorities, the actual HSN code taken by the taxpayer in his GST returns should be reported. The GST returns that should be seen here should be GSTR 1 that has been filed for the period under audit and would consider the period upto September of the subsequent financial year to the extent they contain disclosures for the period under audit.

#### *Illustration*

HSN code 3003 considers only items of medicament and HSN code 3306 considers preparation of oral or dental hygiene. Let us assume that there is dispute about a particular product 'Dentogum Toothpaste' being classified under HSN code '3003' or '3306'.

#### Situation 1: Conflict of opinion between the Auditor and taxpayer for particular HSN

A registered Person has applied HSN 3003 for the item 'Dentogum Toothpaste'. However, as per opinion of the Auditor, correct HSN for the supply should be HSN 3306 because the said product is not perceived as a medicament in the common parlance by the general public. In spite of the Auditor's disagreement, the HSN code 3003 which has actually been applied by the Registered Person should be reported in the annual return.

#### Situation 2: HSN code used by the vendor is different to the HSN used by the taxpayer

A registered person had procured 'Dentogum Toothpaste' using HSN code 3003. However, the taxpayer had used the HSN code 3306 for the said product as he was of the opinion that the said product is not perceived as a medicament in the common parlance by the general public. HSN code 3306 which was actually reported by the taxpayer in his outward supplies would be taken for the purpose of Table 17. The HSN heading according to the recipient at the time of procurement would be immaterial except when tax is payable on reverse charge.

#### **Conclusion**

It must be understood that the Annual return being the document prepared and filed by the Registered Person it would have a bearing on the proceedings initiated or proposed to be initiated by the tax department from time to time.

**Sl. No. 18: HSN Wise Summary of inward supplies**

18	HSN Wise Summary of Inward supplies								
HSN Code	UQC	Total Quantity	Taxable Value	Rate of Tax	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	
1	2	3	4	5	6	7	8	9	

The analysis given above with respect to HSN summary of outward supplies would be applicable even for the understanding of HSN summary of inward supplies.

- A person dealing in specific goods and / or services is generally aware of the HSN of these goods and /or services. However, when it comes to expenses (relatable to profit and Loss account / income and expenditure account), this may become a very tedious task. This is because, the data with regard to inward supplies may not be as easily available and further, the entity which is receiving inward supplies of goods or services may not be fully aware of the classification of these products. In respect of the goods which are bought from Registered Persons who have disclosed the HSN of their goods and / or services, it is still possible to capture them based on the invoice issued.
- In respect of the invoices issued by unregistered Persons, the recipient would need to identify each and every good/service and classify them appropriately. This would especially be difficult to identify at the end of the year because the HSN of such inward supplies may not have been disclosed in the GST returns as well. As a result, quite a substantial number of businesses may not have maintained the HSN-wise records for the purposes of reporting here. Thereby, some of the issues faced with regard to reporting of HSN-wise inward supplies which would be in addition to the issues already covered under HSN-wise outward supplies are as below:
  - (a) A typical business is usually in receipt of various kinds of inward supplies. As the types of inward supplies received are numerous, correctly reporting these can be a very arduous task. But care must be taken that difficulty may not be entertained as an excuse for omission of data field. 10% relaxation allowed may be prudently availed in respect of each head (and not each supplier) which is less than 10% of total inward supplies may be excluded from HSN reporting.
  - (b) Even within a particular ledger head like Printing and Stationery, innumerable HSN codes can be reported within it. For instance, certain Pens can be classified under HSN 9608, certain pencils under 9609, paper of a particular quality under 4802 and services of printing under 9989.

These are only illustrative heads and the actual classification may be far beyond this.

- (c) Businesses are aware of the goods/services they deal in. However, to be able to find out the HSN of the goods or services which are supplied by the vendor to the supplier may involve substantial efforts on their part. Correct classification in some cases can be extremely difficult. The fact that several disputes relating to classification had to be settled by the Supreme Court supports this view.

#### Sl. No.19. Late fee for belated filing of annual return

19	Late fee payable and paid		
	Description	Payable	Paid
	1	2	3
A	Central Tax		
B	State Tax		

Table No.	Instructions
19	Late fee will be payable if annual return is filed after the due date.

#### Introduction

Annual Return has a due date prescribed for its filing. However, there is no embargo for filing this return belatedly. Due date prescribed in section 44(2) of the CGST Act is necessary to make this return enforceable. Without a due date, this return would become directory and not mandatory given that taxes due are paid through monthly return in GSTR 3 or monthly statement in GSTR 3B.

Annual Return is also not a document wherein new information can be furnished. Instead, GSTR 9 only curates the information already furnished through the return in GSTR 1 or statement in GSTR 3B and presents it in a suitable manner for consideration by the tax administration.

As such, belated filing of Annual Return is permitted but invites continuing consequence of late fee.

#### Analysis

Late fee prescribed for 'return' under section 44 applies to belated filing of GSTR 9 and 9A at rate of Rs.100 per day subject to a maximum of 0.25% of turnover in State or UT. As such, whether the turnover comprises taxable supplies or exempt supplies, late fee would be computed on all supplies that make up the turnover in State or UT.

Please note that late fee under the CGST Act would be in addition to the late fee under the mirror provision under the SGST Act / UTGST Act. Therefore, the late fee would be Rs.100 + Rs.100 per day subject to a maximum of 0.25% + 0.25% of turnover in State.

### Conclusion

Where late fee is determined before filing Annual Return it may be computed and included in Sr.no.19 in the Annual Return itself as 'payable' and 'paid'. It also appears to allow quantification of late fee 'payable' even if 'unpaid' on the date of its filing which may be paid subsequently. Payment of late fee is not a substitute for filing GSTR 9 but a consequence of non-filing and GSTR 9 in any case must be filed and there is no relaxation in this requirement.

It is important to note that a deficient Annual Return is not a return at all. And deficiencies include omission to annexe the copy of audited financial statements along with the Auditor's report and all enclosures thereto. Annual Return filed with deficiencies noticed later can set at nought the very fact of its filing. Hence, it is important that Annual Return that is true and correct must be filed correctly and completely.

### Understanding "Verification" under GSTR 9

- I. In terms of Rule 80(1) of the CGST Rules the relevant "verification" portion to the Annual Return in GSTR 9 reads as under:

Verification:

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 and in case of any reduction in output tax liability the benefit thereof has been / will be passed on to the recipient of supply.

Signature

Place:

Name of Authorised Signatory

Date:

Designation / Status

- II. The verification part of the said GSTR 9 is crucial in so far, as the GST Auditor is concerned. Among other words, there are several important words and phrases used in this part such as "**solemnly affirm, declare, true and correct, knowledge and belief, conceal etc.**" An understanding of the true import of these words becomes relevant. These words can be understood as follows:
- III. According to The Random House Dictionary the word **solemn** means "serious or earnest" and the word **affirm** means "confirm, establish or ratify". A solemn affirmation is ratification under a statute.
- IV. In the case of Dilip N. Shroff V. Joint Commissioner of Income tax, 2007 (219) ELT 15 (SC) their lordships extracted the meaning of the word "conceal" from the Law Lexicon which reads:

“to hide or keep secret. The word “conceal” is con + celare which implies to hide. It means to hide or withdraw from observation; to cover or keep from sight; to prevent the discovery of; to withhold knowledge of. The offence of concealment is, thus, a direct attempt to hide an item of income or a portion thereof from the knowledge of the income tax authorities.”

