

Frequent Asked Questions on Annual Return

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General FAQs

1. What is Annual Return?

Annual Return is a statement of return which is required to be filed annually by each registered person (except few specified categories of persons) under GST giving summarized details of outward supply and taxes paid thereon, Input Tax Credits claimed, taxes paid and refund claimed in the financial year in respect of which such annual return is filed. It also includes the transaction pertaining to the said financial year in respect of which the effect has been taken in the next financial year.

2. Is it compulsory to file Annual Return?

Section 44 of the CGST/SGST Act provides that every registered person is required to file Annual Return for the financial year, by the end of December of following year except few categories of persons as provided in the section 44(1). Hence, there is need to file the Annual Return by every registered person including the person paying tax under composition scheme under section 10 of the Act.

3. Who are not required to file Annual Return?

The following categories of persons are not required to file annual return:

- i. Casual taxable person
- ii. Input service distributors
- iii. Non-resident taxable persons
- iv. Persons paying TDS/TCS under section 51 or 52 of the Act.
- v. Every electronic commerce operator who is required to collect tax at source (TCS) in terms of section 52 is required to file annual return in form 9B (which is not notified yet).

4. What is the last date of filing the Annual Return?

Annual return has to be filed on or before the 31st day of December following the end of such financial year to which the return is to be filed i.e. on or before 31.12.2018 for the F.Y. 2017-18.

This due date had been extended to 30th June 2019 vide Removal of Difficulty Order 03/2018 dated 31.12.2018 for FY 2017-18.

It is not as on date expected that the due date would be further extended beyond 30th June. Finance Ministry (News-Business Line: 4th June 2019)

5. What are consequences of not filing the Annual Return?

Following could be consequences of not filing the Annual Return:

1. Notice under section 46 could be issued to file the return within 15 days.
2. Late fee for non-filing /delay filing of Annual return shall be applicable under Section 47(2) of the Act , which would be **lower of**
 - i. Rs.200 per day during which such failure continues
 - ii. 0.50% of turnover in the state or union territory.

Note: To be paid in half to CGST & SGST respectively. General penalty as per section 125 of the Act, could be applicable which may extend up to Rs.50,000.

6. Whether Annual Return is required to be filed separately for each GSTIN?

If a person is having multiple GSTINs, then each such GSTIN would be considered as a distinct person. Every registered person (other than those mentioned in 44(1)) is required to file annual return. Thus, annual return has to be filed separately for every registration obtained by the registered person.

7. What is the relationship between Annual Return and Audit under GST?

Annual Return, as stated above, is required to be filed by every registered person irrespective of their turnover. GST Audit is required to be done for the registered persons having aggregate turnover exceeding Rs. 2 crores in the Financial Year. The relationship between two can be explained as below:

- Annual return is the responsibility of every registered person, where auditor is not required to certify the details furnished therein.
- Details furnished in the Annual Return could be said to be the starting point for the GST Audit/certification where auditor is required to report the reconciliation between value of supplies as declared in the Return with the audited annual financial statements.
- Annual Return is required to be filed in

- Form GSTR-9 (normal registered persons),
 - Form GSTR-9A (person paying tax under composition scheme),
 - Form GSTR-9B (electronic commerce operator),
- whereas the audit report is to be filed in Form GSTR-9C.

8. Whether information furnished in the GSTR-1 and GSTR-3B for the FY 2017-18 would require to be reported in the Annual Return manually or it shall be auto populated by GST portal?

The responsibility of preparation of GSTR-9 is of the registered person. However, as a user friendly measure, GSTN is providing pre-filled GSTR-9 for the users wherein following information are auto populated:

- i. Form GSTR-3B: RCM liability, ITC availed and Tax payable and paid is auto populated from GSTR-3B..
- ii. Form GSTR-1: Part II (partially auto-populated).
- iii. Form GSTR-2A: Table 3 and 5 (i.e. Inward supplies received from registered person other than RCM and their debit/credit notes) of GSTR 2A are auto populated in table 8A of Annual return.

Note: Where GSTR 1 matches to GSTR 3B and the books of accounts, data auto-populated in the GSTR 9 could be considered as final for reporting. However, in case of differences, it has to be reconciled and correct figure to be reported.

9. Whether differential tax liability reported in the Annual Return can be paid through the Annual Return?

No, additional liability cannot be paid through the Annual Return. Additional liability is to be disclosed in the annual return under Part II & Part V, and disclose tax payable under Table 9 & 14. The difference between actual tax paid and payable is to be paid through Form DRC-03 separately.

Step 1: Deposit cash in electronic cash ledger under tax/interest heads as per amount payable.

Step 2: Path for DRC-03: Login to GST portal > User Services > My Applications > Intimation of Voluntary Payment DRC-03 > Fill tax/interest payable values under respective heads > Set-Off.

Note: Suggest to discharge additional liabilities through cash only.

10. Whether submission of details of HSN summary is mandatory?

Yes, table 17 and 18 of requires reporting of HSN wise summary of both inward and outward supplies.

Note: For table 18 relaxation provided, i.e. HSN being over 10% of total inward supplies need to be disclosed.

For the purpose of Total Inward supplies, non-GST supplies and Schedule III expenses may be ignored.

11. If the assess opts for composition scheme during the financial year, do they need to file both GSTR-9 and GSTR-9A?

It seems that registered taxable person needs to file Annual Return in GSTR-9 for first part of the financial year as a regular tax payer and also Form GSTR-9A for the second part of the financial year as a composite tax payer.

12. Whether the Annual Return filed can be amended subsequently?

Option of amendment of Annual Return has not been provided under section 44 or rule 80. Therefore, once the annual return is filed, it would be considered as final and no further amendment would be possible.

13. Why Form GSTR-9 is required to be filed additionally, if an assessee has already filed Form GSTR-1 and Form GSTR-3B?

Form GSTR-9 is a consolidated statement of the supplies effected and ITC availed by the registered person during the financial year along with additional reporting requirements, which provides a 360 degree view of transactions undertaken in the financial year. In a nutshell, it is a consolidated summary of all the returns filed for the financial year with specific reporting requirements.

14. Is it mandatory to file GSTR-1 and GSTR-3B before filing of the Annual Return?

Yes, the instruction to GSTR-9 provides that it is mandatory to file GSTR-1 and GSTR-3B before filing of GSTR-9. Hence, any taxpayer who has failed to file GSTR-1/3B for any of the month for FY 2017-18 shall not permitted to file GSTR-9.

15. I had migrated from service tax regime to GST regime. There were no transactions carried out under GST. Whether it is mandatory to file GSTR-9 in such cases?

Any person having valid GSTIN in any part of the year is required to file Annual Return irrespective of volume of the transaction in the said return. Hence, you have to file annual return in such case also.

16. I had applied for cancellation of registration and have filed my final return also. Whether there is need for filing of the Annual Return?

Irrespective of cancellation of registration, there is need for filing of the Annual Return. The liability to file annual return exists even after filing of the final return.

17. I failed to file my return for 6 months consequent to which department has cancelled my registration. What should I do?

The Government has enabled the revocation of registration of such class of taxpayers. Hence, in such cases, you should apply for revocation of registration, regularize the periodical returns not filed till date and then file Annual Return.

FAQs on reporting of Outward Supplies in Annual Return

18. Whether all outward supply (whether taxable or not) have to be declared in the Annual Return?

There is a need for disclosure of all outward supplies (whether taxable or not) in Form GSTR-9. Such details have to be disclosed in the Annual Return. Outward supply on which tax is to be paid is required to be disclosed in table 4 of Annual Return and details of supplies on which tax is not payable/exempt has to be disclosed in table 5 of Annual Return.

