

CGA Legal
Your GST Knowledge Partner

The GST Bulletin

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About The GST Bulletin

The GST Bulletin is a Fortnightly Newsletter from Team CGA Legal, a leading Indirect Tax Consultancy firm . The Newsletter is intending to keep its readers updated with all important changes in Goods & Services Tax including latest Notifications, Circular and Technical updates if any. The Newsletter also has a special column of GST Compliance Calendar for the Month. Along with it, CGA Legal also sends various legal recommendations which have immense implications in improving the compliance of GST in your business.

All editions of our newsletters can be referred from below link below;
<https://www.cgalegal.co.in/home/newsletters.php>

Other Offerings from Team CGA Legal

- **CGA Legal Judicial Precedent:** A Fortnightly Publication of various important judgments which can have huge impact on your business decisions.
- **CGA Legal GST Compliance Calendar:** Our Monthly Calendar detailing all GST related compliances for the month so that you never miss of any of the compliances.
- **CGA Legal Meet :** Our Monthly Webinar series discussing various trending GST legal and compliance issues

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GST Compliance Calendar - September 2021

Statutory Due Date	Type of Return	Period	Type of Taxpayer
10-09-21	GSTR-7	August-2021	TDS Deductor
10-09-21	GSTR-8	August-2021	E-Commerce Operator
11-09-21	GSTR-1	August-2021	Turnover more than INR 5 crore in the preceding FY & Turnover up to INR 5 crores and have opted for monthly return filing.
13-09-21	Details of Outward Supplies through Invoice Furnishing Facility [IFF]	August-2021	Taxpayer who are under QRMP Scheme
13-09-21	GSTR-6	August-2021	ISD
20-09-21	GSTR-3B	August-2021	Turnover more than INR 5 crore in the preceding FY
20-09-21	GSTR-3B	August-2021	Turnover upto INR 5 crore in the preceding FY but opted for monthly return filing
20-09-21	GSTR-5	August-2021	Non-Resident Taxable Person
20-09-21	GSTR-5A	August-2021	OIDAR
25-09-21	GST PMT-06	PMT-06	Taxpayer who is opting for QRMP Scheme has to deposit tax using form GST PMT-06 by the 25th of the following month, for the first and second months of the quarter
30-09-21	GST REG-21	-	Filing of application for revocation of cancellation of registration, if due date of filing revocation application falls between 1st March 2020 to 31st August 2021

GST Compliance Calendar - September 2021

Notes:

- a) **Amnesty Scheme:** Government, vide Notification No. 19/2021- Central Tax, dated 01.06.2021, had provided relief to the taxpayers by reducing / waiving late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021, if the returns for these tax periods are furnished between 01.06.2021 to 31.08.2021. The last date to avail benefit of the late fee amnesty scheme, has now been extended from existing 31.08.2021 to 30.11.2021. [Refer Notification No. 33/2021- Central Tax, dated 29.08.2021].
- b) **Application for revocation of cancellation of registration:** Government has also extended the timelines for filing of application for revocation of cancellation of registration to 30.09.2021, where the due date of filing of application for revocation of cancellation of registration falls between 01.03.2020 to 31.08.2021. The extension would be applicable only in those cases where registrations have been cancelled under clause (b) or clause (c) of sub-section (2) of section 29 of the CGST Act. [Refer Notification No. 34/2021- Central Tax, dated 29.08.2021].
- c) **Filing of return through EVC by Companies:** The filing of FORM GSTR-3B and FORM GSTR-1/ IFF by companies using electronic verification code (EVC), instead of Digital Signature certificate (DSC) has already been enabled for the period from 27.04.2021 to 31.08.2021. This has been further extended to 31st October, 2021. [Refer Notification No. 32/2021- Central Tax, dated 29.08.2021].