In the very same judgement in para 67 and 68 the Honourable Supreme Court goes on to analyse certain phrases, which are relevant and reproduced below:

‘Concealment of income’ and ‘furnishing of inaccurate particulars’ are different. Both concealment and furnishing inaccurate particulars refer to deliberate acts on the part of the Registered Person. A mere omission or negligence would not constitute a deliberate act of *suppressio veri* or *suggestio falsi*. Although it may not be very accurate or apt but *suppressio veri* would amount to concealment, *suggestio falsi* would amount to furnishing of inaccurate particulars.

The authorities did not arrive at a finding that the consideration amount fixed for the sale of property was wholly inadequate. The authorities also do not show what the inaccurate particulars furnished by the Appellant are. They also do not state that what should have been the accepted principles of valuation. We, therefore, do not accept the submissions of the learned Additional Solicitor General that concealment or furnishing of inaccurate particulars would overlap each other, the same would not mean that they do not represent different concepts. Had they not been so, the Parliament would not have used different terminologies.

To conclude, *malafide* or *dolus malus* becomes a pre-requisite to prove an act of concealment. While every action is not *malafide* – negligence, carelessness, recklessness coupled with the intention to withhold information tantamount to *malafide*. It is reiterated that mere failure to provide information or providing inaccurate information also would not amount to concealment.

- V. The latter part of “verification” in the prescribed GSTR 9 (Annual return) reads “in case of any reduction in output tax liability the benefit thereof has been / would be passed on to the recipient of supply”. In order to understand the relevance and implication of this expression one needs to understand the full impact of the provisions of section 171 of the CGST Act. Section 171 (1) of the CGST Act cites two situations as under:

- (A) Reduction in rate of tax; or
- (B) Benefit of input tax credit.

In both the above situations the Statute warrants that any benefit accruing to a Registered Person ought to be passed on to the recipient by way of commensurate reduction in prices. It simply means a registered supplier to whom a benefit arises by

way of additional input tax credit or a reduction in rate is required to necessarily pass on the entire amount to one or all recipient of such supply.

A plain understanding of the verification portion implies that the Registered Person is cast with the onerous responsibility of finding out whether any such benefit has accrued to him. One can therefore construe that the Registered Person has to now assess the impact the provisions of section 171 of the CGST Act and disclose suitably.

#### VI. Certificate and Report

A certificate is a written confirmation of the accuracy of the facts stated therein and does not involve any estimate or opinion. It is certification of factual accuracy of what is stated therein.

A report on the other hand, is a formal statement usually made after an enquiry, examination or review of specified matters under report and includes the reporting on opinion thereon. It is giving an opinion based on factual data and that is arrived at by the application of due care and skill.

#### VII. Understanding some words according to The Law Lexicon by P Ramanatha Aiyar (1997 Edition):

- (a) **Attest (page 166):** To bear witness to; to certify; to affirm to be true or genuine; to make a solemn declaration in words or writing to support a fact; to certify to the verity of a copy of a public document;
- (b) **Verify (page 1955):** To assent or approve to be true; to ascertain, confirm or test the truth or accuracy of;
- (c) **Certify (page 296):** To give certain knowledge or information of; make evident; vouch for the truth of; attest; to make statement as to matter of fact; to testify in writing; give a certificate of; make a declaration about in writing under hand, or hand and seal; to make attestation either in writing or orally as to the truth or excellence of something;

#### VIII. The relevant portion of Volume I.A of the Compendium of Engagement and Quality Control Standards (9<sup>th</sup> Edition, 2012), page 3, Para 5) reads - While discharging his attest function, a member should examine whether the recommendations in a guidance note relating to an accounting matter have been followed or not. If the same have not been followed, the member should consider whether keeping in view the circumstances of the case, a disclosure in his report is necessary.

### Conclusion

A conjoint reading and understanding of all aspects cited *supra*, many experts are of the view that the exercise of verification would actually mean an **attest** function is being carried out while others believe that it is an exercise of verification/ examination of factual information.

## Chapter 3

# Analysis of GSTR-9A

FORM GSTR-9A (See rule 80) Annual Return (For Composition Taxpayer)		
Pt. I	Basic Details	
1	Financial Year	
2	GSTIN	
3A	Legal Name	<Auto>
3B	Trade Name (if any)	<Auto>
4	Period of composition scheme during the year (From ---- To ----)	
5	Aggregate Turnover of Previous Financial Year	
(Amount in ₹ in all tables)		

Table No.	Instructions
5	Aggregate turnover for the previous financial year is the turnover of the financial year previous to the year for which the return is being filed. For example for the annual return for FY 2017-18, the aggregate turnover of FY 2016-17 shall be entered into this table. It is the sum total of turnover of all taxpayers registered on the same PAN.

### Introduction

Form GSTR 9 A is the relevant form prescribed in terms of Rule 80 of the CGST Rules, 2017. This Form GSTR 9 A in Part I seeks to capture the basic details of the registered person which has 5 clauses. Each of the clauses is significant in terms of the disclosure requirement.

### Analysis

#### PART-1 - Sl. No. 1: Financial Year

This clause requires the disclosure of the “financial year” to which the Annual Return relates. The expression financial year has not been defined under the GST laws. However, in terms of the General Clauses Act “financial year” shall mean the year commencing on the first day of April and closing on the 31<sup>st</sup> day of March. It is important to understand the meaning of the

expression “financial year” in the first year of the GST regime because the GST laws came into operation on the first day of July, 2017. Since the GST Laws stood applicable only for nine months, from July 2017 to March 2018, in this clause, one may mention “2017-18” (9 months commencing 1<sup>st</sup> July 2017 and ending on 31<sup>st</sup> March 2018). Financial year is auto-populated.

#### **Part 1 - Sl. No. 2: GSTIN**

GSTIN means the “Goods and Services Tax Payer Identification Number” of the tax payer or the registered person. Each tax payer, on his successful registration would be assigned a State-wise PAN based 15-digit GSTIN.

#### **Part 1 - Sl. No. 3A and 3B: Legal Name and Trade Name**

1. The legal name and trade name ought to be verified with the certificate of registration issued by the tax department in Form GST REG – 06. Similarly, if the registered person is a company registered under the Companies Act, 2013, the legal name / trade name can be verified with the Certificate of Incorporation and in case of a partnership firm by the certificate issued by the Registrar of Firms.
  - (i) Legal name in the documents under another statute do not match with the legal name on the registration certificate.
  - (ii) Trade name is not disclosed on the registration certificate.

#### *Conclusion*

Therefore, the distinction between a trade name and legal name must be clearly understood and borne out in clause 3A and 3B of Part I, and trade name and legal name are not to be used interchangeably. The details sought at clause 1, 2, 3A and 3B are common for both Form GSTR 9, Form GSTR 9A and GSTR 9C and hence the write up *supra* would equally apply to these clauses. Trade Name and Legal name are auto -populated.

#### **Part I - Sr. No. 4: Period of composition scheme during the year (From ---- To ----)**

The clause “Period of composition scheme during the year (From ---- To ----)” seeks to capture the start and end period of the composition scheme. A registered person could be registered as a Regular Registrant on migration and later opt to migrate to composition scheme. Therefore, the start period shall be the period at which the composition scheme commenced.