19. If any supply has not been reported in Form GSTR-3B upto the due date of March 2019 and also in Form GSTR-1, can it be shown in the Annual Return?

Yes, additional liabilities accounted in the books of accounts although not disclosed in GST returns can be disclosed in the Annual Returns – Part II. The tax liability thereon may be discharged through DRC-03.

20. If A Ltd. has filed Form GSTR-1 and Form GSTR-3B upto 20th April 2018. Now there is a need of amendment in the return relating to FY 2017-18 arise. Can we make any changes/amendments in Form GSTR-1 and Form GSTR-3B filed earlier, after 20th October/31st October 2018?

GSTR 1 and GSTR 3B once filed cannot be revised/amended. Based on Circular 26/2017 amendments can be made to subsequent GSTR 1/GSTR 3B as required.

Original date for making any amendment in the details furnished in GSTR-1/3B was till the due date of filing of Return for the month of September 2018. However, the same has been extended to 31st March 2019. Accordingly, all details furnished upto the due date of filing of return for the month of March 2019 to be considered for the purpose of filing of Annual Return.

21. Whether B2C larges supplies (>2.5 lakhs) made to un-registered person and other B2C supplies needs to be disclosed separately?

No, supplies reported as B2C in table 5 and 7 of Form GSTR-1 need to be clubbed and shown in table 4A of Annual Return and the same needs to be disclosed net of credit notes.

22. Whether credit note issued to registered and unregistered persons needs to be disclosed separately?

Credit note issued against B2B supplies needs to be disclosed in Table 4(I) of Annual Return. Whereas credit note issued to unregistered person i.e. B2C need to be reduced from the supplies and show at net values in table 4(a) of Annual Return.

23. There is mismatch between turnover reported in the Form GSTR-1, Form GSTR-3B and books of account. How to make adjustments/reporting for the same?

Annual Return is required to be prepared as per supplies made by the registered person during concerned financial year and covered in their books of account. There could be possibility of some of these supplies omitted from reporting in GSTR-1 and/or GSTR-3B. However, while Annual Return, the registered person is required to determine correct supplies made by him and report it in the Annual Return.

Let us consider following possible situations

- *Outward supplies reported in Form GSTR-3B but not reported in Form GSTR-1:* To consider values reported in Form GSTR-3B and also the details of payment (if any) would be reported in Table 9 of the Annual Return
- *Outward supplies reported in Form GSTR-1 but not reported in Form GSTR-3B upto March 2019:* Correct value as per GSTR-1 (matching with books) to be reported in GSTR-9. Differential tax liability arising on account of correct disclosure of turnover to be paid through DRC-03.
- *Mismatch in values reported in Form GSTR-3B and Form GSTR-1:* To consider the correct value for the purpose of reporting in Annual Return. Excess/short payment would get captured in Table 9 of the Annual Return.

24. There is a view that the Annual Return should be prepared based on books of account showing correct supplies irrespective of supplies reported in GSTR-1/GSTR-3B. Whether it is correct?

Though the taxpayers are required to disclose all details correctly in the GSTR-1 and GSTR-3B. However, there could be possibility of errors of omission /commission. If such errors are detected by the registered person himself before filing of the Annual Return, it is suggested to disclose the correct value of supplies and liabilities thereon irrespective of incorrect disclosure made in the GSTR-1/3B. This could act as last opportunity for the taxpayers to make correct disclosure to the Government.

However, wherever there is difference between the supplies reported in the periodical returns and correct supplies to be reported in the Annual return, the tax payer is required to have proper documentary evidence (transaction level) to explain such difference to auditor/department officers in case of audit /assessment/investigation etc.

25. Annual Return should be prepared as per books of account. Does it mean that all outward supplies (including tax payable thereon) should be reported in the Part II only?

The view that annual return should be prepared based on the books of account does not mean that all supplies should get covered in the Part II only. It means that all supplies as per books of account should get captured in the Annual Return by filling such information in the table/column designated for that

purpose but in aggregate, such supplies should match with the correct supplies made in that period. The disclosure under various tables based on the period when it has been disclosed in the GSTR-1/3B may be understood from below table:

| Scenarios | Reported in FY 17-18 | | Reported in FY 18-19 | | Action in GSTR 9 |
|-----------|----------------------|---------|----------------------|---------|------------------|
| | GSTR 1 | GSTR 3B | GSTR 1 | GSTR 3B | |
| 1 | ✓ | ✓ | - | - | Table 4 & 9 |
| 2 | - | - | ✓ | ✓ | Table 10 & 14 |
| 3 | ✓ | ✗ | - | ✓ | Table 10 & 14 |
| 4 | ✗ | ✓ | - | - | Table 4 & 9 |
| 5 | ✓ | ✗ | ✗ | ✗ | Table 4 & 9 * |
| 6 | ✗ | ✗ | ✗ | ✓ | Table 10 & 14 |
| 7 | ✗ | ✗ | ✓ | ✗ | Table 4 & 9 * |
| 8 | ✗ | ✗ | ✗ | ✗ | Table 4 & 9 * |

** In such cases, where liability remains unpaid then such liability needs to be manually added in Table 9 and paid through Form DRC-03. It is important to note that, "tax payable" column in Table 9 has been left editable by the portal in offline utility.*

26. What if the supply was made in the year 2017-18 but invoice was raised toward such supply in the year 2018-19?

As the invoice has been raised in the FY 2018-19, such supplies would be reported in the Annual Return of 2018-19 not of 2017-18. However, the supplier may be liable to interest for delay in payment of tax on account of delayed raising of invoice.

27. If interstate supply has been declared as intra state supply and vice versa in Form GSTR-1, how to rectify it? Whether it has to be rectified in the Annual Return?

Where place of supply has been declared wrongly and tax has been paid wrongly, the registered person is required to pay correct tax and file refund of the tax paid

wrongly. The amendment of wrong disclosure of place of supply has to be rectified through the Table 9A (B2B) and Table 9B (B2C large) of Form GSTR-1 only. Once the amendment has been done in the GSTR-1, the same may be disclosed in the Annual Return in Table 4K/4L or Table 10/11 depending upon the period in which such rectification has been done.

There could be a possibility that the supply was correctly reported in GSTR-3B. If so, the Annual Return would be prepared based on the correct value of GSTR-3B and it will not have any additional tax impact.

On the contrary, if the supplies were declared incorrectly in GSTR-3B also, the taxpayer may disclose correct nature of supply in GSTR-9. Correct tax could be paid in GSTR-9 through DRC-03 and wrong tax paid earlier has to be claimed back from the Government by filing the refund claim (not through GSTR-9)

Such amendments can be given effect directly in the Annual return even if not given effect thereof in the GSTR-1.

28. Financial Credit Note has been issued by the supplier of goods. How to report the same in the Annual Return?

There is no GST implication on the Financial Credit Note. It is not required to be disclosed in Form GSTR-1/GSTR-3B. Hence, the same is not required to be disclosed in the Annual return also. Table 4I which requires disclosure of credit note is applicable only for credit notes which are issued in accordance with the section 34 of the CGST Act.

Financial Credit Note could form part of reconciliation statement between audited annual accounts and GST Return and hence may be required to be disclosed in the reconciliation statement in form GSTR-9C.

29. How to disclose Credit Note issued in the FY 2017-18 and disclosed in Form GSTR-1 of the FY 2017-18?

This has resulted in the reduction of liability in the same financial year and reported in the periodical return of the same financial year. It has to be reported in the Table 4I of the Annual Return (except credit note issued in respect of B2C supplies which are required to be reported after netting of such Credit Notes in Table 4A).

