Blocking of GSTR 3B – mismatches in ECRRS & RCM-ITC Ledger

GSTN Advisory dated 29 December 2025 - https://www.gst.gov.in/newsandupdates/read/643

GSTN has recently introduced system-driven validations to strengthen accuracy and compliance in return filing, particularly in relation to RCM and ITC reporting. Due to this, the mechanism has shifted from advisory-based controls to system-driven and rigid norms, whereby any mismatch or default in payment may automatically restrict the filing of GSTR-3B if the ECRRS or RCM/ITC Statement reflects a negative balance. In this article, we have delved into various situations and solutions along.

Assessee return filing is blocked in when statement/ledger is negative and payment is enforced without giving opportunity to be heard. It is interesting to note such Statements do not find any mention in the GST provisions as on date.

Legal Position on GSTN Advisory

The law-making authority under GST resides with:

1. **Parliament**—which enacts the Central Goods and Services Tax Act and levies CGST and IGST

2. **State Legislatures**—which enact State Goods and Services Tax Acts and levy SGST

3. **GST Council**—which makes recommendations on GST policy matters, including rates, exemptions, thresholds, and model laws

GSTN's role is to provide the **technological infrastructure** through which these laws are administered as provided under Section 146.

GSTN advisories are intended to assist taxpayers in the process of using the GST portal. The CGST Act, CGST Rules, and CBIC notifications are the sole source of binding laws and conditions pertaining to GST and the claim of Input Tax Credit (ITC). Proviso to Section 39(9) allows for rectification of omissions or incorrect particulars within time period of 30th November of next financial year. This may be read in line with Circular 26/26/2017-GST.

Situations in GST law that warrant blocking of GSTR 3B: Section 39(10) restricts filing of GSTR 3B if corresponding month GSTR 1 has not been filed and Section 39(11) restricts filing of GSTR 3B if the return has not been filed for 3 years. Automated notices - Form DRC-01B & 01C are operational which take care of errors which filing the monthly returns which need responses for short tax paid/excess ITC claim. 'Chapter VII: Returns' of the CGST Rules, do not include other situations for blocking of GSTR 3B additionally.

The judiciary has also clarified that any communication from the GSTN or any system messages that lack the support of the appropriate statutory backing cannot override the law: *Umicore Autocat Ltd (Bombay High Court) held that technological limitations of the GSTN portal cannot override statutory rights granted by law. Similar issue in favour of assessee held at Gujarat High Court.*

It is important to note that GSTN advisories are also in effect w.r.t Invoice Management Systems although respective Rules have not been notified, nevertheless, the GST portal has been working unilaterally in these cases too. [certain amendments to GST Act w.e.f 1st October 2025]

Queries/Feedback at akshay@hnaindia.com

1. Overview of Recent GSTN Advisory

Particulars	ITC Reclaim Ledger	RCM Liability / ITC Ledger
Introduced from	Aug-2023 (Montly) / Jul-Sep 2023 (Qtr)	Aug-2024 (Montly) / Jul-Sep 2024 (Qtr)
Objective	Track reversal & re-claim of ITC	Track RCM liability paid vs ITC claimed
Portal Navigation	Services → Ledger → ECRRS	Services → Ledger → RCM liability/ITC Statement
GSTR-3B tables	4(B)(2), 4(D)(1)	3.1(d), 4(A)(2), 4(A)(3)
Nature of control	ITC re-claim restriction	RCM ITC restriction
Earlier status	*Warning only*	*Warning only*
Current status*	**Hard stop validation**	**Hard stop validation**

* *- Implementation period unknown. Legality questionable.*

Note - Opening balance reporting for ECRRS & RCM/ITC Ledger - Multiple windows were provided in the past, now such facility is no more available now.

Although utility of such Statements for legal proceedings are questionable, in this article we aim to focus on possible compliance.

A. *Electronic Credit Reversal and Re-claimed Statement* **(ECRRS)**

1. Eligible Reclaim Limit = Closing Balance (prior temporary reversals not re-claimed) + Current month reversal in 4B(2).
2. Check - ITC re-claimed in T4(D)(1) should be ≤ Closing balance of reclaim ledger as per sl 1 above.
3. Excess re-claim is not allowed in GSTR-3B, return filing disallowed.

Particulars	Treatment of Negative Ledger Balance
Negative closing balance	Indicates excess ITC has been reclaimed earlier
Mandatory action	Disclose such excess as temporary reversal of ITC in 4(B)(2) only – Such ITC will ensure ECRRS balance is rectified, although must not be re-claimed nor must such ITC be disclosed in Table 4(A)(5) in said month.
Return Filing	GSTR 3B Filing allowed post reversal only.