The option to pay tax under the Composition Scheme shall be effective:

1. For persons already registered under the pre-GST regime: Appointed Day
2. Registered under the GST and person switches to Composition Scheme: Date of filing of the Intimation

A registered person who opted for payment of taxes under the composition scheme has to comply with the provisions of Section 10 the CGST Act, 2017 such as:

- ✓ The turnover limit as per Section 10(1); and
- ✓ The nature of activities permitted under Section 10(2);
- ✓ If the registered person exceeds the prescribed / specified threshold or opts to undertake activities not permitted by Section 10(2) he shall revert to the payment of taxes under the regular scheme by filing the CMP-04 under Rule 6(2) of the CGST Rules, 2017.
- ✓ The date filled in, in Clause 7 of CMP 04 shall be reckoned as the end date of the composition levy.

#### Part I - Sr. No. 5: Aggregate Turnover of the Previous Financial Year

1. Aggregate turnover for the previous financial year is the turnover of the financial year previous to the year for which the return is being filed.
2. For example, for the annual return for FY 2017-18, the aggregate turnover of FY 2016-17 shall be entered into this table.
3. It is the sum total of turnover of all taxpayers of the said registered person on the same PAN.

#### Part II - Details of outward and inward supplies declared in returns filed during the financial year

Pt. II	Details of outward and inward supplies declared in returns filed during the financial year						
	Description	Turnover	Rate of Tax	Central Tax	State / UT Tax	Integrated tax	Cess
	1	2	3	4	5	6	7
<b>6</b>	Details of Outward supplies on which tax is payable as declared in returns filed during the financial year						
A	Taxable						
B	Exempted, Nil-rated						
C	Total						

Table No.	Instructions
6A	Aggregate value of all outward supplies net of debit notes / credit notes, net of advances and net of goods returned for the entire financial year shall be declared here. Table 6 and Table 7 of FORM GSTR-4 may be used for filling up these details.

6B	Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here.
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1. Table 6 of Form GSTR 9A requires reporting of Outward supplies on which tax is payable as declared in returns filed for the reporting financial year irrespective of the year in which return is filed. This table should only include the details pertaining to the period July 2017 to March 2018 and not amendments pertaining to 2017-18 effected in the GSTR 4 filed for the financial year 2018-19;
2. However, data in this table should include all the amendments made in GSTR-4 filed for the period July 2017 to March 2018 irrespective of the year in which return is filed.
3. Additional liability for the FY 2017-18 not declared in FORM GSTR-4 may be declared in this return.

It is important to note that the expression “returns filed **during** the financial year” appearing as part of the heading to Part II, heading would have to be read as “returns filed **for** the financial year” else the returns for the quarter ending March 2018 (which are due and would be filed only in the month of April 2018) itself would not form part of the details to be filed in.

**Part II - Sr. No. 7: Details of inward supplies on which tax is payable on reverse charge basis (net of debit/credit notes) declared in returns filed during the financial year**

7	Details of inward supplies on which tax is payable on reverse charge basis (net of debit/credit notes) declared in returns filed during the financial year					
	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
A	Inward supplies liable to reverse charge received from registered persons					

Table No.	Instructions
7A	Aggregate value of all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be declared here. Table 4B, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.

## I. Introduction

Table 7 of GSTR 9A contains the details of inward supplies in respect of which the Registered Person is liable to pay tax on reverse charge basis.

1. Table 7 of Form GSTR 9A requires reporting of Inward supplies on which tax is payable on reverse charge basis as declared in returns filed for the reporting financial year irrespective of the year in which return is actually filed. This table should only include the details pertaining to the period July 2017 to March 2018 and not amendments pertaining to 2017-18 effected in the GSTR 4 filed for the financial year 2018-19;
2. However, data in this table should include all the amendments made in GSTR-4 filed for the period July 2017 to March 2018, irrespective of the year in which return is filed.
3. Additional liability for the FY 2017-18 not declared in FORM GSTR-4 may be declared in this return.

### **Part II 7A. Inward supplies liable to reverse charge received from registered persons:**

The relevant instructions given in this Form read “Aggregate value of all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be declared here”. But it is relevant to note and understand that this table deals with the provisions 9(3) of the CGST Act, 2017. One may utilise the details provided in the following Tables to Form GSTR 4 as follows:

1. Table 4B: Inward supplies received from a registered supplier (attracting reverse charge);
2. Table 5: Amendments to details of inward supplies furnished in returns for earlier tax periods in the above Table [including debit notes/credit notes and their subsequent amendments]

Information from this table to be considered only to the extent of amendments made to Table 4B.

3. Table 8 A: Advance amount paid for reverse charge supplies in the tax period (tax amount to be added to output tax liability). The table 8 to Form GSTR 4 reads:

**8. Consolidated Statement of Advances paid/Advance adjusted on account of receipt of supply**

Rate	Gross Advance Paid	Place of supply (Name of State /UT)	Amount			
			Integrated Tax	Central Tax	State/ UT Tax	Cess
1	2	3	4	5	6	7
<b>(I) Information for the current quarter</b>						
8A. Advance amount paid for reverse charge supplies in the tax period (tax amount to be added to output tax liability)						
8A (1). Intra-State supplies (Rate Wise)						
8A (2). Inter-State Supplies (Rate Wise)						

**II. Validation**

The turnovers that are to be reported can be directly derived from the tables of Form GSTR 4 of the tables mentioned above.

Category of Supply	Nature of Supply
Aggregate value of all inward supplies (including advances and net of credit and debit notes) on which tax is to be paid on reverse charge basis	Both inter and intra state

It is suggested that the following reconciliations be carried out for reporting correct values:

- (a) Reverse Charge paid / payable on inward supplies from a registered taxable person liable to tax;
- (b) Payment vouchers (required to be issued when making payments to a supplier if the supplies fall under reverse charge),
  - o Payment vouchers are to be issued only upon payment to the supplier while the invoice is to be issued upon receipt of inward supply from an unregistered person. Therefore, receipt of supplies for which the payment is yet to be made would entail only the issue of invoice in case of supply from unregistered person and not payment vouchers. Also, payment in advance to the supplier would only result in the issue of a payment voucher and not an invoice in the case of unregistered persons.
  - o Payment vouchers are to be issued in cases of all payments to suppliers if the supplies are under reverse charge.

- Invoice in respect of reverse charge are to be raised by the registered recipient only if the supplier is an unregistered person.
- If the supplier is registered and his outward supply is under reverse charge, then the recipient is not required to raise an invoice but is mandated to raise a payment voucher at the time of payment.

### III. Common Errors in respect of this clause

Some important control checks for validation of the turnovers reported under this head:

- For a clear demarcation, it should be ensured that such turnovers did not relate to the erstwhile tax regime (before 1<sup>st</sup> July 2017). If tax is not payable under reverse charge on the inward supplies under the GST regime as it relates to the earlier period, then such turnovers should not be reported here.
- Reverse Charge applicable on inward supplies from unregistered persons shall not be reported in this table.
- The documents in respect of reverse charge i.e., invoices received from unregistered persons and payment vouchers issued to such persons should be checked to determine whether the values under reverse charge are correctly disclosed;
- Any advance payments to a supplier would invoke the 'time of supply' provisions even though the supply on which reverse charge is applicable, is yet to be effected. These turnovers of advances may be traced to financial statements;
- Only rectifications of the turnovers of inward supplies reported in the GST returns up to the tax period of March 2018 should be considered under this clause.