30. How to disclose Credit Note issued in the FY 2017-18 (say November 2017), originally disclosed in Form GSTR-1 of 2017-18 (November 2017) and

subsequently amended in the Form GSTR-1 of same FY 2017-18 (February 2018)?

The amendment to the credit note has been given effect to in the same financial year and disclosed in the same FY. It has to be reported in the Table 4K/4L of the Annual return (except for amendments made to B2C supplies which are to be reported after such amendments). This is on the understanding that the similar effect has been taken in GSTR-3B also for that particular month only.

On the other hand, if the credit note has been declared in the GSTR-1 upto March 2018 but declared in GSTR-3B after March 2018, such credit note would require to be disclosed in the Table 11 of Part V of GSTR-9.

31. How to disclose Credit Note issued in the FY 2017-18 (say November 2017), originally disclosed in Form GSTR-1 of 2017-18 (November 2017) and amended in Form GSTR-1 of next FY 2017-18 (May 2018)?

On the understanding that similar effect has been given in GSTR-3B also, the amendment to the credit note is in respect of the supplies made in the previous financial year, it has to be reported in Part V of the Annual Return.

32. What shall be the treatment in case of Credit Note issued in respect of transaction of FY 2017-18 issued after end of FY and reported in the GSTR-1 of the subsequent financial year?

The credit note pertains to the transaction of the last year and hence requires disclosure in the Part V of the Annual Return. This also finds support from the format of GSTR-9C where adjustment is required to be done for the credit note reported in the GSTR-9 after end of FY.

At the same point of time, there is other view also as per which the credit note issued in next FY should not get adjusted in the earlier year. i.e. Goods sold in Feb 2018 which are returned by the customer in June 2018 and credit note issued by the supplier. As the return of goods has taken place independently in FY 2018-19, it should not be reported in the Annual Return. In view of the author, second approach would be better considering the fact that the cause of action giving rise to issuance of credit note has arisen in the subsequent financial year and hence the same should form part of the GSTR-9 of FY 2018-19.

Note: Similar would be implication in case of debit note issued and disclosed under various scenarios.

33. Original goods were supplies in March 2018 in respect of which credit note was issued in December 2018. How should treatment be done in the Annual Return.

Section 34 of CGST Act requires that the credit note can be issued only upto the period of filing of return for the month of September of subsequent financial year. The extension of the date from September to March was merely for the purpose of disclosure of credit notes which were issued prior to such date but were omitted to be disclosed in the GSTR-1/3B. Hence, the credit note issued after September 2018 continues to be invalid credit note. The registered person is required to pay taxes on such wrong credit note. However, such credit note would not require to be reported in GSTR-9 of 2017-18. It would form part of GSTR-9 of 2018-19.

34. Credit note was issued by the supplier but the same was omitted to be disclosed in the GSTR-3B. Whether the same may be disclosed and adjusted in the GSTR-9?

Section 34 (2) provides that the registered person issuing credit note is required to disclose such credit note in the 'return' for the month during which credit note has been issued. The return means the return as required to be filed under section 39 i.e. GSTR 3/3B. There is no provision for disclosure of the credit note in the GSTR-9 unless the same was reported in the GSTR-3B filed till March 2019. Hence, in the absence of the same, the registered person may not disclose such credit note in the GSTR-9.

35. Person issuing credit note is required to disclose the credit note in GSTR-3B by reducing the value if supply from other outward supplies and tax to be paid on net amount. But, by mistake, it was shown as availment of credit in GSTR-3B. What should be impact of the same in the Annual Return?

The substantial condition for credit note is that the recipient of supply has reduced ITC to the extent tax involved on the credit note. If the registered person is in a position to verify that the recipient of supply has reversed ITC on such supply, a view may be taken that disclosure of such credit note in the ITC instead of reduction of output liability is merely a disclosure error with no revenue impact (there is no loss of revenue to the Government). However, the view may be litigated by the department which have to be suitably addressed.

36. SEZ unit has supplied the goods to DTA unit. How should it be reported in the Annual return by SEZ unit?

Supplies by SEZ unit to DTA unit is not required to be disclosed in the periodical GSTR-1 by the SEZ unit. Instead, it is reported by the DTA unit as import made from SEZ against bill of entry. As this does not form part of the turnover of SEZ, it is not required to be included in the GSTR-9 to be filled by the SEZ unit.

37. Supply has been made without consideration. Whether disclosure is required in the Annual Return?

Generally, there is no GST liability on the supply made without consideration. In the absence of supply being made, it is not required to be disclosed in the Annual return. However, if the supply without consideration is in the nature of transactions covered in the Schedule I of the CGST/SGST Act and the details of the same is disclosed in the Form GSTR-1 filed then the same needs to be also disclosed in the Annual Return.

38. Term “Non GST Supply” has not been defined under the law. What is to be included therein in the Annual Return. Could details reported in this table be different from the details furnished in the periodical return?

Non GST supply could be said to be supply of alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel etc. Transactions falling within schedule III (neither supply of goods nor supply of services) may not be said to be non GST supply and accordingly may have not been declared in the periodical GSTR-3B and GSTR-1. However, instruction to table 5D, 5E and 5F requires disclosure of ‘no supply’ transaction also. There could be following approach:

- Disclose such “no supply” transaction pertaining to last year in the GSTR-3B and GSTR-1 till March of succeeding FY and accordingly include in Table 5F of GSTR-9,
- Even if not disclosed in the periodical returns, to be disclosed in GSTR 9.

39. Some amount has been recovered as Pure Agent. Does it require disclosure in the Annual Return?

Amount recovered as pure agent is excluded from the valuation under section 15 of the CGST/SGST Act read with Rule 33 of the CGST/SGST Rules. It is not

shown in the periodical GSTR-1 also and accordingly there may not be disclosure requirement of the same in the Annual Return. If such transactions are routed through Balance Sheet, there will be no disclosure in the GSTR-9C also. However, if included in the turnover as per books of account, it would be one of the reconciliation item under GSTR-9C.

40. Whether High Sea Sales, warehousing sale and merchanting sale has to be reported in the Annual Return?

High sea sale, bonded warehouse sale and merchanting sale where there is no GST liability and covered in the Schedule III as per proposed amendment could be said to be in the nature of “no supply” transactions and covered in Table 5F of Annual Return.

41. Whether stock details have to be reported in the Annual Return?

The details in respect of movement of stock or addition/ consumption of stock is not required to be disclosed in the Annual return. However, assessee needs to internally derive the values of stock that is lost, stolen, issued as samples etc. and accordingly the same needs to be reversed in the monthly returns and the corresponding disclosure of the same needs to be given in Part III of the Annual Return.

42. Goods have been sent to job worker on delivery challan in respect of which ITC-04 has been filed in the Financial Year. Whether any disclosure is required in the Annual Return.

Goods sent to job worker on delivery challan are not in the nature of supply provided the goods are received back within the specified period. There is no requirement of disclosure of such removal in the Annual Return. However, if the goods are not received back within specified time period, it is treated as if supply has been made on the date of original removal of goods and tax has to be paid by the principal. Such instances have to be reported in the table 4 and Table 16B of the Annual Return.

Practically, as there is a minimum of 1 year time limit for it to be considered as a deemed supply, it would not apply for GSTR 9 of FY 2017-18.

43. How to disclose the difference between commercial value of the transaction and assessable value under GST?

There could be many instances where commercial value of the transaction could be different from the transaction value on which tax is payable under section 15 of the CGST/SGST Act read with rules issued thereunder. There is requirement to disclose the transaction value as arrived at under section 15 of the Act read with Rule in the Annual Return. Any difference between commercial value and transaction could form part of the Reconciliation Statement. There is no need of disclosure of such difference in the Annual Return.

