



Changes and Compliances in GSTR 9 & 9C-FY 2022-23

Introduction

The department has started issuing notices and requesting for information by comparing data disclosed in GSTR 9/9C Vs GSTR 3B. Considering the various changes in the GST law in the past year, this article aims to provide clarity on the filing of annual returns (Form GSTR 9) and reconciliation statement (Form GSTR 9C) along with required reconciliations, best practices, advanced issues & solutions and tips as applicable for financial year (FY) 2022-23.

Due date – 31st December 2023. *The due date is not expected to be extended this year. (last year no extension either).*

Changes in disclosure requirements:

Form GSTR 9 – Annual Returns

1. Table 4 - Amendments, credit notes and debit notes cannot be shown as net figures in B2B, B2C, etc. now. Table 4I to 4L to be disclosed separately from FY 21-22
2. Table 5 - Exempted & Nil-rated can be consolidated in 'Exempted' column or shown separately. Table 5F - Non-GST to be shown separately from FY 21-22 onwards
3. Table 17 - HSN outward details mandated from FY 2021-22 onwards. (GSTR 1 consolidated data can be used for table 17)
4. HSN disclosures to be performed at 6-digit level (when T/o > Rs. 5 crore) and 4-digit level (when T/o < Rs. 5 crore for B2B only)
5. Clarification that disclosures in GSTR 1 tables 9A, 9B & 9C must be disclosed in table 10 & 11 of GSTR 9.

The relaxations that remain from the past are as follows:

1. Table 5 - Amendments, credit notes and debit notes can be shown as net figures in table 5.
2. Table 6 - ITC bifurcation into 'inputs'/'input services' not mandatory, total value can be consolidated under 'Inputs'. From FY 2019-20 - under 'Inputs' & 'Capital Goods'.
3. Table 6 - May consolidate ITC under RCM from registered and un-registered persons under registered persons' table.
4. Table 7 - All ITC reversals may be consolidated under Table 7H, although TRAN reversals to be shown separately.
6. Part V - Reversal/Availment of ITC in previous year may not be filled (T12 & T13)
7. Table 15, 16 & 18 - Refund details, Info on inward supplies & deemed supply, HSN inward details remain optional.



ITC disclosure in GSTR 9:

Considering the changes in reporting of ITC under GSTR-3B, wherein ITC is claimed in Table 4.A.5 and then reversed under Table 4.B.1 or 4.B.2 could lead to inaccurate disclosure in table 6B of GSTR 9. This would lead to incorrect reconciliations in table 8 when compared with GSTR 2A. The same has been displayed by way of an illustration below:

Assume data as per GSTR 3B for FY 2022-23 as follows:

Table 4.A.5 – IGST – Rs. 1 lakh ; CGST/SGST – Rs. 2 lakh each

Table 4.B.1 – IGST – Rs. 0.15 lakh ; CGST/SGST – Rs. 0.30 lakh each

Table 4.B.2 - IGST – Rs. 0.20 lakh ; CGST/SGST – Rs. 0.50 lakh each

Net ITC as per Table 4C – IGST – Rs. 65,000 ; CGST/SGST – Rs. 1,20,000

Table No.	Particulars	Integrated Tax	Central Tax	State/ UT Tax
6A	Total amount of input tax credit availed through FORM GSTR-3B (sum total of Table 4A of FORM GSTR-3B)	1,00,000	2,00,000	2,00,000
6B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	65,000	1,20,000	1,20,000
6M	Any other ITC availed but not specified above [<i>ITC reversals 4.B.1 & 4.B.2 claimed and reversed – total</i>]	35,000	80,000	80,000
6O	Total ITC availed	1,00,000	2,00,000	2,00,000
7C	Reversal as per Rule 42 [<i>from 4.B.1</i>]	10,000	20,000	20,000
7D	As per Section 17(5) [<i>from 4.B.1</i>]	5,000	10,000	10,000
7H	Other Reversal [<i>from 4.B.2</i>]	20,000	50,000	50,000
7J	Net ITC available for utilization	65,000	1,20,000	1,20,000
8A	As per GSTR 2A (<i>minimum assumed</i>)	1,00,000	2,00,000	2,00,000
8B	Inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs)	65,000	1,20,000	1,20,000
8D	Difference	35,000	80,000	80,000
8E	ITC available but not availed	20,000	50,000	50,000
8F	ITC available but ineligible	15,000	30,000	30,000



Note – Where GSTR 2A figures are higher than values as per table 6A - the differential balance may be considered in table 8E/8F (lower value may indicate credit notes raised by vendors but not accepted by recipient)

Note – As the law has changed vide Finance Act 2022 from October 2022 to consider GSTR 2B for reconciliation purposes, although as per Section 16(2)(aa) GSTR 2B reconciliations practically started on the GST portal from January 2022 onwards. this may cause some challenges in ITC reconciliations for FY 2022-23.

