

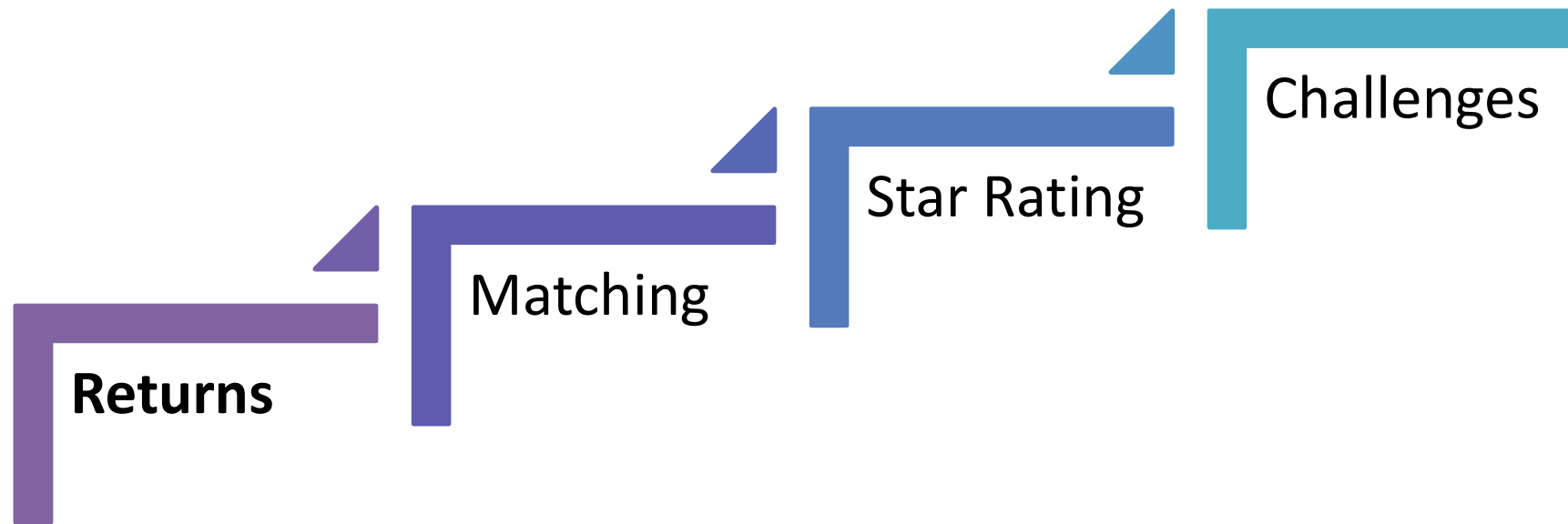


**RETURNS & DOCUMENTATION**

# **Goods and Services Tax(GST)**

**REFRESHER COURSE ON GST**  
**10 JUNE, 2017**

**Ashish Kedia**



Returns

Matching

Star Rating

Challenges

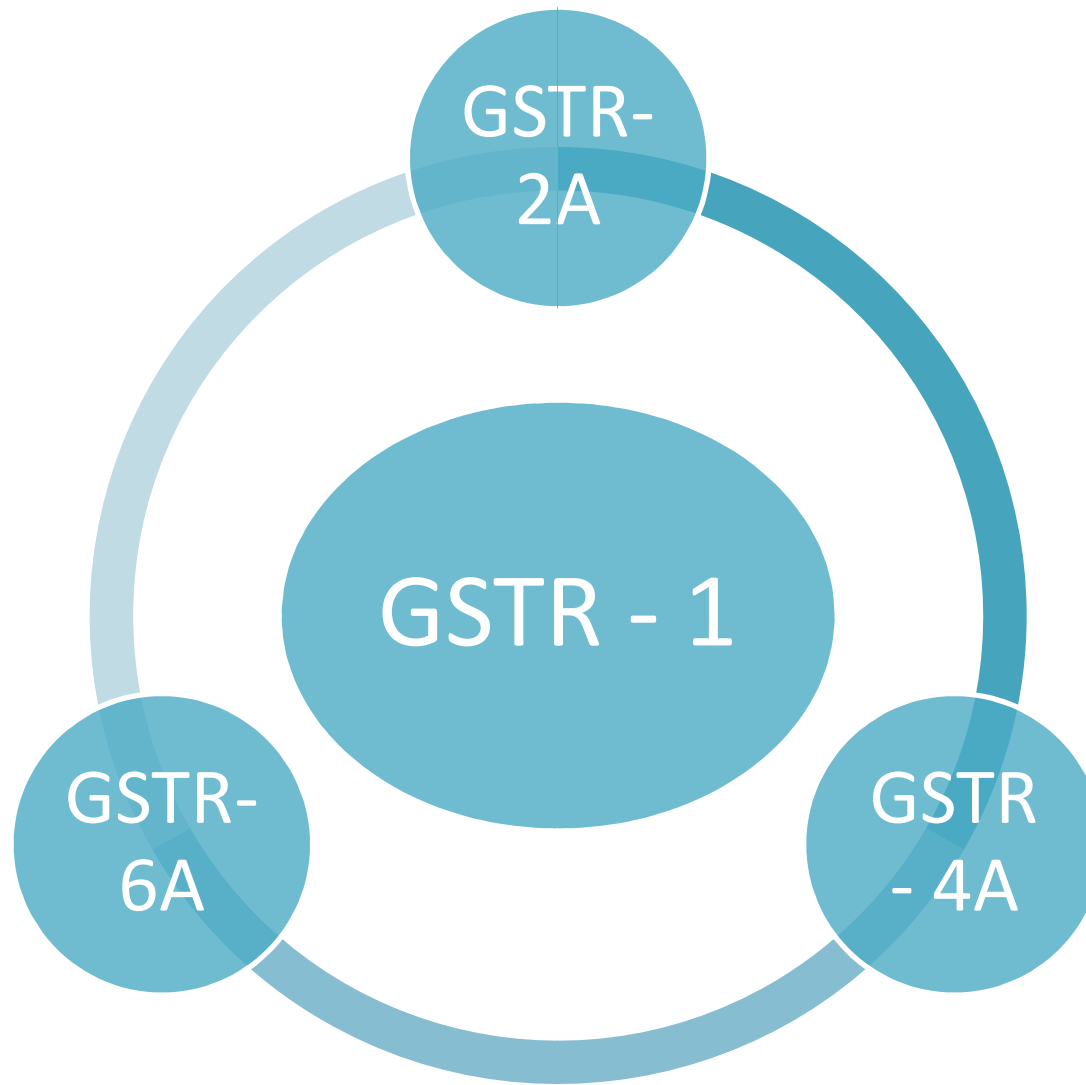
# Return of Outward Supplies - GSTR 1 (1/2)

