



TO-DO'S FOR SEP MONTH GSTR – 3B FILING

CMA Bhogavalli Mallikarjuna Gupta
Chief Taxologist – Logo Info Soft

The month of September is very critical for GST Registered taxpayers as it provides the last chance for any corrections of errors that were reported or for availing input tax credit, etc., for the transactions related to the period 1st April 2019 to 31st March 2020. These rectifications or corrections have to be carried out in GSTR – 3B for the month of September and the due date for filing is 20th Oct 2020.

One of the basic questions which comes to any one's mind is, Is the due date for the month of September or the date of filing of the September month return for carrying out the rectifications and availing input tax credit?

There should not be any confusion on this point as the provisions of the law are very clear and the wording used in the provisions is "due date for the September months return."

For availing input tax credit - Section 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 invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Rectification - Section 39(9) first proviso

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.

Rectification for TCS – Section 52(6) first proviso

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.

For Rectifications - Section 37 (3), First Proviso

Provided that **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.

Issue of Credit Notes - Section 34(2)

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 such manner as may be prescribed:

For rectification and availing input tax credit, it is clearly worded in **Section 39(9) first proviso, Rectification for TCS – Section 52(6) first proviso & Section 37 (3), First Proviso** as “no such rectification & allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year” and same in the case for availing input tax credit under **Section 16(4)**.

The taxpayers and professional have to consider the following aspects while filing the GSTR – 3B for the month of September 2020 are

Availing Input Tax Credit & Matching

One of GST rollout's major benefits for the trade and industry is the availability of input tax credit seamlessly across the supply chain cycle. Though input tax credit is available, there are certain restrictions on the same, and they are given in Section 16, Section 17(5), and in the corresponding rules.

The input tax credit can be availed only when the recipient has received the goods or services as per the provisions of Section 16(2)(b) of the CGST Act 2017. In this context, verify that the goods and services are received. There can be challenges, especially in the case of services like Annual Maintenance Contracts, the invoice is issued before the completion of service, and it is spread over some time. In such cases, properly informed decisions have to be taken else the input tax credit claimed has to be reversed along with the interest if found during scrutiny or audit or as part of some investigation by the departments.

Verify the inward register maintained at the factory gate with the Purchase register and ensure that the input tax credit is claimed on all the supplier's invoices and if any are not claimed, claim the same before filing the GSTR – 3B for September 2020.

Section 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 invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Verify for any invoices filed by suppliers in GSTR – 1, and the same is missing in the purchase register. Track such invoices in the organization, account for the same, and avail the input tax credit else will lapse.

Matching is applicable in GST from the day of rollout as Matching is falling under section 42 of the CGST Act 2017 and notified wide Notification No 9/2017 – Central Tax dated 28th June 2017. Though it is notified, enforcement was lacking, and some of the errant taxpayers were claiming input tax credits without receipt of goods or services. To curb this menace, the Government has notified with restriction of matching wide Notification No 49/Central Tax – dated 9th Oct 2020, where it made mandatory for matching with 20% restriction. The same was relaxed with effective from 1st Jan 2020 wide Notification No 75/Central Tax dated 26th Dec 2020. The same has been relaxed on account of the pandemic like situation, and matching for availing input tax credit has been relaxed for the months Feb 2020 to September 2020 wide Notification No 30/2020 – Central Tax dated 3rd April 2020.

The taxpayers have to do matching of their purchase registers with the GSTR – 2A, and then only the final input tax credit has to be claimed. The input tax credit, if reversed or claimed, has to be done only in the September GSTR – 3B only else the same will lapse. Matching has to be especially for February and March 2020 and included in the September GSTR – 3B.

Verify from the purchase register that all the invoices are reflected in GSTR – 2A else escalate the same with the supplier of goods or services. In case if they do not file their returns and the same is not reflected, the loss of input tax credit can be recovered from the supplier in future purchases or adjusting the same from the payment due to him / her if any or issuing a financial debit notes based on the circumstances and relation with the supplier.

In some cases, the supplier must have updated the B2B supply as B2C supply, resulting in the same not being reflected in GSTR – 2A, advise the supplier to rectify the same through Amendments functionality provided in GSTR – 1.

There can be some cases, the GSTIN may be mentioned of another state and updated while reporting in GSTR – 1 by the supplier, in such cases escalate the same and get it rectified. In case, if input tax credit is wrongly taken in another state based on the GSTR – 1 of the suppliers, the same should be reversed and interest has to be paid for wrong availing and utilising the input tax credit else, the department may issue notice under Section 74 for wrong availing input tax credit.

Issue of Debit / Credit Notes

In the normal course of business process, the supplier of goods or services, or both issues tax invoices. If there is any change in price or issues in the quality of goods or services delivered for any other business reason, it is common to issue a Debit or a Credit Note. There is a time limit for the issue of Credit Notes but not for the issue of Debit Notes.

The sales and billing department has to be advised to issue the credit notes before the filing of GSTR – 3B for Sep 2020. This will help in closing the pending issues and minimize the cash flows as the Credit Notes being issued, will reduce the tax liability. Many taxpayers would be required to issue Credit Notes on account of lockdowns and business disruptions caused due to the pandemic.

Though there is no time limit for the issue of Debit Note but is advised to issue the same as the same will minimize the pending issues, the issue of debit notes brings in additional cash into the system, which has become scarce due to the business disruptions on account of the pandemic.