GST Updates - Notifications

S. No.	Notification No.	Summary of Notifications
1.	32/202-CT dt. 29.08.2021	<p>Seeks to amend CGST Rules</p> <p>Seeks to amend CGST Rule, 2017 to make the following changes:</p> <ul style="list-style-type: none"> • Furnishing of returns through EVC: Facility of furnishing return through EVC in forms GSTR-3B and GSTR-1 in case of Companies has been extended to 31st Oct, 2021. • Generation of E-way Bill: Rule 138E of the CGST Rules restricting the furnishing of information in Part-A of Form GST EWB-01 was not applicable during the period from the May 01, 2021 till August 18, 2021, in case where the return in Form GSTR-3B or Form GSTR-1 or Form GST CMP-08, as the case may be, has not been furnished for the period March, 2021 to May, 2021.
2.	33/2021-CT dt. 29.08.2021	<p>Seeks to extend Amnesty Scheme till 30th November 2021</p> <ul style="list-style-type: none"> • Seeks to amend Notification No. 76/201-Central Taxes dated December 31, 2018 so as to extend the benefit of Amnesty Scheme till November 30, 2021. • Waives the late fee for registered persons who failed to furnish the return in FORM GSTR-3B for the months /quarter of July, 2017 to April, 2021, by the due date but furnish the said return between the period from June 01, 2021 to November 30, 2021, in excess of five hundred rupees. • Further, for Nil taxpayers, who failed to furnish the return in FORM GSTR-3B for the months /quarter of July, 2017 to April, 2021, by the due date but furnish the said return between the period from June 01, 2021 to November 30, 2021, the total amount of late fee in excess of two hundred and fifty rupees has been waived.
3.	34/2021-CT dt. 29.08.2021	<p>Seeks to extend timelines for filing of application for revocation of cancellation of registration</p> <p>Seeks to extend timelines for filing of application for revocation of cancellation of registration to 30.09.2021, where due date for filing such application falls between 01.03.2020 to 31.08.2021, in cases where registration has been canceled under clause (b) or clause (c) of section 29(2) of the CGST Act as detailed below:</p> <ul style="list-style-type: none"> • A person paying tax under section 10 has not furnished returns for three consecutive tax periods; or • Any other registered person who has not furnished returns for a continuous period of six months

GST Technical Updates – GSTN

Advisory on HSN and GSTR-1 Filing

Date: 26-08-2021

- It has been reported by few taxpayers that HSN used by them for reporting in GSTR-1 is not available in the Table 12 HSN drop-down. They have further stated that they are facing issues in adding the required HSN details in Table 12 and filing of statement of outward supplies in form GSTR-1 of July 2021. Further, in some JSON files, the HSN field is coming as blank from the offline tool, along with other errors as mentioned below:-
 1. Processed with Error,
 2. In Progress or Received but pending,
 3. Duplicate Invoice Number found in payload, please correct.
- **HSN related issues leading to error messages – ‘Processed with error’, ‘In progress’, ‘Received but pending’:**
 - a) Taxpayers should check their HSN code in Search HSN functionality provided by GSTN on GST portal and with the directory of HSN codes provided in a downloadable excel format at the link <https://services.gst.gov.in/services/searchhsnsac>
 - b) On examination of the HSN codes reported as missing, it has been observed that few taxpayers are trying to report truncated first 6-digits out of an otherwise valid 8-digit HSN. These truncated HSN codes are actually not available in GST Tariff at *6-digit level*, with *no corresponding description of goods*. Therefore, these truncated 6-digit HSN are invalid. Taxpayers are therefore advised not to create 6-digit HSN code by truncating/removing the last two digits (including “00”) of a valid 8-digit HSN code. However, there are no validations at present in the system.
 - c) It may be noted that presently GSTN has relaxed these validations in GSTR-1 due to the pandemic situation in the country and if taxpayers do not find a valid HSN code from the search drop down, then the system is presently accepting the user entries and they can add the HSN & description in the system and proceed to file the GSTR-1.
 - d) However, it may be noted that these validations are not relaxed on IRP portal for reporting e-invoices & also the e-way bill portal for issuing e-way bills.