- Details of **outward supplies of goods and/ or services** during a tax period – Directly or through FC [Section 37]
- Filed by the **10<sup>th</sup>** of the **following month**. Blocked thereafter- 5 days
- Filed in **GSTR-1**. Made available to recipient in GSTR – 2A
- Outward supplies include:
  - ✓ Zero rated
  - ✓ Inter-state
  - ✓ Return of goods
  - ✓ Exports
  - ✓ Dr./ Cr. notes
  - ✓ Supplementary invoice

## Return of Outward Supplies (2/2)

- **Not applicable** to Composition, TDS, TCS and ISD
- **No revision** of “Original” return – Errors/ Omissions whenever discovered will be corrected in the return to be filed of that period
- **Corrections** to be filed on/ before:
  - ✓ Filing of Annual return
  - ✓ Due date of filing of O/w supplies return for month of September following the end financial year to which the details pertain

# GSTR – 1 : Mother of all returns



# Return of Outward Supplies – Contents (1/4)

- Basic details of the Taxpayer
- Gross T/o of Taxpayer in the previous Financial Year
- **Invoice-level supply information separately for goods and services**
  - B2B supplies
  - **ALL** (exempted/ non-GST) inter-state B2C supplies - invoice level details in respect of every invoice whose value is more than Rs. 2,50,000/-
  - Inter state B2C Supply less than 2.5 lac – statewise supply summary, if address on record\*

\* Address of buyer needs to be mandatorily recorded on invoices above Rs. 50,000/-. Invoice below Rs. 50,000/- where address is not on record will be treated as intra-state supply

## Return of Outward Supplies – Contents (2/4)

- **HSN** and Service Accounting Code (**SAC**)
  - ✓ HSN (**4 digit**)/ SAC mandatory for taxpayers with **turnover > 5 crore in preceding F.Y.**
  - ✓ turnover **Rs 1.5 Crores ~ Rs 5 Crores** in the preceding financial year – HSN (**2 digit**) from 2<sup>nd</sup> year of implementation
  - ✓ Composition dealer – may not have to report HSN
  - ✓ 8 digit HSN/ SAC mandatory for imports/ export
- No need to mention description of goods unless taxpayer T/o < 1.5 crore
- SAC will be prefixed with 'S'
- Intra state B2C supplies aggregated and reported

# Return of Outward Supplies – Contents (3/4)

- Details relating to **place of supply** as per Place of Supply rules
- Supplies attracting reverse charge
- **Advances** received against future supplies
- Taxes paid on **advances for which tax invoices issued** in current period
- Supplies **exported** (including deemed exports) with/ without payment of IGST
- Revisions in relation to outward supply invoices pertaining to previous tax periods (**Debit/ Credit note**)



# Return of Outward Supplies – Contents (4/4)

- Separate table for effecting **modifications/correcting errors** in the returns submitted earlier
- Separate table for submitting details in relation to **NIL rated, Exempted and Non-GST outward supplies** to registered tax payers and consumers

# Return of Inward Supplies – GSTR 2 [Sec. 38]

- O/w supply statement validated by recipient = I/w Supply
- **Modification, additions and deletions** allowed to details of outward supplies and Dr/Cr notes
- Inward supply contains services on which **tax discharged under reverse charge**
- **Filed by 15<sup>th</sup>**. Rectification allowed by filing details in subsequent statement (time barring similar to O/w supply)
- Recipient **determine quantum of ineligible ITC** - at invoice level or consolidated

# Return of Inward Supplies – Components (1/2)

- Basic Taxpayer details
- Final invoice level supply information relating to goods and services separately
- GSTR-1 will **auto populate** GSTR-2
- ITC received against **one invoice in one lot** – credit available in the period in which purchase is recorded in books
- ITC received against **one invoice in multiple lot** – credit available in the period in which last lot of purchase is recorded in books

