

Analysis of GSTR-9&9C

Introduction

It has been 4.5 years since GST has been implemented. Since then, many changes were seen by way of notifications, circulars & advance rulings.

The annual return is one of the major aspects of GST law.

The basic understanding of the adjustments, reconciliations that are to be performed while filing an annual return and reconciliation statement (GSTR 9 & GSTR 9C resp.) are covered in this article.

We have covered the basics, along with some advanced issues and solutions.

What are the different forms of annual return?

There are 3 different forms of annual returns under the GST law. They are:

- GSTR 9 - to be filed by regular registered taxpayers who file GSTR 1 and GSTR 3B.
- GSTR 9A - to be filed by registered composite dealers (composition scheme).
- GSTR 9B - to be filed by e-commerce operators who collect tax at source and have filed GSTR 8 during the financial year (Not notified till date).

What is GSTR 9?

As per section 44 of CGST Act r/w Rule 80(1) of CGST Rules, GSTR 9 is an annual return to be filed by every registered taxpayer other than CTP, ISD, NRTP, and TCS & TDS deductors. The return consists of details such as outward/inward supplies, taxes paid, refund claimed and demands raised.

What is GSTR 9C?

GSTR 9C is a reconciliation statement, which is to be filed annually by taxpayers. However, registered persons whose aggregate turnover is up to Rs. 5 crores (Notification no.30/2021-CT) have the option to file the same. (The said relaxation is available for previous years as well). It is a reconciliation statement between the filed annual return and the audited annual financial statement of the taxpayer.

As per section 2(6) of the CGST Act, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on a reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent

Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax, and cess.

Who should file an annual return?

As per section 44 of the CGST Act, all taxpayers/taxable persons registered under GST must file their annual return i.e., each GSTIN will have to file a separate annual return in case of multiple registrations under a single PAN. However, the following categories are NOT required to file an annual return:

- Casual Taxable Person
- Input service distributors
- Non-resident taxable persons
- Persons paying tax under section 51 (TDS) or 52 (TCS) of the CGST Act.
- **Proviso:** Any department of the CG or an SG or a local authority, whose BOAs are subject to audit by the C&AG, or an auditor appointed for auditing the accounts of local authorities under any law.

Provided that the Government, by notification, may exempt any class of registered persons from filing an annual return.

Vide [notification no 31/2021-CT](#), Government has exempted the registered person from filing annual return whose aggregate turnover in the FY 2020-21 is up to Rs. 2 crores. However, a registered person can file the same voluntarily even if the turnover is less than the said limit. (The said exemption is available for previous years as well).

What is the due date for filing an annual return?

The due date for filing an annual return is the 31st of December of the following year. For example, the due date of GSTR-9 for FY 2020-21 will be 31st December 2021. Although, year after year there have been due date extensions, may not be expected from FY 2021-22 onwards. GSTR 9C i.e., reconciliation statement is considered as a part of the 'annual return'.

Note: Due date for FY 20-21 is 28th February 2022 presently.

What is the late fee for delay in filing annual return?

As per section 47(2) of the CGST Act, the late fees for not filing the annual return within the due date is Rs 100 per day, per Act. Thus, the total liability is Rs 200 per day by default to a maximum limit of 0.50% of the taxpayer's turnover (GSTIN turnover). However, the delay in filing GSTR 9C may attract a

general penalty u/s 125 of CGST Act, which may extend up to fifty thousand rupees (CGST+SGST).

This view is disputable as the GSTR 9C can be considered to be a part of 'annual return' and therefore, where mandatory, late fees may apply on delayed filing of GSTR 9C too.

Which are the optional tables which need not be filled in GSTR 9 & 9C?

Optional tables in GSTR-9

- Table 4 (I), (J), (K) & (L) – These fields cover the reporting of the credit notes, debit notes issued & amendments made during the FY. All these figures can be adjusted directly in tables 4 (B) to (E), for B2B, exports, SEZ's, and deemed exports respectively.
- Table 5 (E) & (F) – There is no need to bifurcate outward supplies made during the FY on which tax is not payable as nil-rated and non-GST for Tables 5 (E) and (F) of GSTR-9. A cumulative figure can be entered in Table 5 (D) as exempted.
- Table 5 (H), (I), (J) & (K) – These fields cover the reporting of the credit notes, debit notes issued & amendments made during the FY. All these figures can be adjusted directly in Tables 5 (A) to (F) respectively.
- Table 6 (C) – There is no need to bifurcate details of RCM ITC availed during the FY as 'supplies received from unregistered' and 'registered persons' whereas a cumulative figure can be shown in Table 6 (D).
- Table 6 (B), (C), (D) & (E) – There is no need to bifurcate details of ITC availed during the FY as inputs & input services whereas a cumulative figure can be entered in inputs. However, there is a requirement to disclose capital goods separately.
- Table 7 (A), (B), (C), (D) & (E) – Table 7 of GSTR-9 requires reporting of ITC reversed during FY. The requirement to report rule-wise, such as ITC reversal under rules 37, 39, 42, and 43, including blocked credits under section 17(5) of the CGST Act, was made optional. Instead, we can report it as a single total amount of reversal in Table 7 (H) called other reversals.
- Table 12 & 13 – Table 12 & 13 of GSTR-9 requires reporting of reversal of PY's ITC and PY's ITC availed during the FY respectively (optional). E.g.: While filing FY 20-21 annual return, ITC of FY 20-21 reversed or availed in FY 21-22 would be reported in tables 12 & 13. However, the same has been made optional.