GST Technical Updates – GSTN

Advisory on HSN and GSTR-1 Filing

Date: 26-08-2021

e) It may kindly be noted that in some cases, the taxpayers are facing rejection at the time of filling the data in Table 12 of GSTR-1 at the GST portal, where the taxpayers are trying to proceed only after entering the HSN code, without entering any other data. It may be noted that without entering any data in, Description” text box or any other field, other fields will not be enabled. Thereafter, all the mandatory fields have to be filled before Submission of the data.

➤ **Error messages – ‘Processed with error’, ‘In progress’, ‘Received but pending’:**

It has been noticed in a few cases that the taxpayers have not used the latest version of Offline Tool while uploading their GSTR-1 return through Offline mode on the GST portal. In some instances, it was observed that HSN Code and Tax rate fields were left blank in Table 12 of GSTR-1 and hence the system has not processed the said GSTR-1. The taxpayers are advised to download the latest version of Offline Tool (version 3.0.4) provided on the GST portal, instead of any older version. In case the taxpayer is using any third party GSTR-1 offline tool, then the service provider of the third party offline tool should be contacted & requested that the tool be updated.

➤ **Error message reported as – “Duplicate Invoice Number found in payload please correct”**

GST law requires an invoice, credit/debit note to be unique across a Financial Year, and the same record number should not be repeated in the same Financial Year. If the same record number is reported again in the same Financial Year, the same is treated as a duplicate record, and rejected by the system.

It has been noticed that taxpayers were reporting duplicate records, and the same were being rejected by the system, causing inconvenience to other genuine filers. It is requested this kind of check may be exercised by the taxpayer or by the offline tool used by the taxpayer.

➤ **Further, if the HSN of any Goods/Service is otherwise valid but not accepted on GST Portal/ e-invoice Portal / e-way Bill portal, please raise a ticket on GST Self-Service Portal**

GST Technical Updates – GSTN

Implementation of Rule-59(6) on GST Portal

Date: 26-08-2021

- Rule-59(6) of CGST Rules, 2017; inserted vide Notification No. 1/2021 dated 1st January 2021, provides for restriction in filing of GSTR-1 in certain cases :
 - a) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for preceding two months;
 - b) a registered person, required to furnish return for every quarter under the proviso to sub-section (1) of section 39, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period;
- This Rule will be implemented on GST Portal from 1st September, 2021. On implementation of the said Rule, the system will check that whether before the filing of GSTR-1/IFF of a tax-period, the following has been filed or not:
 - a) GSTR-3B for the previous two monthly tax-periods (for monthly filers), Or
 - b) GSTR-3B for the previous quarterly tax period (for quarterly filers), as the case may be. The system will restrict filing of GSTR-1/IFF till Rule-59(6) is complied with.
- This check will operate on clicking the SUBMIT button of GSTR-1 and the system will give an error message if the condition of Rule-59(6) is not met
- *Implementation of Rule-59(6) on the GST Portal will be completely automated, similar to the blocking & un-blocking of e-way bill as per Rule-138E and facility for filing of GSTR-1 will be restored immediately after filing of relevant GSTR-3B. No separate approval would be needed from the tax-officer to restore the facility for filing of GSTR-1.*

GST Technical Updates – GSTN

Restricting taxpayers to opt for Composition Scheme, through Form CMP-02 and Form GST REG-01, based on their AATO & sending an alert on crossing the threshold limit

Date: 16-08-2021

- Applicant Taxpayer will be blocked from applying for Composition Scheme for a PAN, using new registration application (REG-01), if the threshold of the said PAN based 'Aggregate Annual Turnover', computed for the already registered GSTINs (with same PAN) for the previous financial year is above the threshold limit.
- This restriction will also be applicable to the taxpayers, at the time of filing of Form GST CMP-02, to opt in for composition scheme, at the beginning of any financial year.
- As and when the threshold for composition scheme is exceeded (as per the specified quantum of Rs 1.5 Crore/ 75 Lakh, as notified for the respective States/UTs) for a taxpayer, alerts would be send to them, for information and necessary action at their end. Thereafter the Taxpayer can apply to opt out of Composition Scheme.