## Return of Inward Supplies – Components (2/2)

- Separate table for:
  - ✓ Import of goods, capital goods and services
  - ✓ ITC on invoices partial credit of which availed earlier
  - ✓ Dr./ Cr. Notes
  - ✓ Modification/ correction errors of earlier periods
  - ✓ Nil rated, exempt and non GST inward supplies
  - ✓ ISD credit
  - ✓ TDS credit
- Inward supply statement will **auto populate ITC ledger**

# Monthly Return – GSTR 3 [Sec. 39]

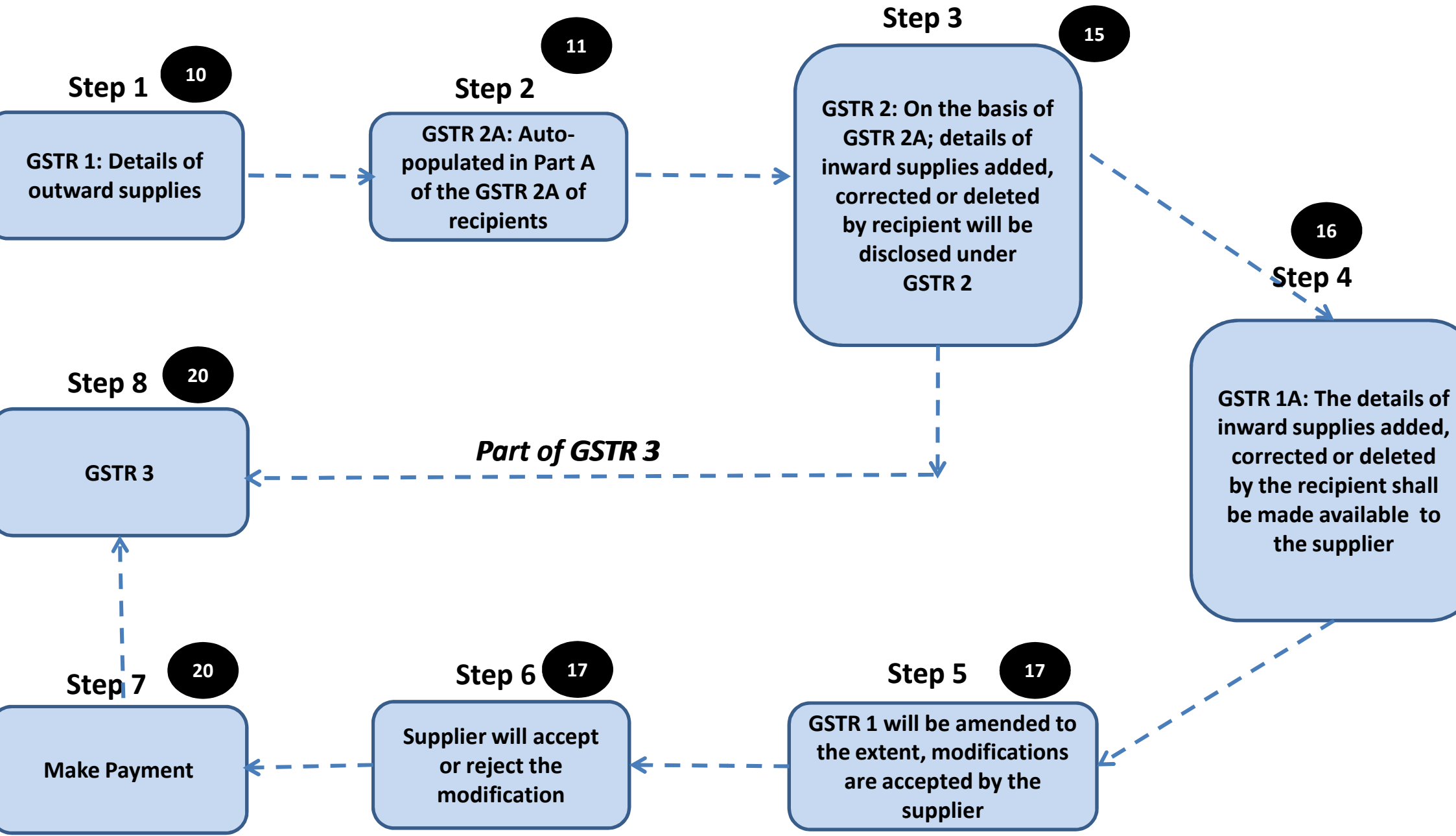
- Return depicting inward and outward supplies, ITC, tax payable and paid and other particulars prescribed
- **Filed by 20<sup>th</sup>** of the following month (for composition dealers – 18<sup>th</sup> of month following quarter)
- Cannot be furnished if previous return not furnished
- If **tax payable not paid by the last day** of filing - return defective
- **Nil return** mandatory
- **Late fee** – Rs. 100/ day (Maximum Rs. 5,000)

# Monthly Return – Components (1/2)

- **Turnover Details** - Gross Turnover, Export Turnover, Exempted Turnover, Nil Rated Turnover, Non GST Turnover and Net Taxable Turnover
- Aggregate I/w and O/w supply auto populated
- **TDS credit** received and credited to cash ledger
- **Tax liability** under CGST, SGST, IGST and Additional Tax
- Cr./ Dr. notes
- Other liabilities (i.e. Interest, Penalty, Fee, others etc)