44. Supplies made to registered persons have been disclosed as B2C supplies in Form GSTR-1. How to rectify the same in Annual Return?

Rectification should be made only in Form GSTR-1 before the due date of furnishing the return for the month of September (extended to March). Hence, the change of the nature of transactions from B2C supply to B2B supply have to be made in the GSTR-1. In the Annual Return, the supply should be disclosed under the appropriate head at the gross amount and adjustment should be shown in the amendment table.

However, if the supplier could not rectify it in the GSTR-1, it may be corrected in GSTR-9 and disclosed in the correct column.

As per ROD 02/2018 – Amendments to GSTR 1 were allowed up to March 2019. This would help enable to recipient to claim the ITC.

45. Supplies made to incorrect GSTIN of the registered persons. How to rectify the same in Annual Return?

Rectification can be made only in GSTR-1 before the due date of furnishing the return for the month of September extended to March. The earlier supply made needs to be amended by way of amendment tab in the Form GSTR 1 and the new GSTIN needs to be updated. Anyway, the amendment in the GST number may not have any impact on the tx liability and accordingly such amendments may not require to be disclosed in the GSTR-9.

46. There is no liability on advances received on supply of goods. Whether same has to be reported in the Annual Return?

Table 4F requires disclosure of advances in respect of which tax is payable on receipt of such advance and invoice has not been issued in the FY. As there is no liability on the advances received towards supply of goods, there is no disclosure requirement of such advances in the Annual Return. However, if the

advances have been received in the period when there was liability pay tax on advances received towards the goods also and invoice has not been issued in the FY, the same has to be disclosed in the Annual Return in Table 4F.

47. In case the advance received is partially adjusted by end of the year. How to report the same in the Annual Return?

If there is a liability to pay GST on advance received then the said advance to the extent remaining unadjusted (i.e. in respect of which supply has not been made in the FY) has to be disclosed in the Table 4F.

48. Does the transactions pertaining to reverse charge needs to be disclosed in the Annual return of the supplier or in the return of the recipient?

The transaction covered under reverse charge needs to be declared both by the supplier and also by the recipient. the supplier of service is registered under GST, has to disclose the turnover on which recipient is liable to pay tax in table 5C of the Annual Return and the recipient needs to disclose the same in table 4G of the Annual Return

49. I have not declared exempted supply, Non GST supply and Nil rated supply in the monthly returns. Whether disclosure of the same is required to be made in the Annual Return?

Table 5 of the Annual Return deals with disclosure of such supplies. although the heading of Table 5 provides for disclosure of “Details of Outward supplies made during the financial year on which tax is not payable”, it is suggested that all transactions pertaining to the previous year should be reported in the Annual Return whether or not such details have been shown in the periodical Return as the annual return would later be considered as the basis for preparation and filing of the Reconciliation statement.

50. Provision made for unearned income in the books of account at the end of financial year is required to be disclosed in the Annual Return?

Provision for unearned income is not in the nature of supply of the FY and hence it is not required to be disclosed in the Annual Return. This would be a reconciliation item between audited annual accounts and returns which is required to be disclosed in the GSTR-9C, not in the Annual Return.

51. Whether turnover as per Profit and Loss Account is required to be matched with the Annual Return?

There is no requirement under GST law to match the turnover as per the profit and loss account with the annual return but it is pertinent to note that the reconciliation statement as to the difference in the turnover needs to be reported, therefore it is important that the turnover is matched in the back end at the time of filing the annual return and the monthly returns so that the differences does not crop up in the reconciliation statement in Form GSTR-9C.

52. Turnover for the period April 2017 to June 2017 is required to be reported in the Annual Return?

No. only the details for the period July 2017 to March 2018 are to be provided in annual return. The turnover pertaining to April 2017 to June 2017 would be required to be reported in the Form GSTR-9C as a part of reconciliation with the financial statements.

53. Supply made to merchant exporter by charging GST @ 0.1%. Whether it has to be disclosed in the Annual Return?

For manufacturer exporter such supply are in the nature of deemed exports and has to be disclosed in table 4E of the Annual Return.

54. Year-end discount has been given to the distributor for achievement of target and such expenses have been shown as sales and marketing expenses. Whether there is need of reporting the same in Annual Return?

If the discount has been given in accordance with the agreement existing on the date of supply for which adjustment is permitted under section 15, the credit note may be issued under section 34 of the CGST/SGST Act. Such credit note has to be disclosed in the different scenarios mentioned for the credit note above. However, if the discount has been issued which is not in accordance with the section 15, there is no GST implication and hence no disclosure is required in the Annual Return.

55. There was sale of motor vehicle on which GST was paid on the margin value. How should disclosure be made in the Annual Return?

In case of sale of motor vehicle where GST is paid only on the margin (sale value – WDV as per IT Act), the value of supply should be shown in the Table 4 as the

value of such margin along with applicable tax thereon. There is no need of reporting of the value on which exemption is claimed (to the extent of Income Tax WDV) in any of the table of GSTR-9.

56. Table 9 of the GSTR-9 auto populate the tax payable and tax paid. What is the source of such information? Could there be any change in these fields?

The value of tax payable in the Table 9 is auto populated based on the GSTR-3B. However, there could be possibility of some corrections made in the GSTR-9 on account of which tax payable may require to be changed. Following to be noted in this regard:

- Tax payable indicates the tax payable on the outward supplies made by the registered person + RCM liability. Hence, the tax payable in the Table 9 should match with the tax payable as per table 4 of GSTR-9.
- Pre filled value of tax payable may be edited by the registered person to bring it in line with the tax liability arising on total supplies as declared in the Table 4.
- Tax paid in cash and by utilizing credit cannot be altered as it flows from the GSTR-3B. If there is difference between tax payable (revised based on correct reporting made in GSTR-9) and tax paid, it may have to be dealt with as below:
 - Tax payable is more than the tax paid – pay differential tax based on DRC-03 and report the same in the GSTR-9C
 - Tax payable is less than the tax paid – The excess tax paid may be claimed as refund under provision of section 54 (not through Annual Return) subject to conditions of the section 54.

57. What is the relevance of DRC-03? Whether tax may be paid through DRC-03 by utilizing the credit available with the registered person?

DRC-03 is form available on the common portal whereby registered person can pay any tax/amount to the Government other than by way of GSTR-3B. Any liability which arises on account of addition disclosure made in the GSTR-9 may be paid through DRC-03. Instruction to the GSTR-9 provides that the tax may be paid through DRC-03 in cash only.

58. Whether there is any field for the disclosure of tax paid through DRC-03?

While paying taxes in DRC-03, the option of 'annual return' should be chosen. But, there is no specific column for the disclosure of the tax paid through DRC-03. This may be identified based on the difference between tax payable and tax paid which should get discharged through DRC-03. Further, the auditor may disclose the fact of payment through DRC-03 in the GSTR-9C.

59. Invoice was issued under Service tax regime when Tax rate was 14%. Credit note was issued during the GST regime when tax rate was 18%. Where to show the credit note as it is relating to the service tax period?

As per section 142(2)(a) of CGST Act, credit note issued for downward revision of price shall be deemed to have been issued in respect of an outward supply made under GST Act, hence such credit notes shall be disclosed in 4(I) of the annual return.

Note: Sales returns from B2B recipient would be considered as an outward supply transaction and liable under GST. Refer Section 142(1) of CGST Act for more details.

FAQs on Input Tax Credits

60. We missed out availing input tax credits on few invoices last year. Whether credit of the same can be taken in the Annual Return?