Reconciliation between GST Returns & Books of Accounts

The outward supplies return filed from 1st April 2019 to 31st March 2020 has to be matched or reconciled with the books of accounts and the liability declared and paid through GSTR – 3B. This will ensure no differences between the three sets of data and enabled filing of GSTR – 9 and GSTR – 9C easily without any issues.

If there are any missing invoices where they are updated in GSTR – 1 but liability is not paid, the same should be included in the GSTR – 3B liability for Sep 2020.

If any excess tax paid for the said period through GSTR – 3B, then the same should be reduced from the GST liability in Sep 2020, this will reduce the cash outflows. Also, do prepare a reconciliation statement for the same for future reference.

If any accounting entries are missing in the books of accounts but recoded in GSTR – 1 and the corresponding tax has been paid, update the books of accounts accordingly.

Identify all the debit notes and credits notes have been accounted for properly, and they are reported in GSTR – 1 and tax liability is adjusted in GSTR – 3B.

Rectification of Errors

To error is human, and it is a human tendency to commit errors. While filing the GST returns, the data may be wrongly punched. All such records have to be identified and rectified before filing of GSTR – 3B of September.

- GSTIN may be entered wrongly
- The GSTIN of the supplier entered wrongly – for state A, state B might be entered
- B2B supplies wrongly classified under B2C
- Date of the tax invoice wrongly entered
- GSTIN of customer A is entered as customer B

- Invoice amount wrongly entered - Rs 10,000 entered as Rs 1,000 or Rs 1,00,000
- SEZ supplies reported as B2C supplies
- Exempted supplies not reported
- Non-GST Supplies not reported

Above mentioned above are some of the errors, and they have to be rectified in the GST Returns before the filing of the GST Return for Sep 2020. As per the provisions and the taxpayer has to rectify the above errors. Most of the above-reported errors have to be rectified in GSTR – 1 / GSTR – 6,7 & 8.

The above data entry errors have to be rectified through the Amendments, and the provision of rectifying through amendments may be disabled after the filing of Sep 2020 returns. To avoid any challenges in the filing of GSTR – 9 and 9C, it is recommended for the taxpayers to rectify the same through amendments else it will be a challenge while preparing the data for the annual or audit return.

The points mentioned above are indicative and may vary from taxpayer to taxpayer. It is also recommended to address the following during the September return filing

1. Inputs sent on job work if not returned within the stipulated period; tax invoice has to be issued
2. Avail the input tax credits if any is missed out
3. If the supplier is not paid within 180 days, the input tax credit claimed should be reversed
4. There is an exemption for reporting input tax credit by classification for the first two years only; the taxpayers must classify and claim input tax credit accordingly. If not done, prepare a reconciliation statement and validate that the same match the input tax credit claimed in GSTR – 3B.
5. Verify If any employee gifts above Rs 50,000 on which tax liability has to be paid
6. Verify if any input tax credit has to be reversed for the goods given without any consideration
7. Verify if any shortages or damage to stock on which input tax credit has been claimed? If any such items are there, reverse the input tax credit
8. Validate the input tax credit reversed on common inputs for taxable and exempted supplies being reversed
9. Verify input tax credit has been reversed on a pro-rata basis on capital goods from one state to another state
10. Verify the financial credit notes and debit notes issued are as per the provisions of the law else issue GST Credit / Debit Notes.
11. Validate and verify that physical copy of invoices are received and filed properly from the supplier of goods or services or both. If any are missing, do the needful.
12. Validate and verify if the input tax credit has been claimed only receipt of the goods or services or both.
13. Validate and verify all the invoices, debit and credit notes are reported in GSTR – 1 and if any missing and GSTR – 1 for the month of the September is filed, verify the tax liability has been discharged in the previous months, if not pay the same through GSTR – 3B of September 2020.
14. In case of supplier of services, verify and validate that the advance receipts from the customers are accounted and GST is paid on them along with issue of Receipt Voucher.
15. In case of any return of advances to customers, validate and verify the same is adjusted in the GST returns and Refund Voucher is issued.
16. Reconcile the Cash Ledger, Input Tax Credit Ledger and Liability Ledger generated on GST portal with the books of accounts and rectify the same if any differences are observed.
17. If stock transfer is applicable, verify and validate the goods are received and input tax credit claimed.
18. Validate and verify all B2B invoices are reported correctly in GSTR – 1 else rectify the same.
19. Verify and validate that GST liability has been discharged properly in applicable RCM transactions.
20. Review the foreign currency payments for ascertaining the RCM
21. Verify and validate if input tax credit has been claimed on Reverse Charge transactions as per the provisions of the law.

22. Verify and validate if interest is paid on input tax credit wrongly availed and reversed on voluntary basis if any.
23. In case of TCS applicability, the returns have been filed and TCS liability has been discharged correctly.
24. In case of TDS applicability, the returns have been filed and TCS liability has been discharged correctly.
25. Verify and validate, the TCS and TDS recovered by the customer and supplier is reflected correctly in Cash Ledger.

The above-mentioned points are indicative list only and may vary from taxpayer to taxpayer and professional. Administrator proper care and due diligence before filing of GSTR – 3B for the month of Sep 2020. Also, wherever possible, maintain a reconciliation statement along with the document number and date as it will help if preparation of GSTR – 9 without any challenges. Though the above tasks are time consuming, it is required to complete the above steps as it will save the cash outflows and also litigation down the line. Ideally speaking some of the above steps can be avoided and minimize the complexity, if the taxpayers and professional do reconciliation before filing of GSTR – 1 and GSTR – 3B.

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