## Monthly Return – Components (2/2)

- Information about ITC ledger, Cash ledger and Liability ledger – auto populated
- Payment of tax, penalty, fees under various tax heads , - auto populated from the debit entry in Credit/Cash ledger
- Form will display all bank A/c and taxpayer can select one for credit of refund
- **Quantitative details not reported in GSTR-3** but reported in Annual return





# Other Returns

- First return (GSTR-10)

Transaction to be reported	Consideration involved
Outward supplies	From date of liability to register till the date when registration is granted

- Annual return (GSTR-9 / 9A)
  - ✓ Filed by 31<sup>st</sup> December
  - ✓ ISD, TDS deductor, casual taxable person and Non resident not liable
  - ✓ If taxpayer liable to audit u/s 42(4), attach annual audited accounts and Reco. Statement GSTR-9B
  - ✓ Late fee – Rs. 100/ day (max. 0.25% of turnover)

# Other Returns

- **TDS return** – Filed by 10<sup>th</sup> in GSTR- 7
- **ISD return** – Filed by the 13<sup>th</sup> in GSTR-6
- **Final return (GSTR 10)**
  - ✓ Three months of date of cancellation or date of cancellation order, whichever is later
  - ✓ Details of closing balance - stock, input services, cap. Goods.
  - ✓ Tax payable on closing stock – Higher of ITC availed or closing stock