Important information:

- ❖ Taxpayers need not file annual return in FORM GSTR-9/9A for FY 2022-23 if their aggregate annual turnover is up to Rs. 2 crores. (If 9 not filed, 9C not required)
- ❖ Taxpayers having turnover more than Rs. 5 crores are required to file GSTR 9C. Therefore, those persons between Rs. 2 crore & Rs. 5 crores need not file Form GSTR 9C but require filing GSTR 9.
- ❖ Liability as per table 4 (incl. Adjustments in table 10 & 11) must be considered as final liability (as per books) irrespective of liability disclosed in GSTR 3B + Form DRC-03 during the FY.
- ❖ Time period for transactions of previous year disclosed in next financial year until specified period means details disclosed for FY 2022-23 up to 30th November 2023. considering the extension of timelines vide NN 18/2022-CT.
- ❖ Department may dispute difference in table 6J of GSTR 9, one must ensure invoice level reconciliation is available and table 7J matches to ITC claimed in GSTR 3B.
- ❖ Payments to be made through Form DRC-03. Utilization of ITC as per the CGST Rules is restricted, although, it can be disputed based on interpretation arising from section 49(4) r/w Rule 86(2). Additionally, the GST portal also allows such ITC utilization.
- ❖ GSTR 9 Table 8 still considers GSTR 2A although, GSTR 2B has been the statement used for ITC reconciliation and changed in the CGST Rules in the last year. Taxpayers may raise grievance on the GST portal if there are significant differences between GSTR 2A & 2B.
- ❖ As ITC claim and matching of credit is being checked via GSTR 2B Vs GSTR 3B vide Form DRC-01C, any notices raised based on table 8 disclosure of GSTR 9 would not seem relevant and appropriate anymore.

Form GSTR 9C – Reconciliation Statements –:

1. Table 5B – Turnover reconciliation – Unbilled Revenue at the beginning of the year can be merged and disclosed in table 5O.



2. Other Turnover reconciliations from table 5C to 5N – Must be disclosed separately and cannot be clubbed under Table 5O. Earlier, relaxation was available till FY 2021-22 as single disclosure in table 5O.
3. Table 12B & 12C – No more optional, mandated to disclose such ITC details.
4. New rate of 6% (3% CGST & 3% SGST) included in respective tables (applicable for Brick Manufacturing)
5. Table 14 – Remains optional to fill expense wise ITC claim details (this may also be available from disclosure in clause 44 of Tax Audit Form 3CD)

Note-1: Pre-requirement to 9&9C – all GSTR 1 & GSTR 3B for FY 2022-23 must be filed

Note-2: Form GSTR 9 & GSTR 9C – once filed cannot be revised. (suggested to file together)

Reconciliations required:

1. Turnover - Audited Financial Statements (AFS/Books) vs Table 5A (consider all GSTINs)
2. Table 5N Vs Table 17 – As table 17 is now mandated, this reconciliation could be an internal check mechanism.
3. Outward taxes – Liability as per Books Vs Liability as per GSTR 3B + DRC-03 (if any) [ensure RCM liability is included]
4. Outward taxes – Rate wise liability as per workings Vs Rate-wise Liability as per books
5. GSTR 1 Vs GSTR 3B (*This will help update GSTR 9 easily*)
6. Inward taxes – Credit as per books Vs Credit as per GSTR 3B to identify excess claim of ITC, if any and missed out ITC to claim before 30th November 2023 through October 3B returns.
7. Closing balance [Cash + Credit] – Books Vs GST portal (consider all GSTINs)
8. Verify and provide for Spill over transactions of previous FY and maintain tracker for next FY
9. Identify rectification and modifications done beyond 30th November timeline. (Revised from 20th September).

Note: Perform invoice level reconciliations - A very beneficial exercise to taxpayers, which will help not only in the process of filing the annual returns but also to identify the errors and provide info to department in the future.

Best Practices & Tips:

1. Maintain 9 & 9C workings with links to all the relevant data. Avoid keyed-in workings.



2. Maintain separate details of ITC claimed, reversed, and re-claimed if the taxpayer fulfils the conditions mentioned u/s 16.
3. In case of amendments, outward register to be maintained with original values, so that it will be helpful while table 4 & 5 of GSTR 9.
4. Invoice level GSTR 2B Vs ITC as per books reconciliation is to be performed for Table 8 disclosure in GSTR-9.
5. Credits as per books – unclaimed due to non-matching with GSTR 2A/2B. Pass as expense in books of accounts of FY 2022-23 and verify option of recovery from continuing vendors.
6. Providing an “Annual GST - Management Report” which may consist of the following:
 - ❖ Folder with final workings and filed Form GSTR 1, 3B, GSTR 9 & 9C for the FY.
 - ❖ Reconciliations for the FY – Outward, Inward & RCM – birds eye view
 - ❖ Reasons for variances and action taken (summarily)
 - ❖ Where additional liability was noticed – summary details + payment documentation
 - ❖ Suggestions on internal accounting/processes/reporting going forward