- Table 15 – Table 15 of GSTR-9 requires reporting of particulars of demands and refunds (optional).
- Table 16 – Table 16 of GSTR-9 requires reporting of information on supplies received from composition taxpayers, deemed supply under section 143, and goods sent on an approval basis (optional).
- Table 17 & 18 – Table 17 & 18 of GSTR-9 requires reporting of HSN wise summary of outward supply and inward supply respectively (optional).

Optional tables in GSTR-9C

- Table 5 (B) to 5 (N) – Any adjustments to the AFS's turnover to match it with the turnover as per GSTR 9 can be cumulatively shown in Table 5 (O).
- Table 14 – This table is for reconciliation of ITC declared in the Annual Return (GSTR9) against the expenses booked in the audited Annual Financial Statement or books of account (optional).

What are the reconciliations required to be performed?

1. **Turnover** – Audited Financial Statements (AFS) Vs Table 5A of GSTR 9C (consider all GSTINs), i.e., firstly we must ensure that the consolidated 5A value of all the States is matching with the turnover in AFS.
2. **AFS Vs GSTR 9** – It is the significant reconciliation for Table 5 of GSTR 9C i.e., we must identify the reasons for variances between turnover as per GSTR 9 and the turnover as per AFS. Table 5 of GSTR 9C consists of specific adjustments from 5B to 5N like unbilled revenue at the beginning/end of FY, unadjusted advances at the end/beginning of the FY, deemed supply under Schedule I, etc., and all the leftover adjustments which are not covered under 5B to 5N, will come under 5O. (For example, Export incentives, interest income, subsidies/grants received, provision for sales return, etc.)
3. **Taxable turnover as per AFS Vs Taxable turnover as per GSTR 9** – In table 7 of GSTR 9C, we match the taxable turnover as per AFS with that of GSTR 9. We need to reduce exempt, nil-rated, non-GST supplies, zero-rated supplies without payment of tax, and supplies liable to reverse charge from the total adjusted turnover arrived from table 5 of GSTR 9C.
4. **Outward taxes** – Liability as per Books Vs Liability as per GSTR 3B + DRC-03 (if any) [ensure RCM liability is included]. In simple words, a tax that has been shown as paid in the books should match with the actual tax paid in the GSTR 3B. Any variance in 3B vs books, if the excess tax paid then it will be adjusted in the subsequent year or short paid will be paid in DRC-03. For

detailed information about payment using DRC-03 – refer article by CA. Akshay Hiregange and CA. Varsha. (Link - [Analysis of ITC utilization in DRC-03 for GSTR-9 & GSTR-9C](#))

5. NOTE: Subsequent adjustments for excess payments (performed within the time limit) in return, any additional liability identified during audit, delay & interest on same should also be considered for identifying reasons for variances.
6. **Outward taxes** – Rate-wise liability as per workings Vs Rate-wise Liability as per books. There could be some variance due to incorrect rates, wrong accounting, discharge, or DRC-03.
7. **GSTR 1 Vs GSTR 3B** – This will be available from GSTR summary reports from the GSTN portal. There could be 3 possibilities:
 - a. GSTR 1 = GSTR 3B, then no issues.
 - b. GSTR 1 >/< GSTR 3B – Perform invoice level reconciliation between GSTR 1 Vs GSTR 3B so that we would be able to know which is correct & there could be 2 possibilities:
 - c. GSTR 1 is correct:
 - d. If 1 > 3B, then tax payable > tax paid in table 9 of GSTR 9 – then additional liability will be paid in DRC-03.
 - e. If 1 < 3B, then tax payable < tax paid in table 9 of GSTR 9 – then additionally paid tax will be adjusted in the subsequent year/claimed refund.
 - i. **Note:** Where there are any adjustments of the additional tax paid in the subsequent year then don't forget to show it under part-5 of GSTR 9 in the current FY.
 - f. GSTR 3B is correct: GSTR 9 will be prepared based on GSTR 3B.
8. **Inward taxes** – The first question that arises in our mind is that **can we claim the missed-out ITC in GSTR 9?** *Additional/Short liability can be disclosed in GSTR 9 i.e., short payment of tax can be paid & excess payment of tax can be claimed for refund. Additional credit cannot be claimed in GSTR 9, rather be claimed in GSTR-3B (provided time limit has not elapsed).* ITC which has been claimed in the books (excluding ineligible ITC) should match with the ITC claimed in the GSTR 3B. In case of variance i.e., if excess claimed in 3B - it should be reversed/paid back through DRC-03, or when ITC is short claimed in 3B – such ITC could be availed in