# Returns Applicability

## Regular registered person\*

- GSTR – 1
- GSTR – 2
- GSTR – 3
- GSTR – 9

\*Multiple registrations – Multiple returns

## Composition

- GSTR – 4
- GSTR – 9

## Casual Taxable/ NR person

- GSTR - 5

## ISD

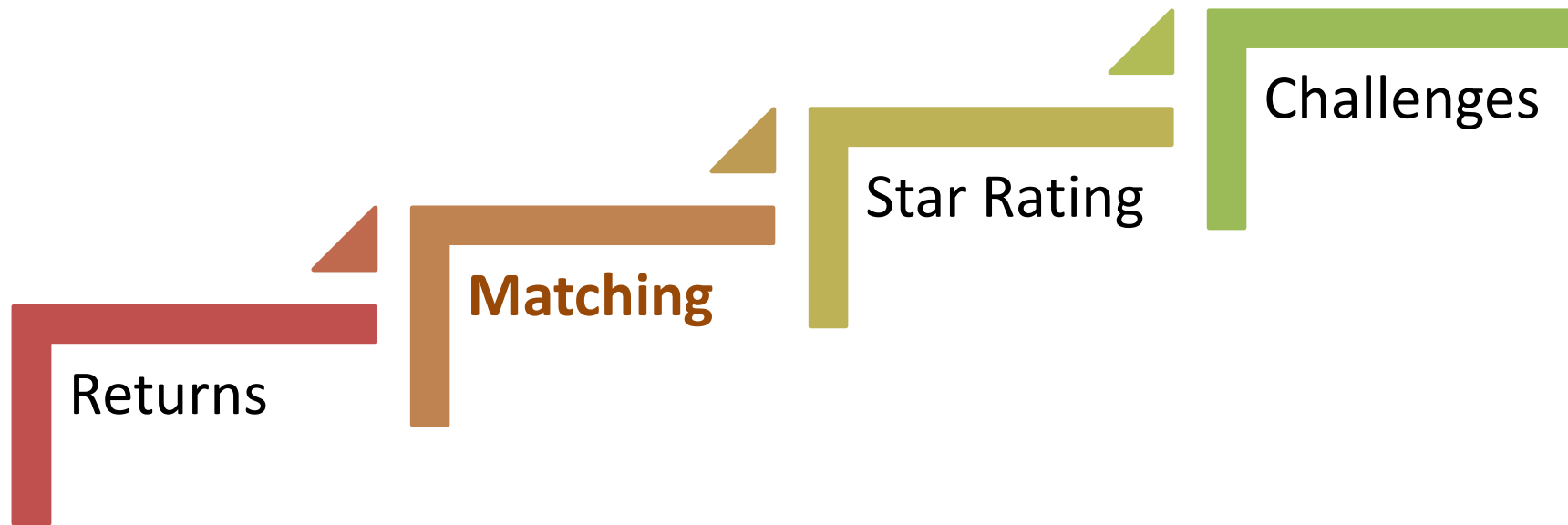
- GSTR - 6

# Return Forms (1/2)

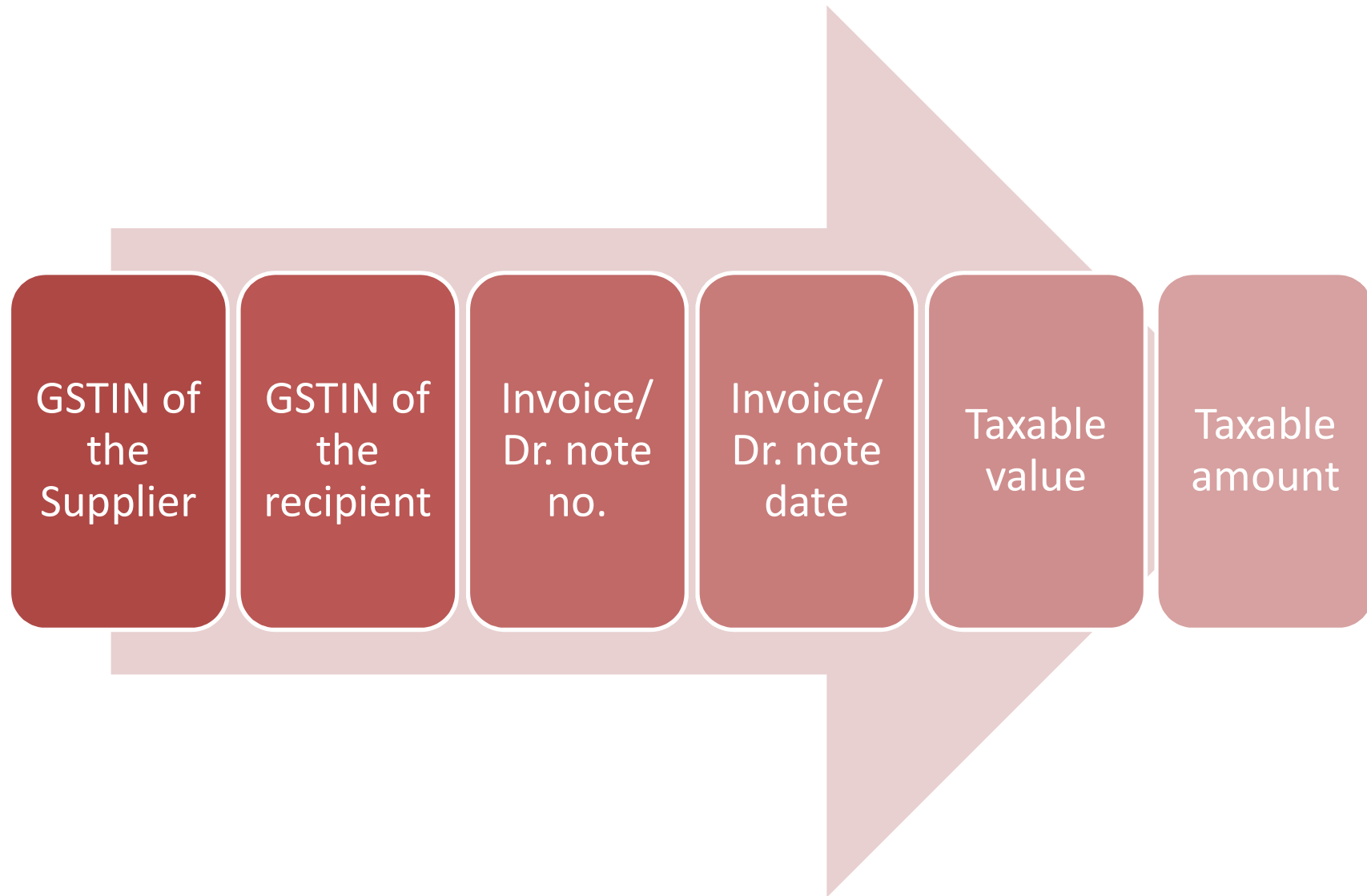
Form No.	Content	Due Date
GSTR – 1	Outward Supplies	10 <sup>th</sup> of following month
GSTR – 1A	Outward Supplies as added, corrected or deleted by recipient	Made available after submission by recipient in GSTR- 2 or GSTR-4
GSTR – 2	Inward Supplies	15 <sup>th</sup> of following month
GSTR – 2A	Inward Supplies made available to recipient	Made available after due date of GSTR-1 filed by supplier <i>Part B – ISD details</i> <i>Part C – TDS deducted</i> <i>Part D – TCS (E-commerce operator)</i>
GSTR – 3	Final Monthly return	20 <sup>th</sup> of following month
GSTR – 3A	Notice to defaulter	After due date of filing return
GSTR – 4	Compounding dealer	18th following the quarter
GSTR – 4A	Inward supplies made available to recipient under composition	Made available after submission by supplier in GSTR-1

# Return Forms (2/2)

Form No.	Content	Due Date
GSTR – 5	Non-resident foreign taxable person	20th of next month/quarter or 7 days from the date of completion of registration period, whichever is earlier
GSTR – 6A	Inward Supplies made available to ISD recipient	Made available after submission by supplier in GSTR-1
GSTR – 7	TDS Return	10 <sup>th</sup> of following month by Deductor of TDS