***Note:** PAN based annual aggregate turnover are computed on the basis of the turnover declared in Form GST CMP-08 and return filed in Form GSTR-3B, by the Composition or Normal Taxpayers in their immediately preceding financial year and also for the current financial year.*

GST Technical Updates – GSTN

Download of Form GSTR-4A in excel for the composition taxpayers

Date: 16-08-2021

- Form GSTR-4A is an auto-drafted statement generated for Taxpayers opting for Composition levy, containing details reported by their registered suppliers (in their Form GSTR-1/ GSTR-5) and by their TDS deductors (in their Form GSTR-7).
- A facility to download the details of Form GSTR-4A, in an Excel file, has now been made available to such taxpayers. This Excel file would contain consolidated summary of the supplies at GSTIN level, for the complete financial year, which are required to be reported in Annual Return, filed by them in Form GSTR-4.

Filing of Form GSTR-1 by the taxpayers under QRMP Scheme on cancellation of registration

Date: 16-08-2021

- In case registration of a taxpayer under QRMP Scheme is cancelled, with effective date of cancellation being any date after 1st day of Month of a quarter, they would be required to file Form GSTR-1 for the complete quarter, as the last applicable return.
- **Example:** if the taxpayer's registration is cancelled w.e.f. 1st of April, they are not required to file Form GSTR-1 for Apr-June quarter and Form GSTR-1 for Jan-Mar Quarter will become the last applicable return.
- However, if the registration is cancelled on a later date during the quarter, the taxpayer would be required to file Form GSTR-1 for Apr-June quarter. In such a case the facility for filing the form will open on 1st of month following the month with cancellation date i.e. if cancellation has taken place on 20th May, Form GSTR-1 for Quarter Apr-June can be filed anytime on or after 1st of June.

GST Technical Updates – GSTN

Seeking adjournment of dates in a SCN proceedings and submitting undertaking for not filing of appeal against order of rejection

Date: 16-08-2021

- Taxpayers have now been provided with a facility on the GST Portal, to request for extending the due date for filing of reply or for adjourning the personal hearing, after a SCN has been issued by the tax officer in a refund case and date of personal hearing has been fixed. To access the same, they can navigate to **Services > User Services > My Applications > Case Detail > Notice/Acknowledgement tab-GST RFD-08**.
- Taxpayers have also been provided with a facility on the portal, to submit an undertaking that they shall not appeal against the order passed by Tax Officer, in Form GST RFD-06, rejecting the refund amount claimed, either partly or fully. For this they can navigate to **Services > User Services > My Applications > Case Details > Orders tab-GST RFD-06**.

Updating the Annual Aggregate Turnover (AATO) by taxpayers

Date: 04-08-2021

The Annual Aggregate Turnover (AATO) has been calculated based on the returns filed by the taxpayers. The detailed advisory on calculation methodology of AATO has been specified under the 'Advisory' hosted at Taxpayers' Dashboard. A functionality has been provided at the Common Portal to modify the AATO where taxpayers have reason to believe that the AATO has been calculated wrongly. In such cases, taxpayers may modify the Annual Aggregate Turnover (AATO). In case such modification is made beyond a certain limit (as specified in the 'Advisory'), the same shall be sent to the jurisdictional officer's Dashboard for appropriate action, if required.

However, it has been seen that many taxpayers have used the functionality to modify AATO just for confirming it, which is not required. In case, the AATO is correct in their opinion, they are not required to take any action.

GST Technical Updates – GSTN

Advisory for Taxpayers regarding Blocking of E-Way Bill (EWB) generation facility resume after 15th August, 2021

Date: 04-08-2021

The facility of blocking E-way bill generation had been temporarily suspended due to pandemic, in terms of Rule 138 E (a) and (b) of the CGST Rules, 2017, the E Way Bill generation facility of a person is liable to be restricted, in case the person fails to file their return in Form GSTR-3B / statement in CMP-08, for a consecutive period of two months / Quarters or more.

The government has now decided to resume the blocking of EWB generation facility on the EWB portal, from 15th August onwards.

