



## CHECKLIST FOR FILING OF GSTR - 3B FOR THE MONTH OF SEPTEMBER 2018

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One of the main features of Goods and Service Tax is the availability of the Input Tax Credit across the supply chain cycle. This statement provides very soothing sound to the trade and industry but it has certain conditions to be fulfilled to take advantage of this statement. As there is no matching for the time being as the Government has differed it, now it has become more critical to ensure that all the conditions mentioned in the Act and Rules are fulfilled and for this, the filing of the GSTR – 3B return for the month of September 2018 is very vital. As per the provisions of Sub-section 4 of Section 16 of the CGST Act 2017, input tax credit can be claimed on the tax invoices or debit notes issued by the supplier in the previous financial year for supply of goods or services or both has to be claimed by 20<sup>th</sup> October 2018 i.e. before filing of the monthly return for the month of September 2018 basis of provisions of Section 39 of the CGST Act or filing of annual return as per provisions of Section 44 whichever is earlier. As GST is rolled out from 1<sup>st</sup> July 2017, the input tax credit on all in the inward supply of goods or services or both has to be claimed by 20<sup>th</sup> October as the due date for filing of September 2018 GSTR – 3B is that date based on the provisions notified wide Notification No. 34/2018 – Central Tax dated 10<sup>th</sup> August 2018.

Basis of the above provisions it is clear that input tax credit can be claimed only for all the transaction from 1<sup>st</sup> July 2018 to 31<sup>st</sup> March 2019 by 30<sup>th</sup> September 2019.

The following are the points to be considered before filing the GSTR – 3B for the month of September 2018.

1. Verify all the tax invoices / debit notes issued as per the provisions of Section 12, 13, 14, 31 & 34 by the supplier of goods or services or both are received and accounted.
2. Verify and ensure that tax invoice is received for the goods or services or both for which input tax credit is being claimed – clause “a” of sub-section 2 of section 16 of the CGST Act 2017
3. Verify and ensure that all the goods or services or both have been received before claiming the credit – clause b of sub-section 2 of section 16 of the CGST Act 2017. Certain cases like Annual Maintenance Contracts, the invoice is issued before the completion of service and it is spread over a period of 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.
4. Verify and ensure that in case if goods are being received in lots, the final lot is received, - the first proviso of sub-section 2 of section 16 of the CGST Act 2017
5. Verify and ensure that all the information related to tax invoice or debit note is there on the documents issued by the supplier of the goods as per provisions of Rule 46 of the CGST Rules 2017 like GSTIN Numbers, date of invoice, Invoice Number, Place of Supply, HSN Code, Tax Rate and Tax Amounts are there on the tax invoice.
6. Verify and ensure that the tax amount is entered in the financials for the amount issued by the supplier on his tax invoice. Normal practice is overriding the value of the tax invoice in case of any shortages / breakages or variation in the quality etc., If any such cases exist insist for a credit note from the supplier as per provisions of Section 34 of the CGST Act 2017.
7. Verify and ensure that all such credit notes issued by the supplier are accounted accordingly.
8. Verify the time of supply for the reverse charge transactions correctly – the time of supply for reverse charge transactions is based on the conditions given in section 12 and 13 of the CGST Act. – especially for transactions where the payments or goods or received before 13<sup>th</sup>

of October 2017 and are part of the imprest statements accounted after 13<sup>th</sup> October 2017 as most of the assume that reverse charge is not applicable from this date basis of the Notification No. 38/2017 – Central Tax (Rate). But the provisions of the time of supply for reverse charge has to be considered and accounted accordingly.