As per the provisions of the GST law, any credit can be availed up to the due date of filing of returns for the month of September of the subsequent financial year. In case of FY 17-18, the said time limit was extended up to the due date of filing of the returns for the month of March 2019. Hence, only those credits which have been availed within the prescribed period can be reported in the annual return and no new/ additional credits be allowed to be taken in the annual returns. Further, it is to be noted that, Sl.No.8 under Part III provides for disclosure of information w.r.t. credits pertaining to FY 2017-18 availed during the period April-September 2018 (extended to March 2019), purely as a check with Form GSTR-2A credits and an informative requirement. Also, the details of credit so availed has to be reported in the Part V of the Table 13 for disclosure requirement only.

61. Credit has been wrongly taken in TRAN-I and the same has been identified and also reversed in the GSTR-3B of September 2018. Whether disclosure is required in the Annual Return? If yes, under which table?

In the given case, since the credit availed is reversed in the subsequent financial year, therefore the details of such reversal must be disclosed in under Table 12 of GSTR-9. It is to be noted that this information is only for disclosure purpose and the actual effect of reconciliation arising due to such reversal would be carried out in the subsequent FY in which the reversal is done.

62. Disputed credit has been availed and reversed under the protest. How should it be disclosed in the Annual Return?

The GST law does not provide for reversal of credit under protest. Hence, there is no separate disclosure available in the Annual Return for the same. The registered person may file a separate communication with the jurisdictional officer for such reversals made and no separate disclosure is needed in the Annual Return.

63. Person opting out of the composition scheme has availed input tax credits on the goods in stock. How to disclose in the Annual Return?

A registered person opting out of the composition scheme is eligible to avail the Input tax credit of the goods lying as stock and therefore any credit so availed on account of a person opting out of the Composition Scheme shall be reported under Table 6(M) of the Annual Return GSTR-9A to be filed by person under composition scheme.

64. Some credit has been availed wrongly which has been identified in the course of GST audit. How to reverse such credits?

In case assessee has self-assessed the amount of ITC to be reversed which has otherwise not been reversed in the monthly GSTR 3B returns, then in such case credits can be reversed in the annual return. There is no specific column to provide for reversal which are done in the Annual return. However, considering that the objective of annual return is to file the correct value of supplies and ITC thereon, it may be shown in the Table 7H (as other reversals). However, it is to be noted that merely disclosure in this table will not give any effect in the electronics credit ledger and hence the registered person is required to pay the

wrongly availed ITC through DRC-03. In view of the author, if there are sufficient credit available, such credit may be reversed in DRC-03 by utilizing the credit available with the registered person.

65. Credit has been availed on certain invoices but the invoice is not appearing in the GSTR-2A. Whether credit of the same has to be reversed in the Annual Return?

Sl.No.8 under Part III appears to provide for disclosure of additional information required to be reported by assessee, with respect to matching of credit balances with Form GSTR-2A. There is no specific requirement for reversal of credit on account of invoices not reported in Form GSTR-2A. However, the details reported in Sl.No.8 would become the basis for the department to determine the cases of input tax credit availed in excess of credits reported in Form GSTR-2A.

66. Assessee is engaged in making both taxable supply as well as exempted supply. No reversal has been made for common input tax credits. What treatment should be done in the Annual Return?

In case assessee has not carried out any reversal of common input tax credit availed on account of both taxable as well as exempted supplies, then it is suggested to give effect to such reversals in Table 7C or 7D of the Annual return. It is to be noted that the form has now been amended to self-assess and declare the taxes properly and therefore any additional reversals that has not been in the GSTR 3B returns filed can be reversed through annual returns and pay such wrongly availed credit through DRC-03.

67. Excess credit reversed in the year under Rule 42 which has been worked out after the end of the year. Can adjustment be made in the Annual Return?

Where the excess credit availed earlier is reversed after the end of year at the time of computation of annual eligibility of credit, such reversal is not required to be disclosed in the Table 7 (as the reversal is made after end of year). It needs to be shown in the Table 12 merely for informative purpose.

68. A company has demerged one of its unit to another company and transferred such credits. How should it be disclosed in the Annual Return on the company who has availed credit on such transfer?

Credit is availed by the recipient company by filing ITC-02 on the common portal. There is table 6M of the Annual Return which provides for disclosure of such credits. New company has to disclose the credit so availed in this Table field (M) of sl. No. 6 in Part III as “Any other ITC availed as not specified above”.

69. It is difficult to reconcile the GSTR-2A with ITC availed in GSTR-3B on individual invoice basis. Can it be done at aggregate level for each vendor and disclosed in the Annual Return?

Sl.No.8 under Part III appears to be provided for the purpose of additional information required to be reported by the assessee with respect to matching of credit balances with Form GSTR-2A. There is no specific requirement to match input tax credit at invoice level with Form GSTR-2A. However, the details reported in Sl.No.8 would become the basis for the department to determine in case of input tax credit availed in excess of credits reported in Form GSTR-2A on an overall basis.

70. Certain credits have been carried forward in the TRAN-I and TRAN-II. What are the disclosure requirement for the same in the Annual Return?

The details of input tax credit availed in Form TRAN 1 needs to be separately disclosed under Sl. No. 6(K) and 6(L) under Part III of Annual return.

71. Credit is appearing in GSTR-2A but physical invoice is not available. Whether credits of the same may be availed in the Annual Return?

Ans. The form provides for reporting of actual input tax credit availed in Form GSTR-3B for the FY 2017-18 under Sl.No.6 under Part III. Invoice is the compulsory document to avail ITC. In case any additional credits are noted by the assessee (based on review of Form GSTR-2A) and the same is found to be correct with actual invoice available, the same must have been availed in the GSTR-3B returns within the eligible due date. Further, such credits should be disclosed as additional information under Sl.No.8(C) of Part III as a mere disclosure requirement. However, additional credit may not be available in absence of physical invoice.

72. Whether there is a need to give HSN wise details of input tax credits availed (for inputs, services and capital goods). How to compile the same when separate records not maintained for their identification?

Ans. Sl.No.18 under Part VI requires disclosure of HSN wise details of inward supplies. It will be optional for taxpayers having annual turnover upto INR 1.50 Cr. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above INR 1.50 Cr but upto INR 5.00 Cr and at four digits' level for taxpayers having annual turnover above INR 5.00 Cr. However, relaxation is further given stating that this summary details are required to be declared only for those inward supplies which in value independently account for 10 % or more of the total value of inward supplies.

73. What is ITC reclaimed under table 6 H of Annual Return? Need clarity and explanation.

ITC availed, reversed due to non-payment of value and tax within 180 days to the supplier and reclaimed after payment is required to be disclosed.

Example:

- Total ITC availed during the period is Rs.1,00,000/-
- Less: The ITC reversed due to non-payment of value including tax to the supplier is Rs.20,000/-
- Add: The ITC reclaimed after payment made to the supplier is Rs.8,000/-
- In this ex: the ITC to be disclosed in
 - Table 6B is Rs.92,000/-
 - Table 6H is Rs.8,000/-
 - Table 7A is Rs.12,000/- [20,000-8,000]

74. Credit has been reversed on account of non-payment of consideration to vendor. Such reversal has been made both in the FY 2017-18 and after the end of year for invoices pertaining to last FY. What is disclosure requirement under Annual Return?

The form provides for reporting of actual reversals made for the FY 2017-18 in the Table 7A of Annual Return. However, reversals made during FY 2018-19 w.r.t. FY 2017-18 would require to be reported as part of the Annual return for FY 2018-19. Similarly, credits which have been reclaimed filed for FY 2017-18 shall be reported under Sl. No. 6(H) under Part III.

