



SIMPLIFIED GST RETURNS

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The GST Council approved new, simplified GST Return formats during its 28th meeting held on the 21st of July 2018 in New Delhi. The below write up is an attempt to explain the new terms and underlying concept of the new GST return.

Small Taxpayers

Taxpayers who have a turnover up to Rs.5 crores in the last financial year shall be considered small. A newly registered taxpayer shall be classified on the basis of self-declaration of estimated turnover. These small taxpayers shall have facility to file quarterly return with monthly payment of taxes on self-declaration basis. However, the facility would be optional and small taxpayer can also file monthly return like a large taxpayer.

Monthly GST Returns

The monthly returns are compulsory to be filed for taxpayers having turnover above Rs.5 crores. The return is simple with two main tables - One to report outward supplies and another for availing ITC based on invoices uploaded by the supplier. The monthly returns are not applicable to small taxpayers, composition dealers, Input Service Distributor (ISD), Non Resident registered person, persons liable to collect tax at source or deduct tax at source. The due date to file monthly return is 20th of next month.

Quarterly GST Returns

Regular taxpayers with a turnover of up to Rs.5 crores can now file GST returns on a quarterly basis against the earlier limit of Rs.1.5 crores. Return can be either 'Sahaj' or 'Sugam', wherein the first one, report only B2C supplies and the other report both B2B & B2C supplies, respectively. The quarterly returns will be mostly be similar to the monthly returns, but require lesser information to be filled as compared to the regular returns.

Periodicity Option

During the course of the year option to change from monthly to quarterly or vice-versa shall be allowed

only once. This is necessary to avoid confusion for the taxpayer and also to avoid complex validations in the IT system. Option to change from monthly to quarterly or vice-versa shall be allowed only at the beginning of any quarter.

Nil Return

Nil returns are those with no output tax liability and no Input tax credit both satisfied. But have to report by SMS, the NIL transaction statement /declaration the first and second month of that Quarter. Hence the concept of NIL return has been envisaged with reference to quarter and not month.

Amendments to the return

The current return filing process did not have the concept of filing a revised return and for any amendments, the invoices filed previously had to be amended.

The new process, however, will have a provision for amendment in returns itself. The taxpayers can file a revised return called as amendment return. This would allow them to make corrections in the data and accordingly in the tax payments and thus avoid any interest liability on tax payment if any.

Continuous uploading and viewing of Invoices

Invoices can be uploaded continuously by the seller anytime during the month and can be continuously viewed and locked by the buyer for availing input tax credit. The new simplified process can be summarised as - 'UPLOAD-LOCK-PAY'. For availing input tax credit, uploading of invoices by the seller and acceptance of invoices by the buyer is a must. Invoices uploaded by supplier by 10th of the next month auto-populated in the liability table of the main return of the relevant tax month. The screen where it shall be visible to the recipient is hereafter called "viewing facility" shown as "inward annexure" in the return document. Input tax credit shall be posted in the relevant field of the input tax credit table of the return of the recipient by 11th of the next month.

Viewing Facility

The screen where invoice is visible to the recipient is hereafter called “viewing facility” (shown as “inward annexure” in the return document). Apart from uploaded invoices, recipient can also view;

- a) The return filing status of the supplier, after the due date for the filing of return is over
- b) The trade name of the supplier.

Missing invoice reporting

What if the supplier does not upload the Invoices / Documents? Then, Reporting of missing invoices by the recipient can be delayed up to two tax periods to allow the recipient to follow up and get the missing invoice uploaded from the supplier. Purchase invoices received by the recipient on which input tax credit has been availed but not uploaded by the supplier shall be reported by the recipient filing monthly return in the return filed after two tax period. Taxpayers filing quarterly returns shall report missing invoices in the next quarter.

Pending Invoices

After uploading of invoices by the supplier, three situations exist for pending invoices by the recipient;

1. the supply has not been received by the recipient or
2. where the recipient is of the view that the invoice needs amendment or
3. where recipient is not able to decide whether to take input tax credit for the time being.

These invoices are called pending invoices. Pending invoices shall be reported by the recipient and no input tax credit shall be availed by the recipient on such pending invoices.

Amendment of Invoices

Once an invoice is locked by the recipient, no amendment of the same shall be allowed. Any rectification can be done either by issue of debit /credit note or unlocked online by the recipient himself subject to reversal of the input tax credit by him and online confirmation thereof.

So, Amendment of an invoice may be carried out by the supplier where input tax credit has not been availed and the invoice has not been reported as locked by the recipient

Tax Payment

Monthly Returns filers: Liability declared in the return shall be discharged in full at the time of

filing of the main return by the supplier as is being done at present in the present return FORM GSTR 3B.

Quarterly Returns filers: Although small taxpayer shall be required to file the return quarterly but periodicity of tax payment is monthly. In the first and second month of every quarter, they would use a payment declaration form. In this, self-assessed liability and input tax credit on self-declared basis shall be declared. But this will be full payment of the liability arising out of uploaded invoices only.

Conclusion

The above revision is the welcome step toward **ease of doing business**;

- Most taxpayers would file single monthly returns. The original scheme required 3 monthly returns.
- There would be facility for continuous uploading of invoices by the supplier anytime during the month. Under present scheme of returns, the invoices are uploaded monthly or quarterly as per turnover of taxpayer.
- Invoices uploaded by the supplier by 10th of succeeding month shall be auto-populated in the liability table of the main return of the supplier. These invoices shall be available for availing input tax credit in the return filed by the recipient.
- According to the government, about 93 per cent of the taxpayers have a turnover of less than Rs.5 crore and these taxpayers would benefit substantially from the above simplification.

It's simple yet effective system to properly implement the system of returns. The new formats are expected to come into force w.e.f. 1st January 2019.