B	Inward supplies liable to reverse charge received from unregistered persons					
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Table No.	Instructions
7B	Aggregate value of all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. Table 4C, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.

**Part II - 7B.** The relevant instructions issued to Form GSTR 9A in this regard states “Aggregate value of all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. Table 4C, Table 5 and Table 8A of GSTR-4 may be used for filling up these details”. One may utilise the details provided in the following Tables to Form GSTR 4 as follows:

1. Table 4C: Inward supplies received from an unregistered supplier

Attention is invited to the relevant notifications issued – viz. (i) NN 8/2017-CT(R) dated June 28, 2017 which exempt intra-State supply of goods or services not exceeding Rs.5,000/- per day regardless of the number of suppliers involved. (ii) NN 38/2017-CT(R) dated Oct 13, 2017 excludes the value limit previously prescribed. (iii) Corresponding exemption from payment of Integrated Tax was issued for the first time in NN 32/2017-Int(R) dated Oct 13, 2017 in respect of inter-State supplies.

2. Table 5: Amendments to details of inward supplies furnished in returns for the earlier tax periods in the above Table [including debit notes / credit notes and their subsequent amendments]

Information from this table is to be considered only to the extent of amendments made to Table 4C.

3. Table 8 A: Advance amount paid for reverse charge supplies in the tax period (tax amount to be added to output tax liability)

Advances reported in Table 7A to Form GSTR 9A shall not be considered for reporting the turnovers relating to this table.

C	Import of services					
D	Net Tax Payable on (A), (B) and (C) above					

Table No.	Instructions
7C	Aggregate value of all services imported during the financial year shall be declared here. Table 4D and Table 5 of FORM GSTR-4 may be used for filling up these details.

**Part II 7C.** Instructions issued related to the Form GSTR 9A which read “Aggregate value of all services imported during the financial year shall be declared here. Table 4D and Table 5 of GSTR-4” may be used for filling up these details.

**Part II - Sr. No. 8: Details of other inward supplies declared in returns filed during the financial year**

<b>8</b>	Details of other inward supplies as declared in returns filed during the financial year					
A	Inward supplies from registered persons (other than 7A above)					

Table No.	Instructions
8A	Aggregate value of all inward supplies received from registered persons on which tax is payable by the supplier shall be declared here. Table 4A and Table 5 of FORM GSTR-4 may be used for filling up these details.

**8A:** The relevant instruction related to Form GSTR 9A reads “Aggregate value of all inward supplies received from registered persons on which tax is payable by the supplier of goods and / or services shall be declared here”. Due consideration is to be paid to Table 4A and 5 of GSTR-4 - Inward supplies received from a registered supplier (other than supplies attracting reverse charge). Table 4 to Form GSTR 4 reads:

**4. Inward supplies including supplies on which tax is to be paid on reverse charge**

GSTIN of supplier	Invoice details			Rate	Taxable value	Amount of Tax				Place of supply (Name of State/UT)
	No.	Date	Value			Integrated Tax	Central Tax	State/UT Tax	CESS	
1	2	3	4	5	6	7	8	9	10	11
4A. Inward supplies received from a registered supplier (other than supplies attracting reverse charge)										

Table 5 of GSTR-4: Amendments made to the above Section shall also be considered finalising 8A

B	Import of Goods					
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8B	Aggregate value of all goods imported during the financial year shall be declared here.
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**8B:** Import of Goods: Aggregate value of all goods imported during the financial year shall be declared here.

**Source of information**

In this table, the taxable person should report the aggregate value of input tax credit availed on all imports (for all inputs and capital goods) from outside India or from SEZ units. Such data can be sourced from relevant inward supply registers duly matched with the financials, the bill of entry or other document prescribed under the Customs Act, Customs Tariff Act or rules made thereunder for the assessment of integrated tax on imports.

**Part III - Sr. No. 9: Details of tax paid as declared in the returns filed during the financial year**

Pt. III	Details of tax paid as declared in returns filed during the financial year			
9	Description	Total tax payable	Paid	
	1	2	3	
	Integrated Tax			
	Central Tax			
	State/UT Tax			
	Cess			
	Interest			
	Late fee			
	Penalty			

Please refer to Part IV Table 9 of Form GSTR 9 for discussion on this.

**Part IV - Sr. No. 9: Particulars of the transactions for the previous FY declared in the returns of April to September of the current FY or up to the date of filing of annual return of the previous FY, whichever is earlier**

Pt. IV	Particulars of the transactions for the previous FY declared in returns of April to September of current FY or up to date of filing of annual return of previous FY whichever is earlier					
	Description	Turnover	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5	6
10	Supplies / tax (outward) declared through					

	Amendments (+) (net of debit notes)					
11	Inward supplies liable to reverse charge declared through Amendments (+) (net of debit notes)					
12	Supplies / tax (outward) reduced through Amendments (-) (net of credit notes)					
13	Inward supplies liable to reverse charge reduced through Amendments (-) (net of credit notes)					

Table No.	Instructions
10, 11, 12, 13 and 14	Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 5 (relating to inward supplies) or Table 7 (relating to outward supplies) of FORM GSTR- 4 of April to September of the current financial year or upto the date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here.

It must be borne in mind that in terms of the proviso to Section 39(9), no rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing return for the month of September (i.e. GSTR-4) following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier. One may refer to the discussion to Part IV of Form GSTR 9 elsewhere in this booklet.

**Part IV - Sr. No. 14 Differential tax paid on account of declaration made in 10, 11, 12 & 13 above**

14	Differential tax paid on account of declaration made in 10, 11, 12 & 13 above		
	Description	Payable	Paid
	1	2	3
	Integrated Tax		
	Central Tax		
	State/UT Tax		
	Cess		
	Interest		

Please refer to Part V of Table 14 of Form GSTR 9 for discussion on this.

**Part V - Sr. No. 15 Other Information Particulars of Demands and Refunds**

Pt. V	Other Information							
15	Particulars of Demands and Refunds							
	Description	Central Tax	State Tax / UT Tax	Integrat ed Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5	6	7	8
A	Total Refund claimed							
B	Total Refund sanctioned							
C	Total Refund Rejected							
D	Total Refund Pending							
E	Total demand of taxes							

F	Total taxes paid in respect of E above							
G	Total demands pending out of E above							

Table No.	Instructions
15A, 15B, 15C and 15D	Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here. Refund claimed will be the aggregate value of all the refund claims filed in the financial year and will include refunds which have been sanctioned, rejected or are pending for processing. Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. These will not include details of non-GST refund claims.
15E, 15F and 15G	Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority has been issued shall be declared here. Aggregate value of taxes paid out of the total value of confirmed demand in 15E above shall be declared here. Aggregate value of demands pending recovery out of 15E above shall be declared here.

Please refer to Part VI of Table 15 to Form GSTR 9 for discussion on this, namely, a composition taxable person would be entitled to refund on switch-over or when excess tax is paid in cash.

