

ITC Statement Form GSTR-2B

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Background

The GST Council, in its 39th meeting held at New Delhi on 14th March 2020 has deferred the implementation of the new GST return system to 1st October 2020 and the present return system (GSTR-1, GSTR-2A & GSTR-3B) will be continued until September 2020.

With the deferment of new GST return system and continuation of existing return system, GST Council had recommended to adopt and implement linking of GSTR-1 & GSTR-2A with GSTR-3B. As we know GSTR-2A is a dynamic return, so to solve this issue, GSTR-2B has been introduced.

GSTR-2B is an auto-drafted Input Tax Credit (ITC) statement generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1(Outward Supply details) & 5 (Non Resident Taxable Person return) and Form GSTR-6 filed by Input Service Distributor.

Purpose

The purpose of GSTR-2B is to assist the taxpayers in reconciling and matching the Input Tax Credit periodically as it reflects all inward supplies and corresponding tax paid thereon.

Taxpayers can now reconcile data generated in Form GSTR-2B, with their own records and books of accounts. Using this reconciliation, they can now file their Form GSTR 3B and they can ensure that

- no credit is taken twice,
- credit is reversed as per law, &
- tax on reverse charge basis is paid.

Steps to download

Taxpayers can access their GSTR-2B through:

- Login to GST Portal
- Go to Returns Dashboard
- Select Return period
- Click on Form GSTR-2B.

Comparison between GSTR-2A and GSTR-2B

| Points of Comparison | GSTR-2A | GSTR-2B |
|--|--|---|
| Nature of Statement | Dynamic, as it changes from day to day, as and when the supplier uploads the documents. | Remains static or constant, as the GSTR-2B for one month cannot change based on future actions of the supplier. |
| Source of Information | GSTR-1, GSTR-5, GSTR-6, GSTR-7, GSTR-8 | GSTR-1, GSTR-5, GSTR-6, ICEGATE system |
| ITC on Import of Goods | Does not contain these details | Contains ITC on import of goods as obtained from ICEGATE system (available from GSTR-2B of August 2020 onwards) |
| Reversal of ITC | GSTR-2A does not contain the details of ITC required to be reversed. | GSTR-2B contains the details of ITC required to be reversed. |
| GSTR-1/5 filing date and period | GSTR-2A does not contain the GSTR-1/5 filing date and period against each supplier. | GSTR-2B contains the GSTR-1/5 filing date and period against each supplier. |
| Auto population of data on submission of return | Data in GSTR-2A get populated merely on submission of GSTR-1. | Data in GSTR-2B get populated after filing of return. |
| Periodicity | GSTR-2A is a periodic statement which includes data on the basis of date of invoices. | GSTR-2B is a monthly statement which includes data for every return which is filed during a particular month. |
| Supplier wise information | GSTR-2A does not contain the supplier wise information. It provides the information invoice wise only. | GSTR-2B contains the supplier wise as well invoice wise information. |

Contents and Features

GSTR-2B contains input tax credit on purchases from any regular taxpayers, non-resident taxable persons and input tax credit distributed by the input service distributor.

The contents of GSTR-2B are as follows:

- Summary statement showing ITC available and non-available for every section.
- Advisory for every section that clarifies the kind of action that taxpayer must take.
- Document-wise details such as invoices, credit notes, debit notes, etc. to view and download.
- Cut-off dates and advisory for generating and using GSTR-2B.
- Import of goods and import from SEZ units/developers (available from GSTR 2B of August 2020 onwards).

The input tax credit will be marked as not available in the following two scenarios:

- Where the time limit to avail input tax credit on an invoice or debit note has expired under section 16(4) of the CGST Act (earlier of 30th September of the year following the financial year or date of filing annual returns).
- The state of the supplier and place of supply is the same, whereas the recipient is located in another state.

The notable features of GSTR-2B are as follows:

- To view and download the summary statement in Excel or PDF file.
- Taxpayers can view supplier wise summary or document wise details.
- Can obtain section-wise details or complete download of ITC instantly.
- Availability of section-wise advisory.
- Guide the taxpayer the exact relevant heading of GSTR-3B in which the taxpayer can claim the ITC.
- Highlights the reason for non availability of ITC.
- Allows text search for all the generated records.
- Option to view, filter and sort data, as required.
- Hide/view the columns as per the user's convenience.
- Where the file contains more than 1,000 records, options for a full download of GSTR-2B and the advanced search is available.
- An email or an SMS will be sent to the taxpayer informing about the generation of GSTR 2B.

Challenges

Although GSTR-2B is a detailed statement for claiming or reversing correct amount of Input Tax Credit but it lacks to show the following information which lead to challenge for a taxpayer to look for further documents for claiming the ITC:

- ITC on Reverse charge on import of services
- Detail of invoices from unregistered suppliers on which tax has been paid on reverse charge basis and ITC is to be claimed.
- Taxpayer still needs to bifurcate the figure of ITC not available as per Section 17(5) of CGST Act, 2017.

Legal Validate and Way Forward

Under the current GST law, there is no legal provision which mandates the matching or availment of ITC on the basis of GSTR-2B.

Further, it also raises the following questions on the part of a taxpayer:

- Whether the Authorities can question the reconciliation of ITC between GSTR-3B, GSTR-2A and GSTR-2B;
- Whether in future there would be an additional column of ITC as per GSTR-2B in the Form GSTR-9;
- Whether in future the applicability of Rule 36(4) of CGST Rules, 2017 also applies to GSTR-2B

Needless to say that Form GSTR-2B will be increasing compliance and ITC reconciliation burden for taxpayers. Taxpayers need to reconcile Form GSTR-2B with Form GSTR-3B as well as Form GSTR-2A for availing ITC. Apart from that, taxpayers need to ensure ITC matches with their books of accounts.

In case of any further discussion, do contact the Undersigned.

Regards;

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