Thus, after 15th August 2021, the System will check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08, and restrict the generation of EWB in case of:

- Non filing of two or more returns in Form GSTR-3B for the months up to June, 2021;
- Non filing of two or more statements in Form GST CMP-08 for the quarters up to April to June, 2021

CGA Articles

Highlights of RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme

After waiting for last 8 months for the announcement of the benefits under RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme, Ministry of Commerce & Industry under Department of Commerce has finally come out with the Scheme Guidelines by issuing the **Notification No. 19/2015-2020 dated 17th August 2021** providing for the contonur of the Scheme. It has also provided for the rate of benefit applicable on various products presently 8555 tariff lines being exported from India.

The brief highlights of the Scheme is as follows:

1. Brief Introduction of the Scheme

RoDTEP scheme is notified for the remission of duties, taxes and other levies at the Central, State and local level which are borne on the exported goods manufactured in India. It also include incidence of taxes suffered post manufacturing of the goods i.e. in respect of the distribution of exported goods. The benefit is not available in respect of those duties or taxes which are otherwise exempted or remitted or credited.

RoDTEP has been made effective from 1st January 2021 in respect of those exports where intention to claim the benefit has been manifested on the shipping bills. In respect of EOU, SEZ, AA etc., the benefit of RoDTEP may be implemented in future at the date to be decided by appropriate authority.

RoDTEP scheme is notified by the Department of Commerce. The Scheme shall be fully administered by the Department of Revenue. A separate committee has been constituted comprising of Department of Revenue with suitable representation of the Department of Commerce/DGFT, line ministries and experts on the prioritized sectors. The committee shall be responsible for the determination of the ceiling rates under the Scheme.

2. Objective of the Scheme

The objective of the scheme intends to compensate the duties/taxes/levies at the Central, State and Local level borne on the exported product including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product. Illustrative taxes would be as follows:

- i. VAT and Excise duty on the fuel (5 goods) used in self-incurred transportation costs;
- ii. VAT and Excise duty on the fuel used in generation of electricity via power plants or DG Sets;

CGA Articles

Highlights of RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme

- iii. VAT and Excise duty on the fuel used in running of machineries/plant;
- iv. Electricity duty on purchase of electricity;
- v. Mandi Tax/ Municipal Taxes/ Property Taxes;
- vi. Stamp duty on export documents;
- vii. Un-creditable CGST/ SGST/ IGST/ Compensation Cess on items falling under Section 17 (5) [passenger transportation vehicles, food and beverages, rent-a-cab, works contract services, etc.]
- viii. Un-creditable CGST/ SGST/ IGST/ Compensation Cess which normally gets lost due to defaults by suppliers, e.g. GSTR 2A default, Section 16 (2) default, Section 16 (4) default.

3. Difference between RoDTEP Scheme and MEIS Scheme

The distinguishing features of the MEIS & RoDTEP is tabulated below:

Point of Difference	MEIS	RoDTEP
Products	Almost all the products were covered under MEIS benefit.	There are few sectors i.e. pharmaceuticals, chemical, steel etc. are important sectors which have not been covered in the Scheme.
Benefit	The average rate of benefit under MEIS was between 2% to 7%	The benefit ranges between 0.01 to 4.3% of FOB. However, in majority of the products, benefit under RoDTEP is substantially lower (may be less than 50%) than MEIS benefit.
Restriction	MEIS was broad based scheme which was available to SEZ, EOU, advance authorization holder etc.	RoDTEP is very restrictive and SEZ, EOUs, advance authorization holders, etc have been covered in the ineligible categories with an option for some of these to confer benefit in future.
Country Specific	The quantum of benefit depended upon the country of exports. Exports to some of the countries were not entitled for benefit.	There are no country specific restrictions. Exports to all the Countries are covered in the Scheme benefit.

CGA Articles

Highlights of RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme

4. Overall Ceiling for claiming the benefit under the Scheme

The Scheme is within overall annual budget outlay to be determined based on budgetary allocation. The Scheme makes provision for determination of total overall benefit amount permissible under the Scheme for the year. This indicates that there could be ceiling on the maximum benefit within overall budget outlay. More clarity would emerge in future on overall ceiling aspect.