**Part V - Sr. No. 16 Details of Credit reversed or availed.**

16	Details of credit reversed or availed				
	Description	Central Tax	State Tax / UT Tax	Integrated Tax	Cess
	1	2	3	4	5
A	Credit reversed on opting in the composition scheme (-)				

Table No.	Instructions
16A	Aggregate value of all credit reversed when a person opts to pay tax under the composition scheme shall be declared here. The details furnished in FORM ITC-03 may be used for filling up these details.

**Table 16A:** Aggregate value of all credit reversed when a person opts to pay tax under the composition scheme shall be declared here. The details furnished in FORM ITC-03 may be used for filling up these details.

In terms of Section 18(4) of the CGST Act, 2017 where any registered person who has availed input tax credit:

- opts to pay tax under section 10 i.e. Composition,
- he shall pay an amount, by way of debit in the
  - electronic credit ledger or
  - electronic cash ledger,
- equivalent to the credit of input tax in respect of
  - inputs held in stock and
  - inputs contained in semi-finished or
  - finished goods held in stock and
  - on capital goods, reduced by such percentage points as may be prescribed,
- on the day immediately preceding the date of exercising such option
- Note: After payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger, shall lapse.

Calculation of input to be paid as per Rule 44 is as follows:

- For inputs held in stock and inputs contained in semi-finished or finished goods.
  - Calculated proportionately on the basis of corresponding invoices on which credit has been availed by the registered taxable person on such input.
- For Capital goods held in stock
  - Total input availed on capital stock should be reduced by the number of months used by taking five years as useful life for capital goods.

The amount payable is to be adopted from Table 6 of ITC -03

6. Amount of ITC payable and paid (based on table 5)

Sr. No.	Description	Tax payable	Paid through Cash/ Credit Ledger	Debit entry no.	Amount of ITC paid standard				
					Central Tax	State Tax	UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10
1.	Central Tax		Cash Ledger						
			Credit Ledger						
2.	State Tax		Cash Ledger						
			Credit Ledger						

B	Credit availed on opting out of the composition scheme (+)				
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Table No.	Instructions
16B	Aggregate value of all the credit availed when a registered person opts out of the composition scheme shall be declared here. The details furnished in FORM ITC-01 may be used for filling up these details.

**Table 16B:** Aggregate value of all the credit availed when a registered person opts out of the composition scheme shall be declared here. The details furnished in FORM ITC-01 may be used for filling up these details.

CGST Section 18(1) (c): where any registered person ceases to pay tax under section 10 i.e. Composition Scheme, he shall be entitled to take credit of

- input tax in respect of
  - inputs held in stock,
  - inputs contained in semi-finished or
  - inputs contained finished goods held in stock and
  - inputs contained on capital goods
- on the day immediately preceding the date from which he becomes liable to pay tax under section 9:

Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed;

#### Procedure for Claiming ITC in terms of Rule 40 of CGST Rules 2017

1. A Registered person should file both for Capital Goods and Inputs the -
  - ✓ Electronic declaration the in-Form GST ITC-01;
  - ✓ On common portal within 30 days from becoming eligible to avail credit
  - ✓ Specify the details of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods held immediately the previous day when he became liable to pay tax under section 9.

2. The declaration shall be certified by a practicing CA or Cost Accountant if the aggregate claim of CGST, SGST, IGST credit exceeds Rs. 2 lacs.
3. The credit ITC claimed under this clause shall be verified with the corresponding detail furnished by the supplier in Form GSTR-1.
4. As per Rule 40 of the CGST Rules, 2017 input tax credit on capital goods shall be claimed after reducing 5% of the tax portion per quarter or part thereof from the date of invoice or other documents till the date when he became liable to pay tax under section 9.

### Values for this table 16B shall be fetched from Table 8 of ITC-01

8. Claim under section 18 (1) (c) or section 18 (1)(d)

Details of stock of inputs, inputs contained in semi-finished goods or finished goods and capital goods on which ITC is claimed

Sr. No.	GSTIN/Registration under CX/VAT of supplier	Invoice */ Bill of entry		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock, capital goods	Unit Quantity Code (UQC)	Qty	Value** (As adjusted by debit note/credit note)	Amount of ITC claimed (Rs.)				
		No.	Date					Central Tax	State Tax	UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
8 (a) Inputs held in stock												
8 (b) Inputs contained in semi-finished or finished goods held in stock												
8 (c) Capital goods in stock												

\* In case it is not feasible to identify invoice, principle of first in and first out may be followed.

\*\* The value of capital goods shall be the invoice value reduced by five percentage points per quarter of a year or part thereof from the date of invoice

### Part V - Sr. No. 17 Late fee payable and paid

One may refer to Part VI of Table 19 of Form GSTR 9 for discussion on this.

17	Late fee payable and paid		
	Description	Payable	Paid
	1	2	3
A	Central Tax		
B	State Tax		

Table No.	Instructions
17	Late fee will be payable if annual return is filed after the due date.

# APPENDICES

## Appendix 1

<b><sup>1</sup>[FORM GSTR-9</b> (See rule 80) <b>Annual Return</b>						
Pt. I	Basic Details					
1	Financial Year					
2	GSTIN					
3A	Legal Name					
GSTR 3B	Trade Name (if any)					
Pt. II	Details of Outward and inward supplies declared during the financial year					
		(Amount in ₹ in all tables)				
	Nature of Supplies	Taxable Value	Central Tax	State Tax / UT Tax	Integra- ted Tax	Cess
	1	2	3	4	5	6
<b>4</b>	<b>Details of advances, inward and outward supplies made during the financial year on which tax is payable</b>					
A	Supplies made to un-registered persons (B2C)					
B	Supplies made to registered persons (B2B)					
C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)					
D	Supply to SEZs on payment of tax					
E	Deemed Exports					
F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)					

G	Inward supplies on which tax is to be paid on reverse charge basis					
H	Sub-total (A to G above)					
I	Credit Notes issued in respect of transactions specified in (B) to (E) above (-)					
J	Debit Notes issued in respect of transactions specified in (B) to (E) above (+)					
K	Supplies / tax declared through Amendments (+)					
L	Supplies / tax reduced through Amendments (-)					
M	Sub-total (I to L above)					
N	Supplies and advances on which tax is to be paid (H + M) above					
<b>5</b>	<b>Details of Outward supplies made during the financial year on which tax is not payable</b>					
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)					
N	Total Turnover (including advances) (4N + 5M - 4G above)					
<b>Pt. III</b>	<b>Details of ITC for the financial year</b>					
	<b>Description</b>	<b>Type</b>	<b>Central Tax</b>	<b>State Tax/UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>6</b>	<b>Details of ITC availed during the financial year</b>					
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 and 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)				
K	Transition Credit through TRAN-I (including revisions if any)				
L	Transition Credit through TRAN-II				
M	Any other ITC availed but not specified above				
N	Sub-total (K to M above)				
O	Total ITC availed (I +N above)				
<b>7</b>	<b>Details of ITC Reversed and Ineligible ITC for the financial year</b>				
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 (A to H above)				
J	Net ITC Available for Utilization (6O - 7I)				
<b>8</b>	<b>Other ITC related information</b>				
A	ITC as per GSTR 2A (Table 3 and 5 thereof)	<Auto>	<Auto>	<Auto>	<Auto>
B	ITC as per sum total of 6(B) and 6(H) above	<Auto>			
C	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 to September, 2018				