75. Goods sold in March 18 which expired in the month of September 2018. Credit Note issued to the customer for sales return of expired goods. What should be treatment in GSTR- 9?

The expiry of goods is post facto event which has arisen after end of FY. Issuance of credit note for such return of goods is not required to be disclosed in the Annual Return of FY 2017-18. Further, ITC reversal on such expired goods under section 17(5) has to be performed in the GSTR-3B of the month of September which shall form part of the Annual Return for FY 2018-19.

76. What is the disclosure requirement of the blocked credit {section 17 (5)} in the Annual return?

As per the format of the Annual Return, the amount of input tax credit reversed under Section 17(5) of the CGST Act, 2017 would be reduced from the gross input tax credit availed. In case the assessee has availed and also reversed the blocked credit in GSTR 3B filed for the FY 2017-18, then the same needs to be disclosed in Table 6 (availment) and Table 7 (reversals). However, in case assessee has availed the blocked credit in the returns filed for FY 17-18 and reversed in the returns filed for FY 18-19, then the details of credit availed needs to be disclosed in Table 6 and the details of credit reversed needs to be disclosed for information purpose in Table 12 of the Annual returns. It is to be noted that the heading in table 9 has been amended to reverse and provide the details of reversed and ineligible ITC for the FY. Therefore, in case of those blocked credits that have been availed and not reversed even up to the date of filing of the annual returns then the same needs to be now reversed as a mechanism of self-assessment in Table 7 of the Annual returns. In case, the same is not reversed here, then auditor must recommend for reversal in Table 14 of the reconciliation statement.

77. Where to disclose input credit availed on GST paid under reverse charge for GTA, who was unregistered for part of the previous financial year?

Separate disclosure is required to be made under Sl.No.6(C) and 6(D) under Part III for supplies received from registered and unregistered persons, respectively. Hence, reporting shall be made under Sl.No.6(c) for the period the supplier was unregistered (i.e. for invoices issued without his GSTIN) and for the balance period to be reported under Sl.No. 6(D).

78. Whether it is mandatory for bifurcation of input tax credit between inputs, input service and capital goods?

Yes, Sl.No.6 under Part III requires bifurcation of input tax credit availed under inputs, input service and capital goods.

79. Is there an impact of inappropriate classification of credit under Inputs vs. Capital Goods?

Inappropriate disclosure of credits under Inputs or Capital Goods could have an impact on the requirement for reversal of input tax credit under Rule 42 / 43, in case the total turnover includes exempted turnover and the credit of Capital Goods is not considered while computing the Refund of Net ITC used for Zero Rated supplies.

80. How to disclose input tax credit in the Annual Return where the assessee has disclosed input tax credit net of reversals in Form GSTR-3B (details of reversals not disclosed separately)

The Assessee shall disclose the gross input tax credit availed under Sl.No.6 under Part III and separately disclose the amount of credit reversed under Sl.No.7 under Part III. This would ensure completeness of reporting of gross credits and reversals made during FY 2017-18. Also, the amount of ITC available for utilisation (as computed under Sl. No. 7(J)) would be net of reversals and also in line with the total credit availed in Form GSTR-3B. However, it is provided in the instructions that if the amount stated in Table 4D of FORM GSTR-3B was not included in table 4A of FORM GSTR-3B, then no entry should be made in table 7E of FORM GSTR-9 and therefore in such cases, assessee can take a view of disclosing such details on a net basis.

81. Whether IGST credit availed on import of goods would also be compared with Form GSTR-2A, in the absence of data integration with ICEGATE?

Sl.No.8 under Part III which requires disclosure of certain additional details, compares the credit reported under Sl. No. 6(B) and does not include IGST credit availed on import of goods. Such credit has to be separately reported and compared based on the actual import of goods by the registered person.

82. Person under composition scheme has availed credit at the time of migration from composition scheme to normal scheme. Whether such credit has to be separately disclosed in the Annual return?

Yes, Table 16B of the GSTR-9A provides disclosure for availment of credit at the time of opting out of the Composition Scheme. Hence, the disclosure of such credit should be made in this table.

83. How to disclose reversal of Transition credit made in Form GSTR-3B filed in FY 2018-19?

Ans. The form provides for reporting of actual reversals made in Form GSTR-3B for the FY 2017-18. Reversals made during FY 2018-19 w.r.t. FY 2017-18 would be required to be reported as part of the Annual return for FY 2018-19.

84. Whether any un-availed input tax credit pertaining to FY 2017-18 would lapse once the annual return is filed?

Yes, as per Section 16 of the CGST Act, 2017 any un-availed input tax credit pertaining to FY 2017-18 would lapse either on the due date of filing GST return for the month of September 2018 (extended to March 2019) or the date of filing annual return, whichever is earlier.

85. Incorrect reporting of ISD credits under the category of 'All other ITC' in Form GSTR-3B. Where should it be reported in the Annual return?

Sl.No.6 under Part III of the Annual return provides for auto-population of Gross input tax credit availed in Form GSTR-3B, without providing the specific head under which the credits have been availed. The Assessee shall provide the correct break-up of input tax credit, irrespective of the incorrect disclosure in Form GSTR-3B. The form only provides for validation of gross credit as per Form GSTR-3B filed and the credit break-up provided in the Annual Return.

86. Input tax credit has been shown in the books of account but not shown in the GSTR-3B. Whether adjustment is required to be made in the Annual Return?

It is to be noted that availing of credits under GST is by way of filing of the monthly GSTR 3B returns and no additional credits can be availed in the annual returns even though the same has been properly availed in the books of account. Credits availed in books of accounts and not reported in Form GSTR-3B shall

not be reported in the Annual Return. Such credit would be reported in the GSTR-9C and difference has to be explained by the auditor.

87. Where the assessee has paid GST under RCM for the month of March 2018 and availed credit in April 2018, whether the same needs to be disclosed in Annual Return?

It is to be noted that only those credits which have been availed in the returns filed for the FY 17-18 should be considered as part of input tax credit in the Table 6C and 6D. However, as the RCM credit has been availed after completion of FY, it may have to be disclosed in the Table 13 of Part V.

88. Whether incorrect supplies reported by vendors and appearing in Form GSTR-2A needs to be excluded for Annual Return?

Sl. No. 8 under Part III requires disclosure of certain additional details, which compares the credit reported under Sl. No. 6(B). The values reported in Form GSTR-2A which are incorrect and not pertaining to the assessee, can be reduced under Sl. No. 8(F) since the same is not a credit which can be availed by the assessee.

89. Credit appearing in the GSTR-2A exceeds the credit availed in the GTR-3B. Whether the difference between two has to be explained in the GSTR-9?

The difference between the GSTR-2A and ITC as per GSTR-3B is derived in the Table 8D. The difference between two has to be explained in table 8E and Table 8F as ITC available but not availed and ITC available but ineligible. Hence, the difference between GSTR-2A and ITC as per GSTR-3B needs to be analysed in these two headings and to be reported in the Annual Return.

There could be possibility of Table 8D having negative, positive or zero figure. Irrespective of the value in this table, the registered person is required to disclose the segregation of ITC in the Table 8E and 8F.

90. What is the reason for declaring the taxes paid on import of goods and bifurcation of it between credits availed as well as not availed thereon?

The reason for seeking details of taxes paid on imports and its subsequent bifurcation between credits availed and not, appears to be for the purpose of identifying the instances where the transactions may be carried out in unaccounted manner post importation of goods. i.e. a person imported certain

goods from China and sold it in the cash market and did not account in the books. As the sale has not been reported in the books, the person may not avail the ITC on the goods imported. Once the data as to credit not availed is accumulated, it could give government some indications as to there could be possibility of transactions remaining unaccounted.

