

GST Actionable for September 2021

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September 2021 marks an important month for completion of major compliances under Goods & Services Tax. We present below the list of activities which should be executed by the registered person in September 2021.

1. Availment of Input Tax Credit for FY 2020-21

As per Section 16(4) of the CGST Act, 2017, a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Correspondingly, the taxpayers need to be cautious for availing ITC for the invoices/debit notes pertaining to FY 2020-21 till the filing return u/s 39 for the month of September 2021.

2. Amendment in GSTR-1 for FY 2020-21

As per first proviso to Section 37(3) of the CGST Act, 2017, no 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 following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.

Correspondingly the customers/clients may also be informed about the time limit for amendment in GSTR-1 so that in case any entry need to be amended in GSTR-1 basis the reconciliation undertaken for FY 2020-21, the same can be done while filing GSTR-1 of September 2021. No Amendment in GSTR-1 for the relevant period is allowed after the due date of filing of GSTR-1 of September 2021.

3. GSTR-2A Reconciliation for FY 2020-21

GST law has affixed the time limit for availment of Input tax credit for the financial year.

As per Sec 16(4) read with Rule 36(4);

As per Sec 16(4); A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Rule 36(4) states that *Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers under sub-section (1) of section 37, in FORM GSTR-1 or using the invoice furnishing facility shall not exceed 5 per cent of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers under sub-section (1) of section 37 in FORM GSTR-1 or using the invoice furnishing facility*

Thus, in order to avail complete ITC for FY 2020-21, it is imperative that all the registered person may complete their GSTR-2A reconciliation for FY 2020-21, so that ;

- All the missed out credit may be availed subject to GSTR-2A.
- Credits appearing in GSTR 2A but not availed in purchase register/ GSTR-3B: Eligibility of such credits should be identified and availed on or before filing the return for the month of September 2021. Any left out ITC for the period of 2020-21 may be loss to the registered person if not claimed within the due date of filing GSTR-3B
- In case, the taxpayer has claimed ITC for the inward supply in books of accounts and also GSTR-3B but the credit of the same is not reflected in GSTR-2A, follow up may be undertaken so that it is reflected in GSTR-2A till the filing of GSTR-3B of September 2021.
- The Expenses which are booked under one GSTIN however pertains to other GSTIN of the entity requires ITC reversal on one hand and claim of ITC on other GSTIN. The corresponding amendment need to be made by Vendor in GSTR-1 so that the amended detail can be reflected in GSTR-2A.

4. Reconciliation of Outward Supply between Books of Accounts & Returns for FY 2020-21

The registered person may also undertake reconciliation between books and return for FY 2020-21 so that all the missed out Outward supply may be reported till Sep 2021

- **Reconcile Outward Supply as declared in Books vs declared in GSTR-1 Return.** Any rectification/ modification need to be undertaken till filing of GSTR-1 of Sep 2021.
- **Adjustment in GSTR 3B:** Any adjustment (except debit notes) for the last financial year should be made before filing GSTR-3B for the month of September. The amendments cannot be made post the due date of the GSTR-3B return for the month of September 2021. Therefore, it is imperative to file the return on or before the due date.
- **Issuance of credit notes:** As per Section 34(2) of CGST Act, Credit notes pertaining to GST invoices issued in the last financial year cannot be reported under GSTR-1 post filing the return for the month of September 2021 or filing of annual return of relevant FY whichever is earlier. Therefore, any credit notes for FY 2020-21 should be issued by the month of September 2021.

5. Reversal of ITC as per Rule 37 [Non Payment of Consideration within 180 days]

As per Rule 37, in case the registered person has not paid the full value of inward supply along with tax payable within 180 days from the date of issue of invoice for such inward supply, then ITC claimed on such inward supply need to be reversed.

The registered person may check the creditors ageing as on 30th September, 2021, there should not be any vendor who has not been paid for supplies made in FY 2020-21. ITC has to be reversed for supplies related to FY 2020-21 against which payment has not been made till 30th September, 2021.

6. Actualization of Apportionment of ITC as per Rule 42 & 43 in case of Exempt Supplies

Rule 42 and Rule 43 lays down the procedure of apportionment of ITC in respect of inputs or input services or capital goods which attract the provisions of sub-section (1) or sub-section (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies.

The apportionment has to be undertaken on monthly basis in GSTR-3B of the relevant month. However, as per Rule 42(2), the apportionment shall be calculated finally for the financial year before the due date for furnishing of the return for the month of September

following the end of the financial year to which such credit relates and following may be undertaken;

- If total ITC to be claimed as per Rule 42 / 43 based on total figures for FY is less than cumulative ITC actually claimed in monthly GSTR-3B for the relevant FY then such excess ITC claimed shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment;
- If total ITC to be claimed as per Rule 42 / 43 based on total figures for FY is more than cumulative ITC actually claimed in monthly GSTR-3B for the relevant FY then additional ITC shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year to which such credit relates.

7. Cross Charge

- The term Cross Charge has not been defined under CGST Act, 2017. However, as per schedule 1 of CGST Act, *any supply between related persons or between distinct persons as specified in section 25 shall be treated as "supply" even when made without consideration.*
- Further, section 25 of the CGST Act states that *a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.*
- It is the combined reading of Schedule 1 and the concept of distinct persons that gives rise to the need to cross charge. Thus, based on the provisions as stated above, any supplies between different GST registrations of the same entity shall be termed as a supply and shall attract GST. In line with the said provisions, every supply between distinct persons result in cross charge between such entities. Such supply shall be undertaken by issue of appropriate documents. Further, the receiver of the supply shall be entitled to GST credit subject to conditions.
- Therefore, it is recommended that all the Cross charge invoice pertaining to FY 2020-21 may be raised till September 2021 and the ITC relating to aforementioned

invoices may be availed by the recipient unit till filing of their GSTR-3B of September 2021 in terms of the provisions of Section 16(4) of CGST Act, 2017.

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