D	Difference [A-(B+C)]						
E	ITC available but not availed (out of D)						
F	ITC available but ineligible (out of D)						
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>		<Auto >
<b>Pt. IV</b>	<b>Details of tax paid as declared in returns filed during the financial year</b>						
<b>9</b>	<b>Description</b>	<b>Tax Payable</b>	<b>Paid through cash</b>	<b>Paid through ITC</b>			
				<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
	Integrated Tax						
	Central Tax						
	State/UT Tax						
	Cess						
	Interest						
	Late fee						
	Penalty						
	Other						
<b>Pt. V</b>	<b>Particulars of the transactions for the previous FY declared in returns of April to September of current FY or upto date of filing of annual return of previous FY whichever is earlier</b>						
	<b>Description</b>	<b>Taxable Value</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	
<b>10</b>	Supplies / tax declared through Amendments (+) (net of debit notes)						

11	Supplies / tax reduced through Amendments (-) (net of credit notes)							
12	Reversal of ITC availed during previous financial year							
13	ITC availed for the previous financial year							
14	Differential tax paid on account of declaration in 10 and 11 above							
	Description			Payable		Paid		
	1			2		3		
	Integrated Tax							
	Central Tax							
	State/UT Tax							
	Cess							
	Interest							
<b>Pt. VI</b>	<b>Other Information</b>							
15	<b>Particulars of Demands and Refunds</b>							
	<b>Details</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>	<b>Interest</b>	<b>Penalty</b>	<b>Late Fee / Others</b>
	1	2	3	4	5			
A	Total Refund claimed							
B	Total Refund sanctioned							
C	Total Refund Rejected							
D	Total Refund Pending							
E	Total demand of taxes							

F	Total taxes paid in respect of E above							
G	Total demands pending out of E above							
16	Information on supplies received from composition taxpayers, deemed supply under Section 143 and goods sent on approval basis							
	<b>Details</b>			<b>Taxable Value</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
	<b>1</b>			<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
A	Supplies received from Composition taxpayers							
B	Deemed supply under Section 143							
C	Goods sent on approval basis but not returned							
17	<b>HSN Wise Summary of outward supplies</b>							
<b>HSN Code</b>	<b>UQC</b>	<b>Total Quantity</b>	<b>Taxable Value</b>	<b>Rate of Tax</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
18	<b>HSN Wise Summary of Inward supplies</b>							
<b>HSN Code</b>	<b>UQC</b>	<b>Total Quantity</b>	<b>Taxable Value</b>	<b>Rate of Tax</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
19	<b>Late fee payable and paid</b>							
	<b>Description</b>				<b>Payable</b>		<b>Paid</b>	
	<b>1</b>				<b>2</b>		<b>3</b>	
A	Central Tax							
B	State Tax							

## Verification:

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 and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Place	Signature
Date	Name of Authorised Signatory
	Designation / Status

**Instructions: –**

- Terms used:
  - GSTIN: Goods and Services Tax Identification Number
  - UQC: Unit Quantity Code
  - HSN: Harmonized System of Nomenclature Code
- It is mandatory to file all your **FORM GSTR-1** and **FORM GSTR-3B** for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 are to be provided in this return.
- It may be noted that additional liability for the FY 2017-18 not declared in FORM GSTR-1 and FORM GSTR-3B may be declared in this return. However, taxpayers cannot claim input tax credit unclaimed during FY 2017-18 through this return.
- Part II consists of the details of all outward supplies & advances received during the financial year for which the annual return is filed. It may be noted that all the supplies for which payment has been made through FORM GSTR-3B between July 2017 to March 2018 shall be declared in this part. The instructions to fill Part II are as follows:

Table No.	Instructions
4A	Aggregate value of supplies made to consumers and unregistered persons on which tax has been paid shall be declared here. These will include details of supplies made through E-Commerce operators and are to be declared as net of credit notes or debit notes issued in this regard. Table 5, Table 7 along with respective amendments in Table 9 and Table 10 of FORM GSTR-1 may be used for filling up these details.
4B	Aggregate value of supplies made to registered persons (including supplies made to UINs) on which tax has been paid shall be declared here. These will

	include supplies made through E-Commerce operators but shall not include supplies on which tax is to be paid by the recipient on reverse charge basis. Details of debit and credit notes are to be mentioned separately. Table 4A and Table 4C of FORM GSTR-1 may be used for filling up these details.
4C	Aggregate value of exports (except supplies to SEZs) on which tax has been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.
4D	Aggregate value of supplies to SEZs on which tax has been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.
4E	Aggregate value of supplies in the nature of deemed exports on which tax has been paid shall be declared here. Table 6C of FORM GSTR-1 may be used for filling up these details.
4F	Details of all unadjusted advances i.e. advance has been received and tax has been paid but invoice has not been issued in the current year shall be declared here. Table 11A of FORM GSTR-1 may be used for filling up these details.
4G	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. This shall include supplies received from registered persons, unregistered persons on which tax is levied on reverse charge basis. This shall also include aggregate value of all import of services. Table 3.1(d) of FORM GSTR-3B may be used for filling up these details.
4I	Aggregate value of credit notes issued in respect of B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E) shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.
4J	Aggregate value of debit notes issued in respect of B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E) shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.
4K & 4L	Details of amendments made to B to B supplies (4B), exports (4C), supplies to SEZs (4D) and deemed exports (4E), credit notes (4I), debit notes (4J) and refund vouchers shall be declared here. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.
5A	Aggregate value of exports (except supplies to SEZs) on which tax has not been paid shall be declared here. Table 6A of FORM GSTR-1 may be used for filling up these details.

5B	Aggregate value of supplies to SEZs on which tax has not been paid shall be declared here. Table 6B of GSTR-1 may be used for filling up these details.
5C	Aggregate value of supplies made to registered persons on which tax is payable by the recipient on reverse charge basis. Details of debit and credit notes are to be mentioned separately. Table 4B of FORM GSTR-1 may be used for filling up these details.
5D,5E and 5F	Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here. Table 8 of FORM GSTR-1 may be used for filling up these details. The value of "no supply" shall also be declared under Non-GST supply (5F)
5H	Aggregate value of credit notes issued in respect of supplies declared in 5A,5B,5C, 5D, 5E and 5F shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.
5I	Aggregate value of debit notes issued in respect of supplies declared in 5A,5B,5C, 5D, 5E and 5F shall be declared here. Table 9B of FORM GSTR-1 may be used for filling up these details.
5J & 5K	Details of amendments made to exports (except supplies to SEZs) and supplies to SEZs on which tax has not been paid shall be declared here. Table 9A and Table 9C of FORM GSTR-1 may be used for filling up these details.
5N	Total turnover including the sum of all the supplies (with additional supplies and amendments) on which tax is payable and tax is not payable shall be declared here. This shall also include amount of advances on which tax is paid but invoices have not been issued in the current year. However, this shall not include the aggregate value of inward supplies on which tax is paid by the recipient (i.e. by the person filing the annual return) on reverse charge basis.