91. Many taxpayers have not been able to file their TRAN 1 credit due to technical portal issues. However, these credits have been accounted by the taxpayers in their books of accounts for the year 17-18. Can these credits be disclosed in the annual returns?

As explained above, any credits including transitional credits has to be availed by way of filing of respective transitional form. Additional credits that have not been transferred to the electronic ledger cannot be directly availed in the annual returns.

92. Table 8A incorporate details of credits as per GSTR-2A. But there is difference in the auto populated number as per Table 8A and credits as per GSTR-2A. How to identify such differences and reconcile them in the GSTR-9?

GSTR-2A is a detailed statement of all inward supplies received by the registered persons auto populated based on the details furnished by the counter party. The difference between the detailed GSTR-2A downloaded from common portal and auto filled number in Table 8A could be on account of below:

- Vendor making supply of goods or services falling under RCM
- Credit claimed based on invoice issued by ISD
- GSTR-1 form saved by the supplier but not filed on the common portal
- Supplies where vendor has reported the state code different from the State code of the recipient etc...

Above nature of entries appear in the detailed GSTR-2A but not in the auto populated Table 8A of GSSTR-9. Hence, the registered person is required to cross verify the information contained in Table 8A *viz a viz* GSTR-2A and finally reconcile the ITC based on information auto-populating 8A which is non editable.

93. There is no column in Table 8 for ITC availed in 2018-19 in respect of goods imported in 2017-18. Whether such credit would lapse? How should reporting be made in GSTR-9?

In case of domestic inward supply, Table 8C appropriately captures such inward supply which were received in 2017-18 but ITC availed in 2018-19 for the purpose of reconciliation. There should have been similar column for import of goods also which is missing. Further, Table 8H is auto populated based on Table 6E i.e. details of ITC taken on goods imported. It has been clarified vide recent press release that the value of ITC availed in 2018-19 may be included in Table 6E also. This would result in reporting the ITC in 8H also and there would no lapse of credit.

In view of the author, the suggestion made by the press release is apparently erroneous and it seems that the disclosure in the form is compromised. The disclosure as suggested in the press release would have following ramifications:

- Auto populated ITC in Table 6A for FY 2017-18 not to include ITC on imported goods availed in 2018-19
- Table 6E to include ITC availed in 2018-19 (based on press release) creating difference in Table 6J
- Table 7J being overstated for the ITC available for utilization for FY 2017-18
- Table 12 of GSTR-9C to have difference between ITC available in the books of account *viz a viz* ITC available for utilization as per Table 7J of GSTR-9

This difference would require to be explained by the auditor in the GSTR-9C.

94. In case of return of goods by the supplier, the customer is issuing tax invoice. How should same be considered in the GSTR-9 of both the parties?

Customer returning the goods would consider it as normal B2B supplies and would report in Table 4 Part II of GSTR-9.

Original supplier receiving such goods under sale return would consider it as inward supply similar to any other supplies availed from other vendors and disclose in the Table 6 of GSTR-9 as ITC availed.

95. Credit Notes were issued by the supplier and the same was taken as ITC instead of deducting from the liability in GSTR-3B. How should it be disclosed in GSTR-9?

It could be a technical default to take the ITC based on the credit note issued by oneself instead of reduction from liability in the GSTR-3B. So long as the supplier

is in position to establish the compliance of substantial conditions i.e. issuance of credit note under the circumstances covered in section 34 and reduction of ITC by the recipient of supply, there should not be any implication on account of merely wrong disclosure in the GSTR-3B especially when there is no revenue loss to the Government. The registered person may show correct output tax liability in Part II Table 4 (after deducting CN) and correct ITC (without including CN) in Table 6. The difference arising between the tax payable and tax paid in Table 9 could be explained as extra tax paid claimed as ITC in GSTR-3B with proper note in GSTR-9C.

Alternatively, the credit availed and liability declared as per GSTR-3B may be considered in GSTR-9 and appropriate disclosure of the CN may be explained in the GSTR-9C.

96. Whether input tax credits has to be identified and reported at the expense level in the Annual Return?

Annual return does not provide for categorization of input tax credit under various expense heads. ITC requires to be bifurcated as Inputs, Input Services & Capital goods. The requirement to report credit availed against various expense heads are to be reported in Form GSTR-9C

97. In case assessee has paid any amount of taxes under RCM, how to disclose the same in Annual Returns?

Details of any taxes paid under RCM for FY 17-18 in the returns filed for the said period must be disclosed in table 4G of the form Annual returns.

98. In case assessee has missed paying taxes on any inward supplies under RCM in the returns filed for FY 17-18 but the same was duly identified and accordingly tax on the same was later paid in the returns filed in the FY 18-19. Whether the same needs to be disclosed in the Annual Returns?

The current format of the form Annual returns even after amendment has not provided for any field where these details can be disclosed. However, considering the overall objective of disclosure requirement in the annual returns along with the system of reconciling the RCM expenses in the reconciliation statement, one may disclose the details of taxes paid under RCM in table 10 & details of credit availed thereon in the Table 12 of the Annual return. However, it should be noted that the value of such supplies should not be included in the Table 10 as this

would be included in the computation of turnover to be compared with the turnover declared in the Table 5 of GSTR-9C. In the absence of any other column, the value of such supplies may be declared in the Table 5G with corresponding tax disclosed in Table 10.

99. In case assessee has missed paying taxes on any inward supplies under RCM in the returns filed for FY 17-18 and the same is also not paid as on the date of filing of the annual returns, then whether the same needs to be disclosed in the Annual Returns?

There is no specific column for the disclosure of taxes not paid under RCM. Considering the fact that the tax thereon has not been paid in the subsequent FY also, it may not be disclosed in the Part V table 10 also. In the absence of the same, it may have to be disclosed in the Table 4G Part II. This would result in tax payable and tax paid which may be discharged through DRC-03 and reported in the GSTR-9C.

100. Whether registered person could claim ITC of tax paid under RCM as mentioned above?

There is a possible view that time limit for availment of credit as provided in section 16 (4) is for the tax invoice and debit note where such time limit has to be computed from the date of such document. In case of RCM liability, credit is taken based on the self-invoice generated by the registered person. Considering that the self-invoice is generated at the time of payment of tax and tax liability is discharged along with interest, the time limit should be computed from the date of such document and ITC of the same should be allowed. However, such ITC may not be claimed in the GSTR-9 but may have to be claimed in GSTR-3B. It is expected from the government to clarify the matter to avoid future litigations.

101. At the time of filing of refund application, ITC balance in the electronics credit ledger is required to be reversed. Whether any disclosure to that effect is required in GSTR-9?

There is no column in GSTR-9 for disclosure of ITC reversed at the time of filing of refund application.

102. ITC reversed after end of year disclosed in the Table 12 of the GSTR-9. Does it have any impact on interest liability?

Reversal of ITC after end of year indicates that such ITC was availed wrongly earlier. Once the ITC has been availed wrongly and utilized also, there is interest liability on reversal of ITC which has to be disclosed in the Table 14. However, if the credit has merely been availed but not utilized, registered person could consider contesting the interest liability based on the Karnataka High Court judgment in case of *Bill Forge Pvt Ltd* under erstwhile Cenvat Credit Rules.

103. Credit has been availed but corresponding entry is not appearing in the GSTR-2A. whether such credit is required to be reversed?