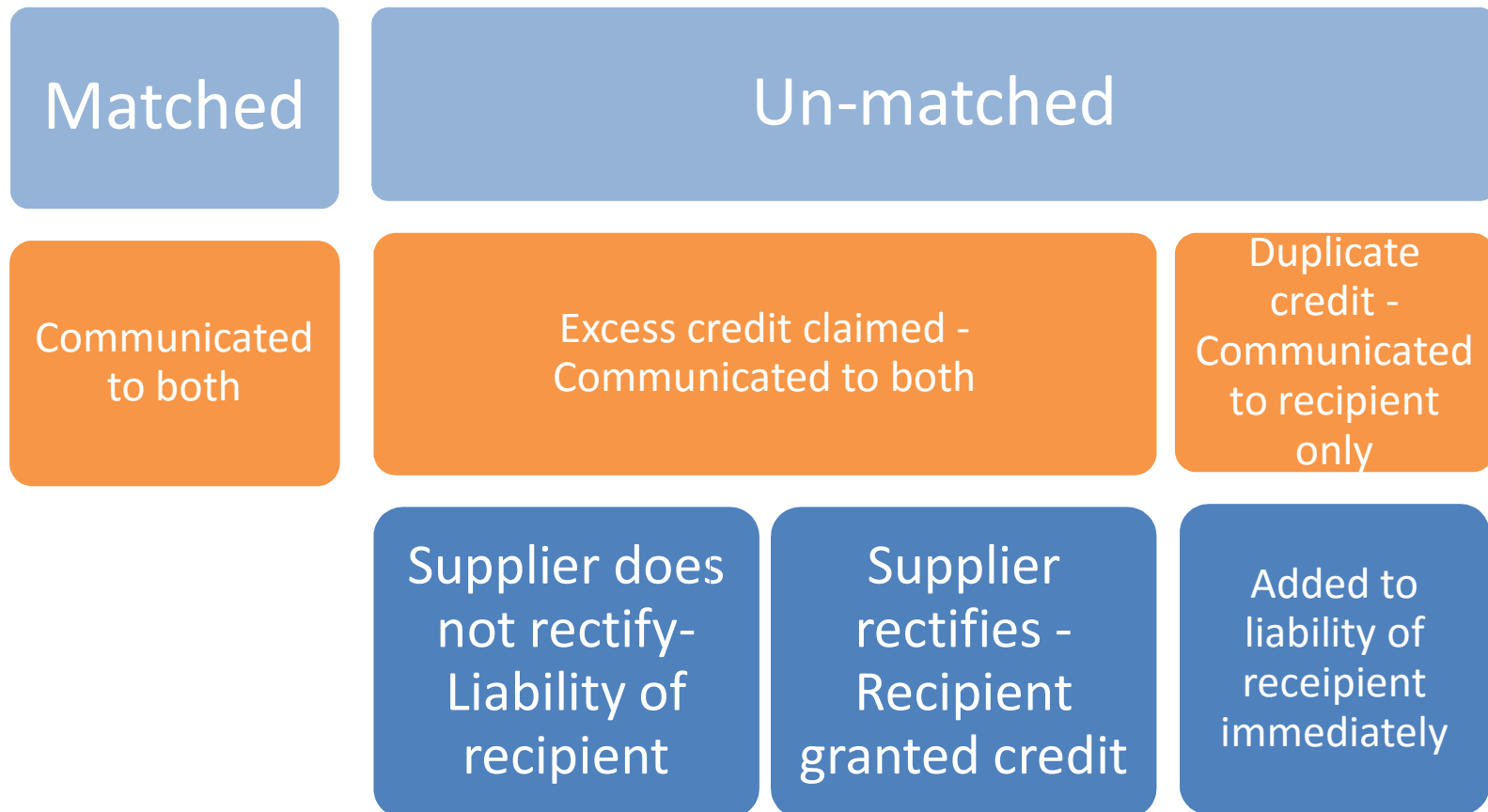


# Matching, Reversal and Reclaim (1/3)



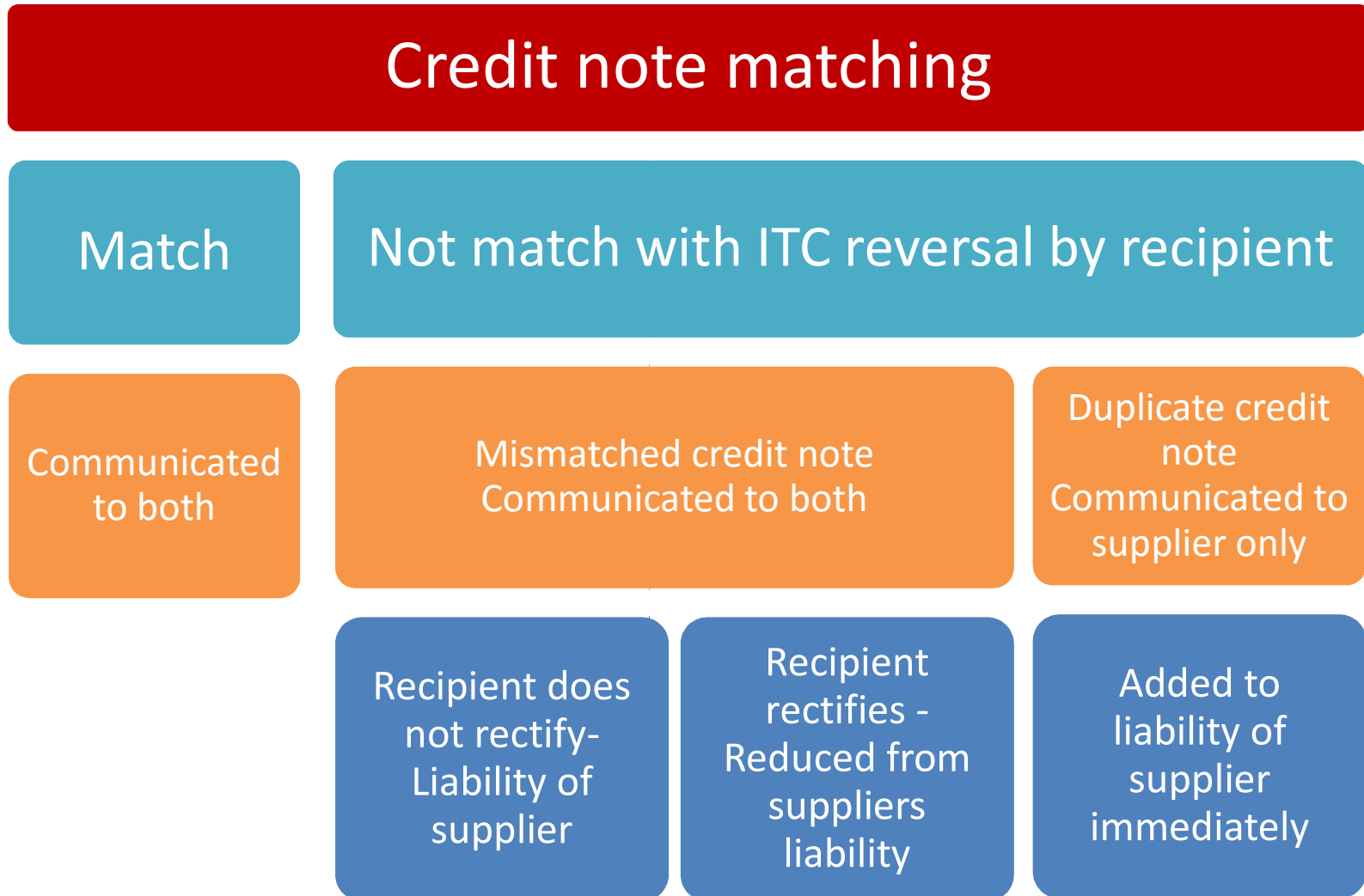
# Matching, Reversal and Reclaim (2/3)