5. Part III consists of the details of all input tax credit availed and reversed in the financial year for which the annual return is filed. The instructions to fill Part III are as follows:

Table No.	Instructions
6A	Total input tax credit availed in Table 4A of FORM GSTR-3B for the taxpayer would be auto-populated here.
6B	Aggregate value of input tax credit availed on all inward supplies except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Table 4(A)(5) of FORM GSTR-3B may be used for filling up these

	<p>details.</p> <p>This shall not include ITC which was availed, reversed and then reclaimed in the ITC ledger. This is to be declared separately under 6(H) below.</p>
6C	<p>Aggregate value of input tax credit availed on all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Table 4(A)(3) of FORM GSTR-3B may be used for filling up these details.</p>
6D	<p>Aggregate value of input tax credit availed on all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs, capital goods and input services. Table 4(A)(3) of FORM GSTR-3B may be used for filling up these details.</p>
6E	<p>Details of input tax credit availed on import of goods including supply of goods received from SEZs shall be declared here. It may be noted that the total ITC availed is to be classified as ITC on inputs and capital goods. Table 4(A)(1) of FORM GSTR-3B may be used for filling up these details.</p>
6F	<p>Details of input tax credit availed on import of services (excluding inward supplies from SEZs) shall be declared here. Table 4(A)(2) of FORM GSTR-3B may be used for filling up these details.</p>
6G	<p>Aggregate value of input tax credit received from input service distributor shall be declared here. Table 4(A)(4) of FORM GSTR-3B may be used for filling up these details.</p>
6H	<p>Aggregate value of input tax credit availed, reversed and reclaimed under the provisions of the Act shall be declared here.</p>
6J	<p>The difference between the total amount of input tax credit availed through FORM GSTR-3B and input tax credit declared in row B to H shall be declared here. Ideally, this amount should be zero.</p>
6K	<p>Details of transition credit received in the electronic credit ledger on filing of FORM GST TRAN-I including revision of TRAN-I (whether upwards or downwards), if any shall be declared here.</p>
6L	<p>Details of transition credit received in the electronic credit ledger after filing of FORM GST TRAN-II shall be declared here.</p>
6M	<p>Details of ITC availed but not covered in any of heads specified under 6B to 6L above shall be declared here. Details of ITC availed through FORM ITC01 and FORM ITC-02 in the financial year shall be declared here.</p>

7A, 7B, 7C, 7D, 7E, 7F, and 7G 7H	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. This column should also contain details of any input tax credit reversed under section 17(5) of the CGST Act, 2017 and details of ineligible transition credit claimed under FORM GST TRAN-I or FORM GST TRAN-II and then subsequently reversed. Table 4(B) of FORM GSTR-3B may be used for filling up these details. Any ITC reversed through FORM ITC -03 shall be declared in 7H. If the amount stated in Table 4D of FORM GSTR-3B was not included in table 4A of FORM GSTR-3B, then no entry should be made in table 7E of FORM GSTR-9. However, if amount mentioned in table 4D of FORM GSTR-3B was included in table 4A of FORM GSTR-3B, then entry will come in 7E of FORM GSTR-9.
8A	The total credit available for inwards supplies (other than imports and inwards supplies liable to reverse charge but includes services received from SEZs) received during 2017-18 and reflected in FORM GSTR-2A (table 3 & 5 only) shall be auto-populated in this table. This would be the aggregate of all the input tax credit that has been declared by the corresponding suppliers in their FORM GSTR-I.
8B	The input tax credit as declared in Table 6B and 6H shall be auto-populated here.
8C	Aggregate value of input tax credit availed on all inward supplies (except those on which tax is payable on reverse charge basis but includes supply of services received from SEZs) received during July 2017 to March 2018 but credit on which was availed between April to September 2018 shall be declared here. Table 4(A)(5) of FORM GSTR-3B may be used for filling up these details.
8D	Aggregate value of the input tax credit which was available in FORM GSTR-2A (table 3 & 5 only) but not availed in FORM GSTR-3B returns shall be computed based on values of 8A, 8B and 8C. However, there may be circumstances where the credit availed in FORM GSTR-3B was greater than the credit available in FORM GSTR-2A. In such cases, the value in row 8D shall be negative.
8E & 8F	The credit which was available and not availed in FORM GSTR-3B and the credit was not availed in FORM GSTR-3B as the same was ineligible shall be declared here. Ideally, if 8D is positive, the sum of 8E and 8F shall be equal to 8D.
8G	Aggregate value of IGST paid at the time of imports (including imports from SEZs) during the financial year shall be declared here.

8H	The input tax credit as declared in Table 6E shall be auto-populated here.
8K	The total input tax credit which shall lapse for the current financial year shall be computed in this row.

6. 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.
7. Part V consists of particulars of transactions for the previous financial year but declared in the returns of April to September of current FY or date of filing of Annual Return for previous financial year (for example in the annual return for the FY 2017-18, the transactions declared in April to September 2018 for the FY 2017-18 shall be declared), whichever is earlier. The instructions to fill Part V are as follows:

Table No.	Instructions
10 & 11	Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 9A, Table 9B and Table 9C of FORM GSTR-1 of April to September of the current financial year or date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here.
12	Aggregate value of reversal of ITC which was availed in the previous financial year but reversed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for previous financial year, whichever is earlier shall be declared here. Table 4(B) of FORM GSTR-3B may be used for filling up these details.
13	Details of ITC for goods or services received in the previous financial year but ITC for the same was availed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for the previous financial year whichever is earlier shall be declared here. Table 4(A) of FORM GSTR-3B may be used for filling up these details. However, any ITC which was reversed in the FY 2017-18 as per second proviso to sub-section (2) of section 16 but was reclaimed in FY 2018-19, the details of such ITC reclaimed shall be furnished in the annual return for FY 2018-19.

8. Part VI consists of details of other information. The instructions to fill Part VI are as follows:

Table No.	Instructions
15A, 15B, 15C and	Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here. Refund claimed will be the aggregate value of all the refund claims filed in the financial year and will include refunds which

15D	have been sanctioned, rejected or are pending for processing. Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. These will not include details of non-GST refund claims.
15E, 15F and 15G	Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority shall be declared here. Aggregate value of taxes paid out of the total value of confirmed demand as declared in 15E above shall be declared here. Aggregate value of demands pending recovery out of 15E above shall be declared here.
16A	Aggregate value of supplies received from composition taxpayers shall be declared here. Table 5 of FORM GSTR-3B may be used for filling up these details.
16B	Aggregate value of all deemed supplies from the principal to the job-worker in terms of sub-section (3) and sub-section (4) of Section 143 of the CGST Act shall be declared here.
16C	Aggregate value of all deemed supplies for goods which were sent on approval basis but were not returned to the principal supplier within one eighty days of such supply shall be declared here.
17 & 18	Summary of supplies effected and received against a particular HSN code to be reported only in this table. It will be optional for taxpayers having annual turnover upto ₹ 1.50 Cr. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above ₹ 1.50 Cr but upto ₹ 5.00 Cr and at four digits' level for taxpayers having annual turnover above ₹ 5.00 Cr. UQC details to be furnished only for supply of goods. Quantity is to be reported net of returns. Table 12 of FORM GSTR-1 may be used for filling up details in Table 17. It may be noted that this summary details are required to be declared only for those inward supplies which in value independently account for 10 % or more of the total value of inward supplies.
19	Late fee will be payable if annual return is filed after the due date.