Advanced Issues & Solutions

1. **Liability of past year paid in current year** – would be disclosed in table 10 of past year GSTR 9. In the current year GSTR 9, it should not be disclosed again, and reason for variance in tax payable vs paid in table 9 in the current year must be maintained for posterity.
2. **Credit Note disclosures** – The wordings in table 4 of GSTR 9 is confusing as the heading is transactions for the year, whereas, CN raised against invoices above leads to an interpretation where CNs raised in the next financial year (within timelines) could be considered. In our view, CNs raised in next financial years must be disclosed in such period as it is not a transaction of the previous financial year.
3. **Table 6M utility** – Table 6B & 6H are considered for auto-populating data in table 8 for GSTR 2A reconciliation. This may include ITC of tax periods relating to previous period. Therefore, table 6B can consider data for the year only, and table 6M can consider previous year related ITC claimed in current year for easy disclosure and also Table 8 reconciliations. Additionally, considering new ITC disclosure format, table 6M could also be used to disclose ITC claimed and then reversed as a permanent or temporary reversal.
4. **Tackling Deferred ITC ledgers** – After the restriction on ITC claim based on GSTR 2B reflection, many eligible ITC may not have been claimed and maintained in deferred ledgers. The disclosures for the same must be considered in Table 13 of GSTR 9 to the extent claimed in 1st Apr- 30th Nov 23 period. In GSTR 9C - Table 12A to include entire ITC



as per books, table 12C can be matched with GSTR 9 table 13 figures. Similarly additional disclosures in the next financial year would be in table 6B/6M of GSTR 9, and Table 12B of GSTR 9C.

5. **Table 8C Vs Table 13 in GSTR 9** - The reasons for differences would be: Table 13 consists of ITC on imports & inward supplies liable to reverse charge which must not be disclosed in 8C. Also, goods/services in transit would need to be disclosed in table 8C but not in table 13. (those invoiced earlier, but goods/services received in next tax period)
6. **Table 8D analysis** – Issues may arise where GSTR 2A/2B is low than ITC claimed in GSTR 3B. Although from January 2022 onwards, GSTR 2A/2B matching has been made mandatory. Taxpayers are suggested to ensure ITC claimed is in accordance with valid tax invoice, eligibility conditions and reflection in GSTR 2B going forward.
7. **Table 8K analysis** – ITC to be lapsed does not specifically mean that such ITC will be reduced from electronic credit ledger directly. This is only an indication to the dept. of the extent of ITC available on record to assessee but unclaimed.
8. **Negative ITC in table 4C of GSTR 3B** – The negative ITC (meaning tax liability) in table 4C of Form GSTR 3B will ensure in table 9-GSTR 9 such amount is considered in tax paid although such values would not reflect automatically and therefore, it may need to be added in table 7H and also in table 9 (tax payable) to ensure reconciliation. This would also impact similar disclosures in table 9 of GSTR 9C.
9. **Table 7E vs Table 9 of GSTR 9C** – Although this is not a mandated reconciliation, this check ensures that the taxable value as per books (considered rate wise) matches to the taxable value as reconciled in the previous tables. Ensure that table 9 of GSTR 9C is filled only as per books irrespective of disclosure in GSTR 3B or GSTR 9.
10. **Interest computation** – After 5 years we have now obtained clarity on applicability of interest which applies on delay in payment of tax liability all effective retrospectively from 1st July 2017, i.e.,:
 - a. Output liability - @ 18% p.a. – For liability of the month is shown in the month – net liability, if not gross liability irrespective of ITC balance availability (disputable view)
 - b. RCM liability – @18% p.a. – Always gross basis as payable in cash.
 - c. ITC - @18% p.a. – Only when ITC ‘wrongly availed and utilized’ exceeds the balance remains in electronic credit ledger. Where IGST ITC wrongly availed and utilized, balance in ledger must consider IGST + CGST + SGST ledger balances.
 - d. Note, in GST there is no interest on interest. Interest freezes once taxes are discharged.



Recent Update

An Advisory was issued on 31st August 2023 by GSTN on introduction of an **Electronic Credit and Re-claimed Statement** wherein, ITC that has been claimed in GSTR 3B table 4.A.5 and temporarily reversed under table 4.B.2 and is yet to be reclaimed where it meets the ITC re-claim criteria (*refer NN 14/2022-CT dtd 05/07/2022*).

The logic behind such reporting is to ensure that ITC which was claimed and temporarily reversed under 4.B.2 and then later re-claimed under table 4.A.5 and also disclosed in table 4.D.1, is claimed only to the extent as earlier reversed.

A taxpayer will be able to upload such details up to 30th November 2023 - 3 amendment & fresh reporting options will be provided, after which up to 30th December 2023 only amendment option would be available.

Note – Reporting facility will be available in GST portal upon Login or under Services tab

Disclosure suggestion – In Form GSTR 9C – Table 12C – “ITC booked in current financial year to be claimed in subsequent financial years”, which must reflect ITC as per books but not yet credit to ITC ledger on GST portal. The difference that may arise when compared with GSTR 9 would include such ITC which is re-claimable which may be informed through table 13 of GSTR 9C.

Conclusion

The activity of filing Form GSTR 9 & 9C now has more importance as it is expected to show the final values (with corrections if any) for a financial year. The department is also using this as a document for scrutiny. Therefore, putting in place procedures to ensure accurate data capture and reporting is imperative.

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