



**THE INSTITUTE OF  
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Dated: 28.08.2018

To,  
**Shri Arun Jaitley**  
**Hon'ble Union Minister of Finance and Corporate Affairs,**  
**Chairperson, Goods & Services Tax Council**  
**North Block,**  
**New Delhi 110001.**

**Sub: Representation letter on the proposals made by the GST Council for Simplification of GST Return**

Dear Sir,

Greetings from the Institute of Cost Accountants of India!!!

We hereby submit the suggestions compiled and drafted after seeking opinion from our Members and Resource Persons, working in various industries and in practice on simplification of GST Return.

Regards,

**CMA Niranjana Mishra**  
**Chairman – Taxation Committee and Central Council Member**

**Encl:** Detailed submission as Annexure

**Copy shared with:**

1. Shri Shiv Pratap Shukla, Hon'ble Minister of State for Finance
2. Shri S. Ramesh, Hon'ble Chairman CBIC
3. Shri Mahender Singh, Hon'ble Member (GST) CBIC
4. Shri A B Pandey, Hon'ble Chairman GSTN



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Annexure

Heading	Proposal	Recommendation	Justification
Monthly Return and due-date	<b><u>Point No 1 in the proposal</u></b> All taxpayers excluding a few exceptions like small taxpayers, composition dealer, Input Service Distributor (ISD), Non-resident registered person, persons liable to deduct tax at source under section 51 of CGST Act, 2017, persons liable to collect tax at source under section 52 of CGST Act, 2017, shall file one monthly return. Return filing dates shall be staggered based on the turnover of the taxpayer, which shall be calculated based on the reported turnover in the last year i.e. 2017- 18, annualized for the full year. It shall be possible for the taxpayer to check on the common portal whether he falls in the category of a small taxpayer. A newly registered taxpayer shall be classified on the basis of self-declaration of the estimated turnover. The due date for filing of return by a large taxpayer shall be 20th of the next month	There should not be different dates for different taxpayers based on their turnovers. It will create further confusion. Different dates are being proposed due to the taxpayers flocking on the portal at the last hour, to handle that only the GSP's have been selected, they should be given more role in the return filing process which is envisaged before the rollout of GST.	Small Tax payers depend on the collections against invoice raised for payment of GST compared to large tax payers who have credit facilities from financial institutions, hence the last date of filing returns should be same for large and small tax payers.
Small taxpayers	<b><u>Point No 2(ii) in the proposal</u></b> Taxpayers who have a turnover upto Rs. 5 Cr. in the last financial year shall be considered small calculated. 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. The scheme of filing of quarterly return is explained later	Mere payment of tax on monthly basis will not suffice the requirement of utilization for payment of taxes. Suggested that the payment and returns to be uniform.	Amount paid in cash, only when utilized against tax liability will come into Government account, if not refund may be claimed by the tax payer.
Due date for uploading invoices and action to be taken by the recipient	<b><u>Point No 4 in the proposal</u></b> Invoices uploaded by the supplier by 10th of the next month shall be posted continuously in the viewing facility of the recipient and the taxes payable thereon which can be availed as input tax credit shall be posted in the relevant field of the input tax credit	The liability for the taxpayer should be shown in the month during which the transaction is reported even after the due date else it will create an necessary confusion and additional work by way of	