There is no substantive condition in the law that the credit has to be reversed in the absence of its non-appearance in GSTR-2A. Once the registered person has satisfied the conditions of section 16 (2), credit is allowed notwithstanding that the particular entry is not appearing in GSTR-2A.

However, above proposition should be distinguished viz a viz credit availed after September 2018 in respect of invoice pertaining to 2017-18 where specific condition was introduced that the credit in the extended period could be claimed only if the reporting has been made by the corresponding supplier. Hence, it is mandatory to satisfy the condition of appearance of ITC in GSTR-2A if the credit has been availed in the extended period of October 2018 to March 2019.

104. Credit is not appearing in GSTR-2A. At the same point of time, it is noticed that vendor has not filed GSTR-3B also. What should I do for credit in such cases?

The condition of section 16 is that the credit could be claimed only if the taxes have been paid to the Government. Where the supplier has not filed GSTR-1 and GSTR-3B, the tax has not been paid to the Government and hence this could result in the violation of condition of section 16. However, non-payment of tax by the supplier should not result in denial of credit to the recipient as Government should seek recovery of tax from the supplier instead of from the buyer.

Detailed representation made by ICAI to the Government could be referred to at below link:

<http://idtc-icai.s3.amazonaws.com/download/pdf18/Representation-for-clarifying-that-Input-Tax-Credit-shouldnot-denied-buyer-mistake-seller.pdf>

105. In case assessee has short paid any taxes under RCM, then whether the additional liability of the taxes partially short paid can be disclosed in the annual returns?

In case tax on any inward supplies liable under RCM is short paid, then assessee can disclose the balance additional liability in table 4G of the Annual return and accordingly payment towards the same can be now made at the time of filing of annual returns. However, in case the assessee does not agree to such additional liability due to any classification inconsistency/ dispute, then the auditor may either disclose the details of the same in table 8 of Form GSTR 9C or report the same as a qualification remark in the certification.

Other miscellaneous FAQs

106. Table 15 of Annual Return requires the particulars of refund. Whether the refunds applied, sanctioned etc. as on March 2018 is to be disclosed or as on Sep 2018?

Table 15 of Annual return shall contain the value of refunds claimed, sanctioned, rejected and pending pertaining to the financial year of 2017-2018 only. Therefore, the refunds that have been applied for the subsequent financial year are not required to be disclosed in Annual Return to be filed for the period 2017-18.

107. Whether to disclose the details of DIPP Area based refund in annual return under table 15?

DIPP Area based refunds are granted under the separate scheme of the Government and the same is not emanating out of any provisions of GST Act, Rules and the Notifications issued therein, hence the same need not be shown under table 15 of form GSTR 9A.

108. Whether demand for e-way bill in respect of movement of goods in the previous financial year i.e. 2017-18, but the demand raised after end of Financial year, whether the same needs to be disclosed in point no. 15E of form GSTR 9?

No, as the same demand is issued by the adjudicating authority in the financial year of 2018-19, it is not required to be disclosed in the Annual Return of 2017-18.

109. HSN- how many digits are to be given in summary?

Part VI requires disclosure of HSN wise details of inward and outward supplies. It will be optional for taxpayers having annual turnover upto INR 1.50 Cr. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above INR 1.50 Cr but upto INR 5.00 Cr and at four digits' level for taxpayers having annual turnover above INR 5.00 Cr.

Presently the GST portal is allowing only 8-digit HSN for goods and 6-digit HSN for services, although this is not in line with the requirement of law. Dropdown list is appearing while entering HSN in Table 17 & 18, which could help ease the process.

110. Invoice issued with wrong GSTIN what to do now if recipient is asking to revise?

Amendment of GSTIN of the recipient shall be done in Form GSTR-1 and has no impact on values to be reported in the Annual Return.

111. Whether the value of exempt supply also required to be considered while concluding the value of HSN summary?

Table 17 & 18 of the Annual Return provides for reporting of HSN wise summary of outward & inward supplies. It does not provide that the reporting has to be done only for taxable supplies. Thus, the HSN wise summary shall also be provided for exempt supplies.

112. Whether the value of exempt supply also required to be considered while concluding the total value of HSN inward supplies?

Yes, although, non -GST inward supplies and schedule III items need not be considered.

Note: Only goods/services more than 10% of total inward supplies to be disclosed in Table 18. Relaxation given for 1st year reporting of GSTR 9.

113. Whether HSN summary to be given for the debit note and credit note also?

Table 17 of the Annual Return provides for reporting of HSN wise summary of outward supplies. The reporting in the HSN table on account of debit note/credit note should be determined if such document has been issued consequent to movement of goods, not price adjustment.

e.g. Supply of goods made in January 2018 @ Rs. 100 per piece. Credit note has been issued in March 2018 for reduction in price by Rs. 5. As there is no movement/supply involved, the reporting of HSN may not be required. On the other hand, if the credit note is issued on account of return of goods by the customer, the HSN should be disclosed in the HSN summary as the goods received back from customer represents actual inward movement of goods and thus affecting stock records of the company.

114. HSN were shown incorrectly on the outward supply made during the year though there was no impact on rate of tax. Which HSN should be shown in the Annual Return?

There could be possibility that HSN number was selected wrongly which is noticed after the end of FY. Though the HSN summary in GSTR-1 might have been given wrong, same mistake should not be continued in the Annual Return. Correct HSN should be shown in Annual Return.

115. What is reporting requirement of the goods sent on approval basis?

Goods sent on approval basis are required to be returned within 6 months from the date of original removal. If not, it is treated as deemed supply. The registered person is required to disclose the goods sent on approval in respect of which 6 month time limit has not expired as on 31st March in the Table 16C of GSTR-9.

116. What is difference between Annual Return and Final Return?

Annual return filed under Section 44 of the CGST Act, 2017 is a summary of all returns filed by the registered person for the preceding financial year. Final Return as provided under Section 45 of the CGST Act, 2017 provides that any registered person whose registration has been cancelled shall furnish a final return within three months of the date of cancellation or date of order of cancellation.

117. Submission of Annual return is responsibility of registered person or auditor?

Annual Return is a merely summary of monthly returns filed with certain additional information and it is the responsibility of the registered person to file such return. Auditor is required to reconcile the details furnished in the Annual Return with the details as per audited annual financial statement.

118. Whether there is requirement to show anything related to E-way Bills in the Annual Return?

There is no specific reporting requirement of E-way Bill details in the Annual Return and hence nothing needs to be reported in this regard. This could be on account of the reason that e-way bill system was not in vogue in FY 2017-18. However, there could be possibility in the amendment in the format of Annual Return for FY 2018-19 wherein it is expected that e-way bill related information could also be demanded.

119. Whether there is any disclosure requirement pertaining to the anti-profiteering in the GSTR-9?

Verification part of the GSTR-9 requires the registered person to verify that in case of reduction in output tax liability, the benefit thereof has been/will be passed on to the recipient of supply. Hence, there is no disclosure in terms of quantification of benefit passed on but it forms integral part of the verification.

120. Person paying tax under composition scheme has reported certain supply related to last year in the periodical return of current year. Whether it has to be disclosed in the Annual Return?

Table 10 to 13 of the GSTR-9A requires disclosure of the transactions pertaining to the last year which have been reported by the registered person during April to September of next financial year. Hence, the disclosure has to be made for such transactions in these tables.

For feedback/comment, please write at madhukar@hiregange.com or ashish@hiregange.com (8510950400)

The FAQs are extract from the booklet Practical Guide on understanding Annual Return issued by Team Hiregange dated 12.6.2019 which can be accessed at below link:

<https://hiregange.com/assets/articles/0bba0-gstr-9-booklet-hiregange.pdf>