

New returns under GST – details requiring continuous tracking

CA Shilpi Jain

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The Government has released the formats of the various forms in the proposed new returns. Though the rules in this regard are not yet made available, which is an important aspect to provide answers to many questions like whether credit would be denied to the recipient due to non-filing of return/non-payment of taxes by the supplier, number of times the amendment return can be filed, etc.

Apart from the above, it is important that the trade and industry understand the data requirements for filling and filing of the new returns so that timely updating of the accounting software, recruitment of additional staff/outsourcing decisions, setting up of standard operating procedures (SOP), etc can be started to ensure that there are no major challenges faced while filing the new returns.

In this article we would like to highlight the details in respect of which it would be necessary for the return filer to keep a continuous track of the data filled in the returns and make necessary adjustments in the appropriate fields in the new returns.

1. Advance paid for supplies liable under reverse charge mechanism (RCM)

a. TABLE 3H of Form GST ANX-1

Liability relating to reverse charge mechanism (RCM) supplies is required to be declared in this table and this auto-populates as credit in table 4(A)(5) of Form GST RET-1 (*'Inward supplies attracting reverse charge'*). Here, it is important to note that with respect to supplies liable under RCM, the tax liability arises when payments are made in advance (section 12(3) and 13(3) of the CGST Act, 2017), though credit can be availed in this respect only when the goods or services are received.

Thereby, the ITC relating to advances paid for RCM supplies would be required to be reversed in table 4(B)(2) of Form GST RET-1 (*'Supplies not eligible for credit'*) and can be availed once the supplies are received. For example, if during a month GST liability under RCM is Rs. 50,000/- out of which Rs. 7,000/- relates to the advance paid to the suppliers,

- Table 3H of Form GST ANX-1 will disclose liability under RCM as Rs. 50,000/-,
- Table 4(A)(5) of Form GST RET-1 will auto-populate credit as Rs. 50,000/-, and
- The recipient would be required to reverse Rs. 7,000/- in table 4(B)(2) of Form GST RET-1 as the same is not eligible now.

- This Rs. 7,000/- can be availed in table 4(A)(11) of Form GST RET-1 (*'Upward adjustment in input tax credit due to receipt of credit notes and all other adjustments and reclaims'*) in the tax period in which the supplies are received.

Thereby, for every supply liable under RCM (for example GTA services, advocate services, etc.) where advances are paid, the taxpayer will have to reverse credit when liability is discharged under RCM and the same will have to be availed periodically on the basis of the services are received. If not, there would be an interest liability in terms of section 50 of the CGST Act, 2017.

b. TABLE 3I of Form GST ANX-1

The above analogy will apply for supplies which are import of services where the credit would auto-populate in table 4(A)(6) of Form GST RET-1 and the credit relating to advances would be required to be reversed in table 4(B)(2) of the same form which can be availed once the supplies are received. For example, if during a month the GST liability relating to import of services is Rs. 10,000/- out of which Rs. 3,000/- is ITC relating to the advances paid to the suppliers,

- Table 3H of Form GST ANX-1 will disclose liability as Rs. 10,000/-
- Table 4(A)(6) of Form GST RET-1 will disclose credit as Rs. 10,000/- and
- The recipient would be required to reverse Rs. 3,000/- in table 4(B)(2) of Form GST RET-1
- This Rs. 3,000/- can be availed in table 4(A)(11) of Form GST RET-1 in the tax period in which the supplies are received.

2. Credit availed in respect of supplies not uploaded by the supplier - TABLE 4B(3) OF FORM GST RET-1 *Reversal of credit in respect of supplies on which provisional credit has already been claimed in the previous tax periods but the documents have been uploaded in the current tax period*

Under the new scheme of returns, the taxpayers filing return in Form GST RET-1 would have the option of availing credit in respect of supplies that are not disclosed by the supplier in his Form GST ANX-1 and thereby which do not appear in the taxpayers' Form GST ANX-2. Such credit can be provisionally availed by disclosing in table 4(A)(10) in Form GST RET-1 (*'Provisional input tax credit on documents not uploaded by the suppliers'*). However, if the supplier uploads such invoice in the subsequent tax period, reversal of the credit in respect of such uploaded invoices should be done in table 4(B)(3) in Form GST RET-1. This is required for the reason that when the supplier discloses the missed invoice in his Form GST ANX-1 in any

subsequent tax period, the tax in this respect will auto-populate as credit in Form GST RET-1. Thereby, non-reversal of such tax will lead to duplication of credit claim.

E.g: A Ltd has supplied goods to B Ltd during December, but the same is not disclosed by A Ltd in Form GST ANX-1 of December but B Ltd has taken credit on the same in Form GST RET -1 in table-4A(10) on provisional basis. Subsequently, A Ltd uploads the said invoice in Form GST ANX-1 of January and B Ltd accepts the same in its Form GST ANX-2 in January.

This will result in availing credit twice on the same invoice and hence, B Ltd should reverse the provisional credit relating to the accepted invoices in January in Form GST RET-1 in this table. This should be done net of ineligible credit as the amount disclosed in table 4A (10) is net of ineligible credit.

Thereby, in every case where the supplier has missed to disclose the invoice on which the recipient avails provisional credit, subsequent reversal of credit would be required when the said invoice is disclosed by the supplier. If this is not done, it would lead to duplication of credit attracting interest in terms of section 50 of the CGST Act.

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Special thanks to CA Shilpi Jain for penning this article. For any further queries/comments please write to shilpijain@hiregnage.com.

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