9. If any of such transactions are found, pass necessary accounting entries for reverse charge including interest and pay the same.
10. Verify and ensure that tax invoices are issued for the reverse charge transactions, a single invoice can be issued for all the reverse charge transactions basis of the first proviso for Rule 46 of the CGST Rules 2017.
11. Verify and ensure that for all the advances paid to unregistered taxpayers, payment vouchers issued as per provisions of clause g of sub-section 3 of section 31 of the CGST Act 2017.
12. Verify and ensure that receipt vouchers are issued for the all the customer advances till 15<sup>th</sup> November, 2017 the date on which Notification No. 66/2017 – Central Tax is issued. As per the Explanation 2 given in the Sub-section 2 of Section 12 of the CGST Act, the earlier of the dates on which the amount is deposited in the bank account or credited in the books of accounts has to be considered. Verify the bank statement and ensure that receipt vouchers are issued accordingly.
13. Where ever customer advances are returned verify if refund voucher is issued for the same or not. If not issue / generate the same preserve the same for future audit and verifications. Also ensure that accounting entries are passed in the accounting system.
14. Verify the Creditors aging statement or supplier invoices for where payment is not made partially for fully within 180 days from the Supplier's invoice date. As per the second proviso of Section 16 of CGST Act 2017 and Rule 37 of the CGST Rules, the amount of input tax credit availed has to be reversed along with interest as per provisions of Section 50 of the CGST Act. The rate of interest is notified wide Notification No. 13/2017 – Central Tax dated 28<sup>th</sup> June 2017, the rate is 18% p.a and if the same is observed and found by the department during scrutiny or audit then penalty also has to be paid @ 24% p.a.
15. Verify the date on which returns have been filed and the actual due date for filing of the returns. If the returns are filed after the due date, ensure that interest is paid for the delayed days as per the provisions of Section 50 of the CGST Act 2017, in case if the same is found out during the audit or scrutiny then penalty is also applicable along with interest.
16. Verify If all the accounting entries related to liability payment, input tax credit utilization are passed and the balances of the taxes liability, input tax credit and cash tally with the accounting ledgers and ledgers maintained at GSTIN. If there are any differences, pass necessary accounting entries for the same.
17. Verify if any debit notes have to be issued to the customers, if yes issue the same before the filing of the September 2018 monthly return else the customer cannot avail the input tax credit on it and it has to be unnecessarily absorbed in the P & L account.
18. Verify the stock as per the book balance and physical stock, if there is any difference, the input tax credit claimed has to be reversed on the shortages / differences. Input tax credit can be claimed only on the goods or services or both used or intended to be used in the course or in the furtherance of business as per the provisions of sub-section 1 of section 16 of the CGST Act and the reversal has to be done based on the provisions of clause h of sub-section 5 of section 17 of the CGST Act. There it is clearly mentioned as blocked ITC, that means input tax credit has to be reversed.
19. Verify and ensure that in case of capital goods, the date on which the input tax credit availed and the date of capitalization of the assets are same, if not pass necessary adjustments for reversal of ITC along with payment of interest in the GSTR – 3 B of September 2018 and also the necessary accounting entries. This is required due to the definition of the capital goods given in sub-section 19 of section 2 of the CGST Act 2017.
20. Ensure that ITC on all the tax invoices is claimed where ever eligible like bank charges and on business related expenses, if not claim them in the month of September before filing GSTR – 3B. For availing input tax credit on bank charges ensure that the GSTIN of the bank and taxable person's GSTIN are mentioned on the bank statement.
21. Ensure that the provisions on the blocked credit are followed else penal provisions as per section 74 will be levied if found during the

- audit or scrutiny or as part of any other investigation carried out by the departments
22. Verify and ensure that for the tax invoices issues, the provisions of Rule 46 of the CGST Rules are followed and issued basis of Section 12, 13 and 14 of the CGST Act 2017.
  23. Verify and ensure that the valuation for the tax invoices is done in accordance with provisions of Section 15 of the CGST Act and from Rule 27 to Rule 36 of CGST Rules 2017 are followed properly.
  24. Take a trial balance for the 31<sup>st</sup> march after considering all the above points and verify the GST related account balances are matching with your GST Return balances, if to find the reasons and rectify the same before the filing of the September GSTR – 3B.
  25. In case if you are having more than one registration number ensure that the financial data matches with the sum of all the states returns for outward supplies, ITC etc.
  26. If any transition credit is availed, ensure that you have all the supporting documents, in case if there are any missing documents or excess claimed, reverse the same before filing GSTR - 3B of September.
  27. In case if you feel any of the registration numbers are not used and if required you can surrender the same so that your compliance cost comes down.
  28. In case of stock transfers, reconcile the stock sent from one GSTIN and received at the other GSTIN, if there any differences rectify the same before filing GSTR – 3B
  29. In case if the stocks are transferred at a higher price and the same is sold at a lower price in the branches, ensure that there is no excess credit being held at the branches if possible issue a credit note to the branches and reduce the excess credit at the branches.
  30. Ensure that all the inward / outward / tax payable / ITC / Production / Stock registers are maintained for the financial year and in case of contracts they are maintained project wise.
  31. Have a mechanism to capture all the supplier and customer data like name and address
  32. In case of B2C maintain the name and address of the B2C customers for transactions above Rs 50,000.

The above some of the important points which need to be considered before the filing of the monthly return for the month of September 2018. If any transactions are found after the filing of the return, then on such transactions ITC cannot be levied and this results in cash loss indirectly to the business. All the adjustments have to be completed before 30<sup>th</sup> September 2018 in case if you have not done the above activities at the time of preparation of the financial statements for year ending 31<sup>st</sup> March 2018. In case if the books of the accounts are closed and the above are observed now, proper care has to be taken in accounting basis on the provisions of the Companies Act 2013. This being the first year of rollout of GST and the GST audit is not notified, it makes it more important to consider them while filing the September 2018 GST Returns.