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Introduction of RCM liability/ITC statement

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Applicability

This statement would be applicable in the following circumstances.

If in any tax period up to July 2024 (**Monthly filers**) and June 2024 (**Quarterly filers**):

Situation 1:

- a. In GSTR 3B - Tax paid under RCM (table 3.1(d)) is **more than** ITC claimed under RCM (Table 4(A)(2) or 4(A)(3)),
- b. No reversal is done in table 4(B)(2) in GSTR-3B, **and**
- c. Such excess payment is eligible for credit to be availed in future.

Situation 2:

Tax paid under RCM is **less than** ITC claimed under RCM in GSTR-3B.

Disclosure

The following disclosure will have to be made as an opening balance in the said statement:

- a. **In Situation-1** - a positive difference amount should be disclosed.
- b. **In Situation-2** - a negative difference amount should be disclosed.

Situations – no disclosure required in statement

Thus, in the following circumstances, this statement need **not be** filled:

- a. In the past i.e., from FY 23-24 onwards, if there is **no mismatch** between the RCM liability paid and the RCM credit availed in GSTR3B,
- b. In case RCM credit availed is lesser than the RCM liability paid, but such short availment is an **ineligible credit**, OR
- c. Such short availment is disclosed as temporary reversal in table 4(B)(2) of GSTR-3B in earlier periods and taxpayer intends to reclaim such RCM ITC in future. (In this situation reclaim can be done by disclosing the same in table 4(A)(5)).

Navigation in GST portal to fill this statement:

Login >> Services >> Ledger >> RCM Liability/ITC Statement>> Report RCM ITC Opening Balance

Deadline for Declaring Opening Balance:

The opening balance can be declared until **31.10.2024**. Any corrections can be done 3 times up to 30.11.2024.

Examples:

We all know that following are relevant tables in GSTR-3B

- a. Table 3.1 (d) - RCM liability paid,
- b. Table 4(A)(2) - ITC on import of services
- c. Table 4(A)(3) - ITC on inward supplies liable under RCM, other than import of services and goods.

With this backdrop, now let us examine some of the scenarios and the disclosure requirements:

Case 1: In GSTR-3B, GST is paid under RCM for transportation services taken from GTA Rs. 1,50,000/- . This is an eligible credit, thus the entire amount taken as credit in GSTR-3B. In this scenario what would be the disclosure in the RCM statement.

Answer: Since there is no mismatch between RCM tax paid and RCM credit availed, tax payer is **NOT** required to disclose any amount in RCM statement.

FAQ-2: In GSTR-3B, GST is paid under RCM for rent a cab service Rs. 1,50,000/-. This is an ineligible credit, thus credit is not availed. In this scenario what would be the disclosure in the RCM statement?

Answer: **Not** required to disclose in the RCM statement the RCM credit not availed since it is an ineligible ITC.

FAQ-3: In GSTR-3B, GST is paid under RCM for services of an advocate Rs. 1,00,000/-. This is an eligible credit, but the taxpayer has reversed such credit by disclosing in table 4(B)(2). In this scenario what would be the disclosure in the RCM statement.

Answer: Since the difference amount was already disclosed as temporary reversal, tax payer is **NOT** required to disclose any amount in RCM statement. However, when this is availed as credit subsequently, it should be availed in table 4A(5) of GSTR3B.

FAQ-4: In GSTR-3B, GST paid is under RCM on transportation services taken from GTA Rs. 1,50,000/-. This is an eligible credit. However, the entire amount is missed to be taken as credit up to Jul '24. In this scenario what would be the disclosure in the RCM statement.

Answer: In this case, the difference amount is an eligible ITC. Also, this is not reversed in 4(B)(2) of GSTR-3B in the past. Thereby, taxpayer has to disclose Rs. 150,000/- as an opening balance in RCM statement.

FAQ-5: In GSTR-3B, GST is paid under RCM for transportation services taken from GTA Rs. 1,50,000/- . However, the taxpayer has availed excess credit than paid under RCM/ Credi availed is Rs. 2,00,000. In this scenario what would be the disclosure in the RCM statement.

Answer: In this case, the difference amount of Rs. 50,000/- should be disclosed as a negative amount as an opening balance in RCM statement.

Note: Advisory does not mention anything about the manner of reclaiming the RCM ITC (positive) disclosed in RCM statement. One can consider disclosing this in table 4A(3).

The views expressed are strictly personal and cannot be regarded as an opinion. For any queries or feedback please write to shilpijain@hnaindia.com or divya.v@hnaindia.com