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

## Appendix 2

(Reference - CHAPTER 2 (SECTION I))

FORM GSTR-9A (See rule 80) Annual Return (For Composition Taxpayer)							
Pt. I	Basic Details						
1	Financial Year						
2	GSTIN						
3A	Legal Name	<Auto>					
3B	Trade Name (if any)	<Auto>					
4	Period of composition scheme during the year (From ---- To ----)						
5	Aggregate Turnover of Previous Financial Year						
(Amount in ₹ in all tables)							
Pt. II	Details of outward and inward supplies declared in returns filed during the financial year						
	Description	Turnover	Rate of Tax	Central Tax	State / UT Tax	Integrated tax	Cess
	1	2	3	4	5	6	7
6	Details of Outward supplies made during the financial year						
A	Taxable						
B	Exempted, Nil-rated						
C	Total						
7	Details of inward supplies on which tax is payable on reverse charge basis (net of debit/credit notes) for the financial year						
	Description	Taxable Value	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	
	1	2	3	4	5	6	
A	Inward supplies liable to reverse						

	charge received from registered persons					
B	Inward supplies liable to reverse charge received from unregistered persons					
C	Import of services					
D	Net Tax Payable on (A), (B) and (C) above					
<b>8</b>	<b>Details of other inward supplies for the financial year</b>					
A	Inward supplies from registered persons (other than 7A above)					
B	Import of Goods					
<b>Pt. III</b>	<b>Details of tax paid as declared in returns filed during the financial year</b>					
<b>9</b>	<b>Description</b>	<b>Total tax payable</b>		<b>Paid</b>		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
	Integrated Tax					
	Central Tax					
	State/UT Tax					
	Cess					
	Interest					
	Late fee					
	Penalty					
<b>Pt. IV</b>	<b>Particulars of the transactions for the previous FY declared in returns of April to September of current FY or upto date of filing of annual return of previous FY whichever is earlier</b>					
	<b>Description</b>	<b>Turnover</b>	<b>Central Tax</b>	<b>State Tax / UT Tax</b>	<b>Integrated Tax</b>	<b>Cess</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

10	Supplies / tax (outward) declared through Amendments (+) (net of debit notes)							
11	Inward supplies liable to reverse charge declared through Amendments (+) (net of debit notes)							
12	Supplies / tax (outward) reduced through Amendments (-) (net of credit notes)							
13	Inward supplies liable to reverse charge reduced through Amendments (-) (net of credit notes)							
14	Differential tax paid on account of declaration made in 10, 11, 12 & 13 above							
	Description				Payable		Paid	
	1				2		3	
	Integrated Tax							
	Central Tax							
	State/UT Tax							
	Cess							
	Interest							
Pt. V	Other Information							
15	Particulars of Demands and Refunds							
	Description	Central Tax	State Tax / UT Tax	Integrated Tax	Cess	Interest	Penalty	Late Fee / Others
	1	2	3	4	5	6	7	8
A	Total Refund claimed							
B	Total Refund sanctioned							

C	Total Refund Rejected							
D	Total Refund Pending							
E	Total demand of taxes							
F	Total taxes paid in respect of E above							
G	Total demands pending out of E above							
<b>16</b>	<b>Details of credit reversed or availed</b>							
	Description	Central Tax	State Tax / UT Tax	Integrated Tax	Cess			
	1	2	3	4	5			
A	Credit reversed on opting in the composition scheme (-)							
B	Credit availed on opting out of the composition scheme (+)							
<b>17</b>	<b>Late fee payable and paid</b>							
	Description	Payable	Paid					
	1	2	3					
A	Central Tax							
B	State Tax							

Verification:

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 and in case of any reduction in output tax liability the benefit thereof has been/will be passed

on to the recipient of supply.

Place

Signature

Name of Authorised Signatory

Date

Designation / Status

**Instructions: -**

1. It is mandatory to file all your FORM GSTR-4 for the FY 2017-18 before filing this return. The details for the period between July 2017 to March 2018 shall be provided in this return.
2. It may be noted that additional liability for the FY 2017-18 not declared in FORM GSTR-4 may be declared in this return.
3. Part I consists of basic details of taxpayer. The instructions to fill Part I are as follows :

Table No.	Instructions
5	Aggregate turnover for the previous financial year is the turnover of the financial year previous to the year for which the return is being filed. For example for the annual return for FY 2017-18, the aggregate turnover of FY 2016-17 shall be entered into this table. It is the sum total of turnover of all taxpayers registered on the same PAN.

4. Part II consists of the details of all outward and inward supplies in the financial year for which the annual return is filed. The instructions to fill Part II are as follows:

Table No.	Instructions
6A	Aggregate value of all outward supplies net of debit notes / credit notes, net of advances and net of goods returned for the entire financial year shall be declared here. Table 6 and Table 7 of FORM GSTR-4 may be used for filling up these details.
6B	Aggregate value of exempted, Nil Rated and Non-GST supplies shall be declared here.
7A	Aggregate value of all inward supplies received from registered persons on which tax is payable on reverse charge basis shall be declared here. Table 4B, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.

7B	Aggregate value of all inward supplies received from unregistered persons (other than import of services) on which tax is payable on reverse charge basis shall be declared here. Table 4C, Table 5 and Table 8A of FORM GSTR-4 may be used for filling up these details.
7C	Aggregate value of all services imported during the financial year shall be declared here. Table 4D and Table 5 of FORM GSTR-4 may be used for filling up these details.
8A	Aggregate value of all inward supplies received from registered persons on which tax is payable by the supplier shall be declared here. Table 4A and Table 5 of FORM GSTR-4 may be used for filling up these details.
8B	Aggregate value of all goods imported during the financial year shall be declared here.

5. Part IV consists of the details of amendments made for the supplies of the previous financial year in the returns of April to September of the current FY or date of filing of Annual Return for previous financial year (for example in the annual return for the FY 2017-18, the transactions declared in April to September 2018 for the FY 2017-18 shall be declared), whichever is earlier. The instructions to fill Part V are as follows:

Table No.	Instructions
10,11,12,13 and 14	Details of additions or amendments to any of the supplies already declared in the returns of the previous financial year but such amendments were furnished in Table 5 (relating to inward supplies) or Table 7 (relating to outward supplies) of FORM GSTR- 4 of April to September of the current financial year or upto the date of filing of Annual Return for the previous financial year, whichever is earlier shall be declared here.

6. Part V consists of details of other information. The instruction to fill Part V are as follows:

Table No.	Instructions
15A, 15B, 15C and 15D	Aggregate value of refunds claimed, sanctioned, rejected and pending for processing shall be declared here. Refund claimed will be the aggregate value of all the refund claims filed in the financial year and will include refunds which have been sanctioned, rejected or are pending for processing. Refund sanctioned means the aggregate value of all refund sanction orders. Refund pending will be the aggregate amount in all refund application for which acknowledgement has been received and will exclude provisional refunds received. These will not include details of non-GST refund claims.

15E, 15F and 15G	Aggregate value of demands of taxes for which an order confirming the demand has been issued by the adjudicating authority has been issued shall be declared here. Aggregate value of taxes paid out of the total value of confirmed demand in 15E above shall be declared here. Aggregate value of demands pending recovery out of 15E above shall be declared here.
16A	Aggregate value of all credit reversed when a person opts to pay tax under the composition scheme shall be declared here. The details furnished in FORM ITC-03 may be used for filling up these details.
16B	Aggregate value of all the credit availed when a registered person opts out of the composition scheme shall be declared here. The details furnished in FORM ITC-01 may be used for filling up these details.
17	Late fee will be payable if annual return is filed after the due date.”;

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