upcoming 3B if within time limit u/s section 16(4) of the CGST Act, 2017. In case of time-lapse, it must be shifted to expense ledgers and is the cost to the company.

9. **GSTR 2B Vs Books** – ITC which has been reflecting in 2B (excluding ineligible) should match with the ITC availed in books. There could be 3 possibilities:

- a. Books = 2B, then no issues.
- b. If Books > 2B, this could be because the vendor has not uploaded such invoice in his GSTR-1, incorrect tax values mentioned by the vendor, and previous FY ITC availed in the CY.
- c. If Books < 2B, this could be because of ineligible ITC not considered in books separately, a registered person has wrongly uploaded their sales invoice with our GSTIN and missed out ITC.
- d. **Note:** GSTR 2B has been introduced in the CGST rules vide notification no: 82/2020-CT with effect from 1st January 2021.

10. **Closing balance [Cash + Credit]** – Books (cash and credit GLs) Vs GST portal (consider all GSTINs). It should be performed from the perspective of matching the opening balance, claimed & closing balance of the e-credit ledger and e-cash ledger. In the case of credit GL Vs e-credit ledger, there could be the following possibilities:

- a. Books = GST Portal, then no issues.
- b. Books >/< GST Portal – Perform invoice level reconciliation between Books Vs GST Portal to identify reasons for variances & here comes 2 possibilities:
 - i. Balance as per books is correct:
 - ii. If Books > Portal, then short availed ITC could be availed in upcoming GSTR 3B if it is within the time limit, else will become a cost to the company i.e., such ITC to be reversed in books and shifted to expenses.
 - iii. If Books < Portal, this is because of excess availment of ITC, which shall be reversed using DRC-03 or because of credit used for pre-deposit or ITC under protest.
 - iv. GST Portal is correct: Then the necessary entries to be passed in the books so that it matches with the portal values considering ITC availed and utilized.

Note-1: To pass entries and identify specifically which of the invoices must be amended, invoice level workings of ITC claimed as per books and GSTR 3B must be available.

Note-2: To ensure all expenses are considered ineligible ITC also must be separately accounted for. This will ensure completeness. The same can also be disclosed in table 4D of GSTR 3B's. Eligibility can be verified by a professional periodically and ensure no transactions are missed for verification.

11. **Spillover transactions** - These are the transactions that will appear in part-V of GSTR 9 & subsequently appear in part-II of GSTR 9 of the next financial year. Example: Transactions/invoices of FY 20-21, reported and paid in GSTR 3B of FY 21-22.

a. *Outward supplies – Invoice, Credit Note, Debit Note, Advances.*

b. *Inward supplies – ITC claim and ITC reversals*

12. **Imports** - ICE GATE (BOE) Vs Books Vs GSTR 3B, we should ensure that all the imports recorded in the books are appearing in the ICE Gate portal and ensure that ITC (IGST or Cess if any) claimed in GSTR 3B is matching with the BOE and the books (excluding ineligible ITC). It can be argued that there is no time limit prescribed in the GST Act for claiming ITC on the import of goods as the wordings of Section 16(4) r/w Rule 36(2) impose time limit of 'invoice' and 'debit note' and not on 'bill of entry'.

Advanced Issues & Solutions

- **Table 8C Vs 13 of GSTR 9** – Table 8C would not always match to 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.
 - Table 8C to include Invoice dated in previous FY but accounted and availed during April to September in the subsequent FY, although, as credit relates to subsequent FY table 13 must not disclose such details. (Goods in transit)