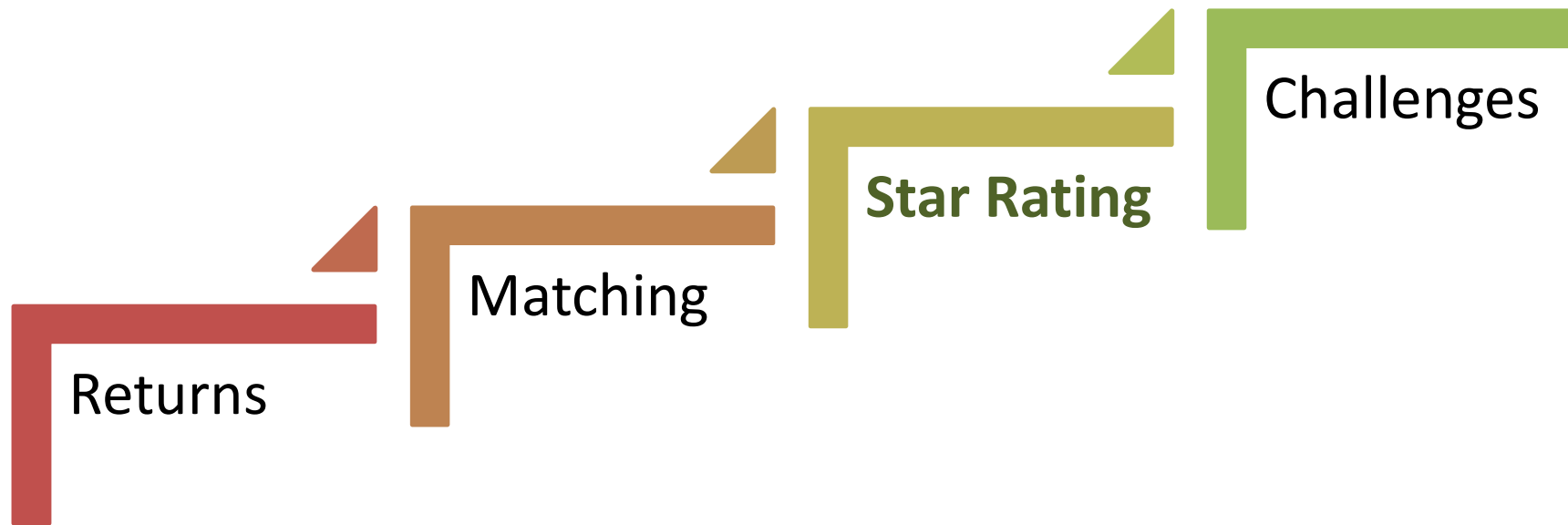
## Inward - Outward return matching





# Matching, Reversal and Reclaim (3/3)





# Star Rating

- Dynamic compliance rating - Scale of 1 to 10
- Determined according to the level of compliance of registered person
- Criteria yet to be determined. Possible factors:
  - Timely uploading of invoices
  - Quantum of mismatches
  - Timely filing of returns
  - Prompt payments
  - Co-operation with tax authorities
- Low GST rating will result in loss of credit
- Refunds would also be impacted

# Technological Edge

L0089344124

23rd March 2017

KanTech Solutions

COMMENTS

DELETE INVOICE

Save

Status

Uploaded

Invoice Type B2B

Amended

Invoice Amount Rs 10,44,000

My GSTIN 33BBBCC098A1X

Customer Name

KanTech Solutions

Invoice ID

CLR0000619

Invoice Date

12/02/2017

Customer GSTIN

AAAAA000A1Z5

Place of Supply

Karnataka - KA

Amended Invoice ID

CLR0000619

Amended Invoice Date

12/02/2017

Item Details				Qty	Value	Discount	Taxable Value	Tax		Invoice
Description	Type	HSN/SAC	Unit Price					CGST	SGST	
Himalaya Face Cream	G	3451.11.12	32	10,000	3,20,000	30,000	2,90,000	11% (39,700)	9% (26,100)	3,4
Himalaya Face Cream	G	3451.11.12	32	10,000	3,20,000	30,000	2,90,000	11% (39,700)	9% (26,100)	3,4
Himalaya Face Cream	G	3451.11.12	32	10,000	3,20,000	30,000	2,90,000	11% (39,700)	9% (26,100)	3,4
<b>TOTALS</b>					Total Value 6,60,000	Total Discount 60,000	Total Taxable Value 5,70,000	Total CGST 95,700	Total SGST 78,300	10,4

