



GSTR 2B – AN OVERHAUL OF THE ITC MECHANISM – OVERVIEW AND CHALLENGES

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Introduction

A new Auto-generated, ITC statement has been introduced in the GST portal – The GSTR -2B which is available to all regular taxpayers from tax period July 2020 which is made available on trial basis, in the month of August 2020. GSTR 2B contains information relating to ITC available to a Taxpayer for a particular month.

Rule 36(4), specifies that the Input Tax Credit claimed by a person for invoices not uploaded by Vendors cannot exceed by more than 10% the Input Tax Credit for invoices uploaded by Vendors in their GSTR 1 Returns. Pursuant to this, the 39th GST Council Meeting, it had been recommended to implement linking of GSTR1 & GSTR 2A with GSTR 3B. GSTR 2B is to enable the tax payer to comply with the Rule 36(4).

Notification No. 82/2020– CT dt. 10.11.2020, has introduced the CGST (THIRTEENTH AMENDMENT) RULES, 2020, making amendments in Rule 61 And Form Gstr-1; Substitution of Rules 59, 60 And 61; Insertion Of Rule 61A & Form GSTR – 2B, and thereby introducing GSTR 2B w.e.f. 1.1.2021.

This introduction of GSTR 2B is also be seen in the light of the Government issuing the following notifications (in addition to Notfn 82/2020 as above) to implement the Scheme of quarterly return filing along with monthly payment of taxes (“QRMP Scheme”) and Invoice Furnishing Facility (IFF):

Notfns - CT dt. 10.11.2020	Amendments
83/2020	Due date for GSTR 1 in case of QRMP
84/2020	Deemed Option for QRMP
85/2020	Payment of Tax for persons opted for QRMP

GSTR 2B – Overview

Unlike GSTR 2A, GSTR 2B is a static Statement, which does not change once it is generated for a period. The ITC information in GSTR 2B, is based on the GSTR-1 (and Invoice Furnishing Facility for the first 2 months, for those taxpayers availing QRMP) filed by Vendors for the said month.

The details of input tax credit shall be made available to the registered person in FORM GSTR-2B, shall consist of —

GSTR-2B is generated on the basis of the GSTR-1 (and Invoice Furnishing Facility for the first 2 months, for those taxpayers availing QRMP), GSTR-5 and GSTR-6 furnished by the suppliers. It also contains information related to import of goods from the ICEGATE system. GSTR 2B will clearly show document-wise details of ITC eligibility. GSTR 2B -Summary Statement shall show the ITC available and unavailable for every section – (a) Part A captures the summary of credit that may be availed in relevant tables of FORM GSTR3B, (b) Part B captures the summary of credit that shall be reversed in relevant table of FORM GSTR3B.

The Statement in FORM GSTR-2B for every month shall be made available to the registered person,-

(a) **For the first and second month of a quarter**, a day after the due date of furnishing of details of outward supplies for the said month, in the Invoice Furnishing Facility (IFF) by a registered person

required to furnish return for every quarter u/s 39(1) Proviso, **or** in FORM GSTR-1 by a registered person, by other persons, **whichever is later**;

- (b) **In the third month of the quarter**, a day after the due date of furnishing of details of outward supplies for the said month, in FORM GSTR-1 by a registered person required to furnish return for every quarter u/s 39(1) Proviso

Note: GSTR 2B shall contains the details of ITC from its due date of its generation for the earlier month and till the due date of its generation for the relevant month.

Steps to download GSTR-2B from the GST Portal

Step 1: Log in to the official GST portal.

Step 2: Go to the 'Returns Dashboard'.

Step 3: Choose the relevant tax period (Month and Year)

Step 4: Click on form 'GSTR-2B'

Step 5: Click on the 'Download' button then the taxpayer can save the statement.

Comparison – GSTR-2A and GSTR-2B

Point of Contention	GSTR-2A	GSTR-2B
Nature	Dynamic	Constant
Periodicity/Availability	Monthly	Monthly
Information Sources	GSTR-1, GSTR-5, GSTR-6. Further, GSTR-7, GSTR-8 (TDS / TCS)	GSTR-1, GSTR-5, GSTR-6, ICEGATE
ITC on import of goods	Unavailable	Available, including Import of Goods from SEZ Units/Developers

Issues in GSTR 2B

- Limit on ITC availment under Rule 36(4)** – The purpose of GSTR 2B is to ensure compliance with Rule 36(4). Once GSTR 2B is made mandatory, availment of ITC by a Tax payer for invoices not uploaded by Vendors cannot exceed by more than 10%, the Input Tax Credit for invoices uploaded by Vendors in their GSTR 1 Returns.
- Claiming ITC based on Invoice:** The Current Practice of claiming ITC based on Invoices, will become difficult, as the same may result in Tax payers receiving notices from the Department if the said Invoices do not reflect in GSTR 2B.
- GSTR 1 uploaded but not submitted:** Data uploaded by the supplier but not submitted shall not be available in GSTR-2B. Presently such Invoices are shown in GSTR 2A as “not submitted” by Vendor
- Ineligible ITC where Place of Supply another States:** For Example, if a Taxpayer registered in Tamil Nadu stays in a hotel in another state (Ex: Andhra Pradesh), then such CGST and APSGST will not reflect since the Place of supply is in another State. (The Author believes that atleast CGST part of this credit should not be denied under GST Law)
- Ineligible ITC where Invoice uploaded after Time Limit u/s 37:** For Example if the Invoice for the FY 19-20 is uploaded by the Vendor in the month of October after the Cut-off Limit u/s 37 Proviso, the ITC in respect of such Invoices will be not available in GSTR 2B

Conclusion

GSTR 2B has been enabled on portal on Trial basis during August 2020. However, once GSTR 2B is made mandatory, the above challenges will faced by the Tax Payers. Whether GSTR 2B has any legal sanction is itself questionable. Further, the current economic environment is also challenging considering COVID 19 pandemic. Therefore, considering these aspects, Govt. can postpone the mandatory implementation of GSTR 2B atleast till April 2021.