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Situations having negative ECRRS balance:

Particulars	IDEAL	Situation 1	Situation 2
ECRRS op. bal	*10*	***-15***	*10*
4A (All other ITC)	70	70	70
4B1 (Permanent)	10	10	**25**
4B2 (Temporary)	15	15	**0**
4C (net ITC)	**45**	**45**	**45**
4D1 (re-claimed ITC)	20	20	20
ECRRS cl. bal	*5*	***-20***	***-10***
Action - GSTN	-	Display +25 in 4B2 only. Impact of tax payment in 4C	Display 10 in 4B2 only, and correct 4B1 disclosure.
Action - Author* (ITC claim within statutory timelines)	-	Study 4B2/4D1 disclosures of past. If only disclosure issues - raise grievance, claim ITC in 4A and display in 4B2.	As 3B filing is blocked, rectify 4B1 & 4B2 disclosures

Situations having improper disclosures in GSTR 3B:

Particulars	IDEAL	Situation 3	Situation 4	Situation 5
ECRRS op. bal	*10*	*10*	*10*	*10*
4A (All other ITC)	70	70	**50**	70
4B1 (Permanent)	10	**0**	10	10
4B2 (Temporary)	15	**25**	15	15
4C (net ITC)	**45**	**45**	**25**	**45**
4D1 (re-claimed ITC)	20	20	20	**5**
ECRRS cl. bal	*5*	*15*	*5*	*20*
Action - GSTN	-	NA	NA	NA
Action - Author* (ITC claim within statutory timelines)	-	Improper disclosure - Increase 4B1 & reduce 4B2 in subsequent month	Missed claim - Re-claim ITC in subsequent month 4A5, without 4D1 disclosure	Improper disclosure - ITC disclosure in subsequent month 4D1, without claim in 4A5

Note - Modifications of subsequent month returns are allowed within time limits of 30th November of next financial year in line with Circular 26/26/2017-GST.

B. RCM Liability / ITC Ledger

1. Eligible RCM ITC Limit = Closing Balance (prior paid RCM , unclaimed ITC) + Current Liability Paid in T3.1(d)
2. RCM ITC claimed in 4(A)(2) & 4(A)(3) should be ≤ Closing balance of RCM ledger as per sl 1 above.
3. Excess RCM ITC is not allowed in GSTR-3B, return filing disallowed.

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Particulars	Treatment of Negative Ledger Balance
Negative closing balance	Indicates excess RCM ITC has been claimed
Mandatory action	Pay additional RCM liability in 3.1(d) or reduce ITC in 4A2/4A3 – both leading to liability pay-out.
Return Filing	GSTR 3B Filing allowed post once ledger balance becomes zero/positive

Situations having negative RCM/ITC ledger balance:

Particulars	IDEAL	Situation 1	Situation 4	Situation 2	Situation 3
RCM op. liab. bal	*10*	***-15***	*10*	***-15***	***-15***
3.1.d - liability	100	100	**10**	100	100
4A2 & 4A3 - ITC	100	100	100	100	100
4B1	30	30	30	30	30
RCM cl. liab. bal	*10*	*-15*	*-80*	*-15*	*-15*
Action - GSTN	-	Short payment of RCM liability (past period) - add now in 3.1.d	same as sit 1	Excess claim of RCM-ITC (past period) - reduce now in 4A2/4A3	Incorrect disclosures in 4A2/3 instead of other 4A - Reduce now in 4A2/4A3
Action - Author (ITC claim within timelines)	-	As 3B filing is blocked, follow above	same as sit 1	As 3B filing is blocked, follow above	Reduce 4A2/3 and add other ITC in same month.

Conclusion: The taxpayer was and now is that much more responsible to ensure accuracy in return filing, reconciliation of RCM and ITC in an appropriate manner to avoid return filing problems. There is no express provision under the CGST Act, or the Rules for the ITC Reclaim Ledger and the RCM Liability / ITC Statement. Consequently, any blocking of GSTR-3B filing or enforcement action based solely on these statements, without statutory support would remain legally disputable.

Those aggrieved by improper implementation of such Statements may raise portal grievances & CBIC representations > document dept. correspondences > file manual returns (last resort).

Point	Action
Monthly check	Reconcile both ledgers before filing
Re-claim planning	Reclaim only to ledger-permitted extent
RCM ITC	Claim only after liability payment
Legacy errors	Now enforceable via payment of tax
Nature of change	Warning → Enforcement

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