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	<p>table of the return of the recipient by 11th of the next month. These invoices shall be available for availing input tax credit in the return filed by the recipient. However, invoices uploaded after 10th of next month by the supplier shall get posted in the relevant field of the return of the subsequent month of the recipient though viewing shall be continuous. For example, if invoice no. 1 of April is uploaded on 8th of May and invoice no. 2 of April is uploaded on 15th of May by the supplier, the recipient shall be able to avail input tax credit for invoice no. 1 with the return of April filed on say 20th May and for invoice no. 2 he shall be able to avail input tax credit with the return filed for the month of May, filed on say 20th of June. But both the invoices would be accounted towards the liability payable by the supplier in his return of the tax period of April. Therefore, after the 11th of the next month the recipient shall be able to accept, reject or keep pending a particular invoice but the maximum limit of eligible input tax credit will be based on the invoices uploaded by the supplier upto 10th of the subsequent month. In the transition phase of six months after the new system of return is implemented, the recipient would be able to avail input tax credit on self-declaration basis even on the invoices not uploaded by the supplier by 10th of the next month or thereafter using the facility of availing input tax credit on missing invoices.</p>	<p>reconciliation between the tax ledgers and the financial ledgers.</p>	
<p>Invoice uploaded but return not filed</p>	<p><b><u>Point No 5 in the proposal</u></b> In cases where no return is filed after uploading of the invoices by the supplier, it shall be treated as self-admitted liability by the supplier and recovery proceedings shall be initiated against him after allowing for a reasonable time for filing of the return and payment of tax.</p>	<p>If the supplier does not file the returns, the recipient should not be put to any hardships. After the stipulated period the department should initiate the necessary penal provisions.</p> <p>The time period should be notified and beyond</p>	



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		that enforcement should take place then only the black sheep will be weeded out.	
Payment of tax	<p><b><u>Point No 9 in the proposal</u></b> Liability declared in the return shall be discharged in full at the time of filing of the return by the supplier as is being done at present in the present return FORM GSTR 3B.</p>	<p>Payment should be made consolidated GST payment in the portal and adjustment should be made, while filing of the returns, under respective heads of liability automatically by the portal. This could encourage the tax payers to pay and file the returns regularly, since there would be no blocking of funds.</p> <p>For example: Assuming the total tax liability was Rs.2,40,000/-, from the above. Then there should be a consolidated GST payment for the above liability, while filing the GST Returns then the set off should be made against such liability i.e.IGST-Rs.200000/-, CGST-Rs.20000/-, SGST-Rs.10000/- as well as late fee CGST-Rs.5000/- and SGST-Rs.5000/- respectively</p>	
Recovery of input tax credit	<p><b><u>Point No 10 in the proposal</u></b> There shall not be any automatic reversal of input tax credit at the recipient's end where tax has not been paid by the supplier. In case of default in payment of tax by the supplier, recovery shall be first made from the supplier and in some exceptional circumstances like missing taxpayer, closure of business by the supplier or supplier not having adequate assets or in cases of connivance between recipient and the supplier, etc.</p>	<p>Since return filing is online and uni direction of flow of documents is there, such default tax payers can be easily predicted using analytical tools and the necessary preventive action can be taken in place of putting hardships to the recipient.</p>	



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	recovery of input tax credit from the recipient shall be made through a due process of service of notice and issue of order.		
Locking of invoices	<p><b><u>Point No 11 in the proposal</u></b> Locking of invoices means a handshake between the recipient and supplier indicating acceptance of entering into the transaction reported in the invoice. Facility for locking of invoice by the recipient before filing of the return by him shall be available. However, it may not be possible to lock individual invoices where the number of invoices is large and, in such situation, deemed locking of invoices shall be presumed on the uploaded invoices which are either not rejected or kept pending by the recipient. On filing of the return by recipient, all invoices shall deem to be accepted except invoices kept pending or rejected.</p>	<p>This is again like the process to be performed in the erstwhile return which is discarded i.e. GSTR – 2. The matching should be done by the system directly and if there are any mismatches the same should be communicated to the taxpayers.</p> <p>For small taxpayers this is going to be a nightmare as they are not tech savvy and also, they have to rely on the third parties like accountants /consultants who are still not equipped for GST</p>	
Rejected invoices	<p><b><u>Point No 12 in the proposal</u></b> Where the GSTIN of the recipient is wrongly filled by the supplier, the invoice would appear on the viewing facility of a taxpayer who is not the recipient of such supplies and therefore input tax credit is not admissible to him. Recipient shall report such invoices as rejected invoices. To assist the process of rejecting invoices with ease, the matching IT tool shall have facility to create recipient and seller master list, from which correct GSTIN can be matched.</p>	<p>The supplier should be given the provision to override / change the GSTIN if required else it will be very challenging in some cases as the other person who has received the credit may not respond and the genuine recipient is put to hardships.</p>	
Pending invoices	<p><b><u>Point No 13.2 in the proposal</u></b> The simplification process would be that where the goods or services have been received by the recipient before filing of a return and invoice for the same has been uploaded by the supplier up to the due date i.e. 10th of the next month, input tax credit for the same can be availed by the recipient in</p>	<p>This requires changes in the Act and technically it should not be allowed. If it is allowed this can lead to misuse of the process of availing ITC, some fraudulent taxpayers collude and take benefit of this provision and</p>	<p>Proposal to allow input credit for materials received in subsequent month is not acceptable as it will lead to lot of accounting issues and also is against the accounting principle. One cannot avail the input tax credit in one month and</p>



