



COMMON MISTAKES IN GST

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Based on our interaction with companies, we are sharing certain common mistakes in GST compliance which are summarized below.

1. GST Returns

- a. Many suppliers file GSTR-3B but not GSTR-1 or vice versa
- b. Wrongly reporting outward supply liability under RCM or vice versa
- c. Non-reconciliation of GSTR-1 and GSTR-3B for the same month

2. Documentations and Records

- a. Non-issue of Tax Invoice (self-invoice) in case of RCM credit
- b. Non-fixing / display of GST registration Certificate / GSTIN at the entrance of the office / factory
- c. Non-issue of Receipt Voucher / Payment Voucher / Refund Voucher
- d. Non-filing of ITC-04 related to job work transactions
- e. Non-maintenance of ITC Register in a proper manner. Mainly not updating GSTIN of all suppliers which is essential at the time of reconciliation of ITC with GSTR-2A
- f. Raising of Debit Note first in case of purchase return rather than supplier raising Credit Note
- g. Issuing of separate delivery challan by job worker for returning of processed goods to the principal manufacturer

3. Outward Supply

- a. Non-payment of GST on recovery from employees
- b. Wrong selection of place of supply in case of "Bill To Ship To" transactions specially where Bill To is HO and Ship To is factory located in other State
- c. Non reporting of interest income under non-GST supply
- d. Non-payment of GST on commission received in foreign currency under Intermediary Service
- e. Non-payment of GST in case of free of cost service transactions with group companies
- f. Non-payment of GST on penalties charged by companies – such penalties are recovered by issuing Debit Note instead of Tax Invoice
- g. No knock off entries of advance received and its billing
- h. Non-payment of GST on advance received for supply of service

4. Reverse Charge Mechanism (RCM)

- a. Non-payment of GST under RCM specially in case of Govt. fees and ocean freight in case of import of goods
- b. Non-payment of GST under RCM on out of pocket expenses of advocate
- c. Non-payment of GST on import of services free of cost

5. Input Tax Credit (ITC)

- a. ITC availed without tracking date of payment – condition of payment within 180 days
- b. Availment of 100% credit on pre-paid expenses. 100% ITC will not be available in the same month since condition of receipt of service is not satisfied
- c. Non-reversal of ITC in case of free sample / write off / gift / personal consumption
- d. Non-availment of ITC on banking transactions due to non-receipt of invoices or ITC is availed on back statement but not on bank invoice.

- e. Non-payment of GST / non-reversal of ITC in case of receipt of insurance claim.
- f. Non-availment of ITC on air tickets since air travel agent provides his GSTIN instead of company. OR in other cases, air travel agent provides GSTIN of the company however, ITC is not availed due to non-availability of tax invoice of airline company.
- g. Non-availment of ITC on repairs / renovation of office or factory when such expenses are not capitalised
- h. Availment of ITC on canteen / employee transport service from September 2018 without issue of Notification to give effect. ITC on such services will be available w.e.f. 1st February 2019.
- i. ITC of CGST and SGST of one State is wrongly claimed in other State – e.g. hotel accommodation
- j. Availment of ITC on RCM in the subsequent month instead of in the same month
- k. Carry forward of credit in TRAN-1 which was not reported in returns filed under excise, service tax and VAT but availed in books

6. Refund related to Export Of Goods / Services

- a. Reporting of export under NIL or exempted supply
- b. Following points to be considered while exporting on payment of IGST:
 - Correct Shipping Bill number to be mentioned in GSTR-1 return;
 - Port code should be correctly mentioned in GSTR-1 return;
 - Invoice number mentioned in GSTR-1 and invoice number mentioned in Shipping Bill should be matched;
 - IGST paid amount indicated in GSTR-1 should match with IGST paid amount indicated in Shipping Bill;
 - Details reported in EGM should match with export details mentioned in Shipping Bill; and
 - Bank account details available with Customs should be correct.