5. Mechanism of issuance of Rebate under the Scheme

Under the Scheme, a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB or fixed amount per unit of measurement as prescribed in the Appendix 4R to the Notification.

RoDTEP scheme is notified based on the classification of the products as per tariff heading at 8 digit level. The benefit is given for 8555 tariff items. However, there are some sectors i.e. steel, pharmaceuticals, chemical, textiles (covered by ROSCTL) etc which have not been given benefit under the Scheme. One need to examine the Appendix 4R to assess if their products covered under the Scheme.

The rebate is allowed subject to receipt of sale proceeds within the timeframe allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall never be deemed to have been allowed. The Scheme further provides that the rebate would not be dependent on the realization of export proceeds at the time of claim of rebate. However, in case the amount is not received as per timeframe, adequate safeguard measures by way of withdrawal of rebate along with interest and penalty, if any, (to be notified) has been provided in the Scheme.

The Scheme would be implemented through end to end digitization of issuance of rebate amount in the form of a transferable duty credit/ electronic scrip (e-scrip), which will be maintained in the electronic ledger by CBIC. Necessary rules and procedure regarding grant of RoDTEP claim under the Scheme and implementation issues including manner of application, time period for application and other matters including export realization, export documentation, sampling procedures, record keeping etc. would be notified by the CBIC on an IT enabled platform.

CGA Articles

Highlights of RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme

6. Nature and Uses of Scrips

RoDTEP would be issued in the form of transferrable scrips which could be used for paying Basic Customs Duty on import of goods or may be transferred electronically to other party. The benefit will not be in the form of direct credit to the bank account.

7. Ineligible Supplies/ Items Categories under the Scheme

Following are ineligible categories of exports/ exporters which shall not be eligible for the Scheme:

- i. Exports of imported goods as per para 2.46 of FTP i.e. Import for Export
- ii. Exports through transshipments, meaning exports originating in third country but transshipped through India
- iii. Export products subject to minimum export price or export duty
- iv. Products restricted for exports under Schedule 2 of Export Policy in ITC (HS)
- v. Products prohibited for exports under Schedule 2 of Export Policy in ITC (HS)
- vi. Deemed Exports
- vii. Supplies of products manufactured by DTA units to SEZ/FTWZ units
- viii. Products manufactured in EHTP and BTP
- ix. Products manufactured partly or wholly in a warehouse under section 65 of Customs Act, 1962 (i.e. MOOWR etc)
- x. Products manufactured or exported in discharge of export obligation against advance authorisation or DFIA or special advance authorisation issued under a duty exemption scheme of relevant FTP
- xi. Products manufactured or exported by 100% EOU
- xii. Products manufactured or exported by any of the units situated in FTZ, EPZ or SEZ
- xiii. Products manufactured or exported availing the benefit of Notification No 32/1997- Customs (i.e. jobbing transactions)
- xiv. Exports for which electronic documentation in ICEGATE EDI has not been generated or exports from Non EDI port
- xv. Goods which have been taken into use after manufacture (i.e. second hand goods).

Government, however, reserves the right to modify any of the above category for inclusion or exclusion under the Scope of RoDTEP, at a later date.

8. Monitoring, Audit and Risk Management System under the Scheme

For the purpose of audit and verification, the exporter would be required to keep records substantiating the claims made under the Scheme.

CGA Articles

Highlights of RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme

A monitoring and audit mechanism with an IT based Risk Management System (RMS) would be put in place by the CBIC, Department of Revenue to physically verify the records of the exporters on a sample basis. Sample cases for physical verification will be drawn objectively by RMS, based on risk and other relevant parameters.

CGA Recommends

GST Actionable for September 2021

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) of 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.

CGA Recommends

GST Actionable for September 2021

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.

3. 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

CGA Recommends

GST Actionable for September 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 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.

4. 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.

5. 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.

CGA Recommends

GST Actionable for September 2021

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.

CGA Recommends

GST Actionable for September 2021

- 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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