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	the return. This is likely to make additional credit available to the recipient as goods or services received after 1st of next month but before 20th become eligible for availing input tax credit. For example, input tax credit can be availed by the recipient on invoice issued in April and uploaded by the supplier by 10th May even if the goods or services have been received by the recipient before 20th May i.e. the date on which he is filing his return for the month of April (presently he is eligible for input tax credit only if goods or services have been received by 30th April).	start passing the ITC and reject the invoices in the next period to save their cash flows	account for the material in the subsequent month, the valuation and reconciliation with books of accounts will be a major issue if ITC allowed to be availed even before receipt of material or services.
Deemed locking of invoices	<p><b><u>Point No 14 in the proposal</u></b></p> <p>Invoices which have been uploaded by the supplier and made available in the viewing facility to the recipient but have not been rejected or have not been kept pending by the recipient shall be deemed to be locked after return for the relevant tax period has been filed by the recipient. It may also be noted that invoices on which credit has been availed by the recipient (i.e. locked invoices) will not be allowed to be amended by the supplier and in order to amend the reported particular of such invoices, a credit or a debit note will have to be issued by the supplier.</p>	The invoices which have been uploaded by the supplier to an incorrect GSTIN and made available in the viewing facility to the recipient but have not been rejected or have not been kept pending by the recipient shall be deemed to be locked after return for the relevant tax period has been filed by the recipient.	<p>Asking the recipient to verify each and every invoice is a challenging job especially for taxpayers in Tier II &amp; III cities.</p> <p>Instead the buyer and seller will submit their data and matching should be done by the system and for doing matching the GSP's services can be utilized.</p> <p>This will totally ease the burden on the taxpayers and also allows them to concentrate on their business rather on the compliance issues.</p>
Unlocking of invoices	<p><b><u>Point No 15 in the proposal</u></b></p> <p>A wrongly locked invoice shall be unlocked online by the recipient himself subject to reversal of the input tax credit by him and online confirmation thereof.</p>	There are more chances of such invoices uploaded to an incorrect GSTIN getting locked and overlooked by the recipient in the above mentioned process. There should be a defined process to unlock the invoices which are	Unlocking should not be allowed after filing of the annual return or September return whichever is earlier.



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		entered with incorrect GSTIN of the recipient by the correct recipient or the supplier please	
Amendment of invoices	<p><b><u>Point No 16 in the proposal</u></b></p> <p>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. Once an invoice is locked by the recipient, no amendment of the same shall be allowed. However, credit note or debit note for the same can still be issued by the supplier to change value, rate of tax, quantity or the tax payable. IT facility would ensure that:</p> <p>Where a credit note is issued on an invoice which is kept pending, then both the credit note and the original invoice shall be linked in the system for availing credit so that excess credit is not taken by the recipient;</p> <p>Where a credit note is issued on an invoice on which credit has already been availed i.e. the invoice is locked, the reduction in liability of supplier shall be subject to reduction in input tax credit of the recipient.</p>	The amendment process should be defined clearly like which attributes or fields of the tax invoice can be modified / amended and under which conditions. In absence of such provisions it will not be of much use to the taxpayers as the same provision exists now also majority of them are not aware of it or not sure of the consequences of it, so no one is using them.	Amendment of Invoice and the corresponding modification in the e-way bill details may be difficult. Hence option of modifying invoice should be minimized/excluded
Amendment return	<p><b><u>Point No 20 in the proposal</u></b></p> <p>To address the problem of human error i.e. wrong entries being made in the return, there would be a facility for filing of amendment return. Amendment return is different than a regular return. There would be a facility to file two amendment returns for each tax period within the time period specified in section 39(9) of the</p>	Agreed, but system should be properly tested before implementation.	If amendment is allowed it will create lot of confusion and the cost of maintenance will be huge for the GSTIN as well as for the ASP's and GSP's.