- **Table 8D & 8K analysis** - Table 8D, i.e., ITC as per GSTR-2A/2B does not match with the ITC availed during the FY or table 8K displaying 'ITC to be lapsed' – are only mathematical disclosures. These would not have a direct impact on the electronic credit ledger. Taxpayer is expected to maintain his reconciliations, and can be proved if and when questioned by departmental officers.
- **Negative ITC in 4C of GSTR 3B** – If ITC was reversed in table 4B of GSTR 3B when such reversal is more than ITC available in 4A, then net ITC available in 4C will be in the negative figure i.e., the negative ITC shall be paid along with the output tax in that month. This has a disclosure impact in table 9 of GSTR 9, where we may add such negative ITC in table 4C (difference) to the payable figure in table 9 of GSTR 9 so that payable matches with the tax paid (cash + credit). This could also be considered under 'others' in table 9 of GSTR 9C to match the reconciliations.
- **Additional liabilities** – Additional liability could arise mainly due to two reasons:
 - ✓ Additional liability due to the short discharge of output tax (incl. RCM) - Added to table 4 of GSTR 9 and subsequently, it will get reflected in table 9 (payable) of GSTR 9 & the same will be discharged in DRC-03. *(Possibility to utilize credit balance for liabilities other than RCM)*
 - ✓ Additional liability due to excess claim of ITC - Added to table 7 (other reversals) & 9 (payable) of GSTR 9 & the same will be discharged in DRC-03. *Possibility to utilize credit balance for excess ITC)*
 - ✓ Interest on delayed filing of returns or delayed payment of taxes vis-à-vis time of supply can be computed on net liability basis.

NOTE:

- ✓ In case of additional liability due to an excess claim of ITC, consider it in reasons for difference in table 10 of GSTR 9C.
- ✓ Interest and late fees would also have to be disclosed in reason for difference in table 10 of GSTR 9C.
- ✓ Usage of the e-credit ledger while discharging additional liability declared in GSTR 9 – refer article by CA. Akshay Hiregange and CA. Varsha. (Link - [Analysis of ITC utilization in DRC-03 for GSTR-9 & GSTR-9C](#))
- **Credit used for pre-deposit or ITC under protest** – Any credit used for pre-deposits or ITC under protest are the cases where credit balance in the portal

will be less than in the books. This could be the reason for the difference in table 12 of GSTR 9C where it compares ITC availed as per AFS Vs ITC claimed in Annual Return (GSTR9).

- **TRAN/refund related reversals through DRC-03** – Any TRAN/refund related ITC reversals which are made through DRC-03 during the FY or at the time filing the annual return should be shown in table 7 of GSTR 9.
- **Table 7E Vs taxable value in table 9 of GSTR 9C** – This is the reconciliation performed to match the taxable turnover as per AFS in table 7E with the taxable value in table 9 (rate wise reconciliation table as per books of accounts). Generally, as this is not a mandatory reconciliation it is not being verified and there could be taxable turnover on which excess/short GST is discharged. *Note - Outward supplies which attract RCM shall not be considered in the above reconciliation check.*

Dos & Don'ts while filing GSTR 9 & 9C?

Do's

- File GSTR 9 & 9C in time - One of the most basic compliances is filing GSTR 9 & 9C within the due date, which will help the taxpayer to avoid interest, late fees, and notices from the department.
- Maintain 9 & 9C workings with links to all the relevant data. Avoid keyed-in workings.
- Fill accurate data - There are a lot of fields to be filled in while filing the GSTR 9 & 9C. The GSTN does not allow for the amendment of the return once it is filed, this causes hardships to taxpayers, caution to be taken at the time of data entry.
- Perform invoice level reconciliations - A very beneficial exercise to taxpayers, which will help not only in the process of filing the annual return but also to identify the errors.
- Maintain ITC register with capital goods bifurcation so that it will be helpful while preparing table 6 of GSTR 9.
- Maintain the details of ITC claimed, reversed, and re-claimed if the taxpayer fulfils the conditions mentioned u/s 16.
- 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.
- Perform reconciliations on monthly basis or at least for every quarter between books and returns.

- Rule 42 & 43 ITC reversals to be made and annual re-computation ITC reversal u/r 42 to be performed before September month return filing to avoid interest liability or missing out ITC.
- Invoice level 2B reconciliation is to be performed for Table 8 disclosure in GSTR-9.
- Maintain advance and advance adjustment workings so that it will be helpful while preparing table 5 of GSTR 9C.

Don'ts

- Don't forget to file nil return - This is a very important aspect that taxpayers sometimes tend to ignore. If a business does not have any transactions for the entire financial year, a user should not forget to file a NIL return for that FY.
- Do not link any of the 9C tables (other than GSTR-9 values itself) to GSTR-9 tables.
- Do not file without verification, as the returns cannot be revised.

For feedback please reach out to akshay@hiregange.com or sudeep@hiregange.com

Disclaimer – : No assurance is given that the revenue and statutory authorities/courts would concur with the opinion expressed herein. In view of our having opined based on the existing provisions of law and its interpretation which are subject to change from time to time, we do not assume any responsibility to update the views consequent to such changes.