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	CGST Act, 2017. Amendment of entries which flow from the annexure of the main return shall be allowed only with the amendment of the details filed in the annexure.		
Amendment of missing invoices	<p><b><u>Point No 21 in the proposal</u></b></p> <p>Amendment of missing invoices reported later by the supplier shall be carried out through the amendment return of the relevant tax period to which the invoice pertains. Therefore, it would be advisable to report all the invoices and then avail the facility for amending return so that invoices reported late can also be amended through the amendment return. For example, Invoice of April if uploaded in September shall get amended with the amendment of return for the month of April only and therefore trade is advised to report all the missing invoices before exhausting their opportunity to amend the return.</p>	This looks like complicating the things, it is proposed to continue with the existing process only of considering the same in the registers / ledgers during the month they are reported. This will be easy and the taxpayer can maintain a record for the same.	
Amendment of details other than that of invoice	<p><b><u>Point No 22 in the proposal</u></b></p> <p>All user entries of input tax credit table in the main return would be allowed to be amended. This is necessary as amendment of subsequent returns should not be necessary with respect to the input tax credit table to keep the compliance load under control. Change in the closing balance of the input tax credit shall be affected based on the declaration in the amendment return of the taxpayer. Thus, the opening and closing balances of intervening month(s) shall not get impacted.</p>	This point is contradicting with Point # 21.	
Higher late fee for amendment	<p><b><u>Point No 25 in the proposal</u></b></p>	Higher late fees shall not be more than 10% of the differential tax payable.	Most of the States were having the provision of mandatory penalty for





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return	For change in liability of more than 10% through an amendment return, a higher late fee may be prescribed to ensure that reporting is appropriate in the regular return	Plus interest has to be paid on the differential tax payable till the date of payment.	differential tax paid on amendment of the returns in the range of 5 to 10% of the tax amount. Opportunity should not be given for negotiation of the penalty amount.
Monthly Return	Table 3-C: <ul style="list-style-type: none"> <li>• Details of Credit/Debit notes, Advances received/ adjusted /Other adjustments Point # 3:</li> <li>• Advances received (net of refund vouchers) Point # 4:</li> <li>• Advances adjusted - (net of refund vouchers)</li> </ul>	It talks about adjustment of the Refund Vouchers only, it should also include the tax invoices which are adjusted with the advance receipt else there will be payment of taxes twice, once on the tax invoice and second time on the advance receipt. This is applicable in case of services and also in case of notified goods.	
Annexure of Supplies to main return	Table 3A - Supplies made to consumers and un-registered persons (Net of debit notes, credit notes) Column 3 - Type of doc.	In the type of doc, do we have to mention the Advance Receipts also?	
Suspension of registration	<b><u>Point No 33 in the proposal</u></b> Concept of suspension of registration would be introduced when a registered person has applied for cancellation of registration or when the conditions in law for cancellation of registration are satisfied. From the date of suspension to the date of cancellation of registration, return would not be required to be filed and also invoice uploading shall not be allowed for the period beyond the date of suspension.	At present despite cancelling the GSTIN the status displaying seems to be non-compliance such as non-filing of returns and so on.  However, after cancellation, the view status should be made available in the portal for viewing of the returns filed earlier.	