Business realities will make manual reconciliation difficult

$$1000 \times 100 \times 10 \times 4 = 1,200,000$$

Items

INVOICES  
EACH

Line  
items

Things  
to be  
checked

ENTRIES PER MONTH  
TO BE MATCHED



Accept/reject each invoice

d



Multi-state vendor communication



Tele-calling for vendor follow-ups



Closure

Upload to go

**Advance Payment suggestion**  
Potential to reduce Tax liability by **2,000** by linking 6 Invoices to Advance Payments filed earlier.  
**VERIFY NOW** 6 Invoices

**Reverse charge** ✓  
15 Invoices with items under reverse charge do not have reverse charge applied. Verify Now  
**VERIFY NOW** 15 invoices

**Place of supply**  
12 Invoices got Place of supply different from Customer's Billing or Shipping State.  
**VERIFY NOW** 12 invoices

**Amendment validation**  
5 Invoices have been modified after they were accepted by buyer. These can not be filed as amendments so please change to Credit Debit Note.  
**CHANGE NOW** 5 invoices

**B2B amendment classification**  
8 Invoices which were mismatched and not reconciled last month are classified as B2B amendments.

Invoice type	Match type	Filing filter
--------------	------------	---------------

Summary	Total Transactions	Total Matches	Total Unmatches	Total IGST	Total SGST	Total CGST	Total Value
	12,432	4,856	7,576	Rs. 20,45,000	Rs. 20,45,000	Rs. 20,45,000	Rs. 20,45,000

INVOICE TYPE	INVOICE ID	VENDOR	GSTIN	DATE	TAXABLE AMT	TOTAL TAX	TOTAL AMT	STATUS
B2B Amendments	CLR00456	Prabavati Traders Private Limited	KS34778PQ223	23/10/2016	1,23,68,000.56	23,445.89	1,22,487.45	Uploaded
B2B	CLR00456	Kantech Solutions Private Limited	KS34778PQ223	23/10/2016	1,23,68,000.56	23,445.89	1,22,487.45	Unloaded

## Purchase Reconciliation

### Matching Invoices

Total Invoices	Matching %	No of Vendors	
25,000	82%	25	You can accept all the matching invoices at once
<a href="#">SEE INVOICE DETAILS</a>			<a href="#">ACCEPT ALL</a>

### Mismatching Invoices

Total Invoices	Matching %	No of Vendors	
2,500	10%	3	
<b>2,100 Invoices have minor rounding errors</b> These invoices have a difference in tax value less than ₹5. We recommend accepting the counter party value. <a href="#">ACCEPT VENDOR'S VALUE</a>			
Or you can manually verify these as well <a href="#">VERIFY MANUALLY</a>			
<b>240 Invoices have different serial numbers</b> Everything except the serial numbers are matching in these invoices. Most likely a data entry issue. <a href="#">VERIFY</a> <a href="#">DOWNLOAD REPORT</a>			

## 2 Reconciliation - Validation step

System intelligently groups matching and mismatching invoices which makes it easy to reconcile

Courtesy - Clear

Invoice No.	CLR-0009	GSTIN	KA345PQ35	Place of supply	Bangalore Mangalore <input type="button" value="↑"/>	Invoice Date	23/05/2017
Total taxable value	Rs. 45,000.00 Rs. 46,000.00 <input type="button" value="↑"/>	Total CGST	Rs. 89,433.67	Total SGST	Rs. 44,211.45 Rs. 44,322.67 <input type="button" value="↑"/>	Total Value	Rs. 99,455.67

## Line Items

S.No	Item Description	HSN.	Qty.	Rate/Item	Discount	Taxable Val.	SGST	CGST	Total
1.	Dove soap 100x3 gms	111.45.67	2	23,456	24,333.23	1,500.67	23,455.90	13,456.23	45,676.34
	Dove soap 100x3 gms	111.45.67	2	22,455 <input type="button" value="↑"/>	23,333.23 <input type="button" value="↑"/>	1,500.67	23,455.90	13,456.23	45,676.34
2.	Dove soap 100x3 gms	111.45.67	2	23,456	24,333.23	1,500.67	23,455.90	13,456.23	45,676.34
	Dove soap 100x3 gms	111.45.67	2	22,455 <input type="button" value="↑"/>	23,333.23 <input type="button" value="↑"/>	1,500.67	23,455.90	13,456.23	45,676.34
3.	Dove soap 100x3 gms	111.45.67	2	23,456	24,333.23	1,500.67	23,455.90	13,456.23	45,676.34
	Dove soap 100x3 gms	111.45.67	2	22,455 <input type="button" value="↑"/>	23,333.23 <input type="button" value="↑"/>	1,500.67	23,455.90	13,456.23	45,676.34

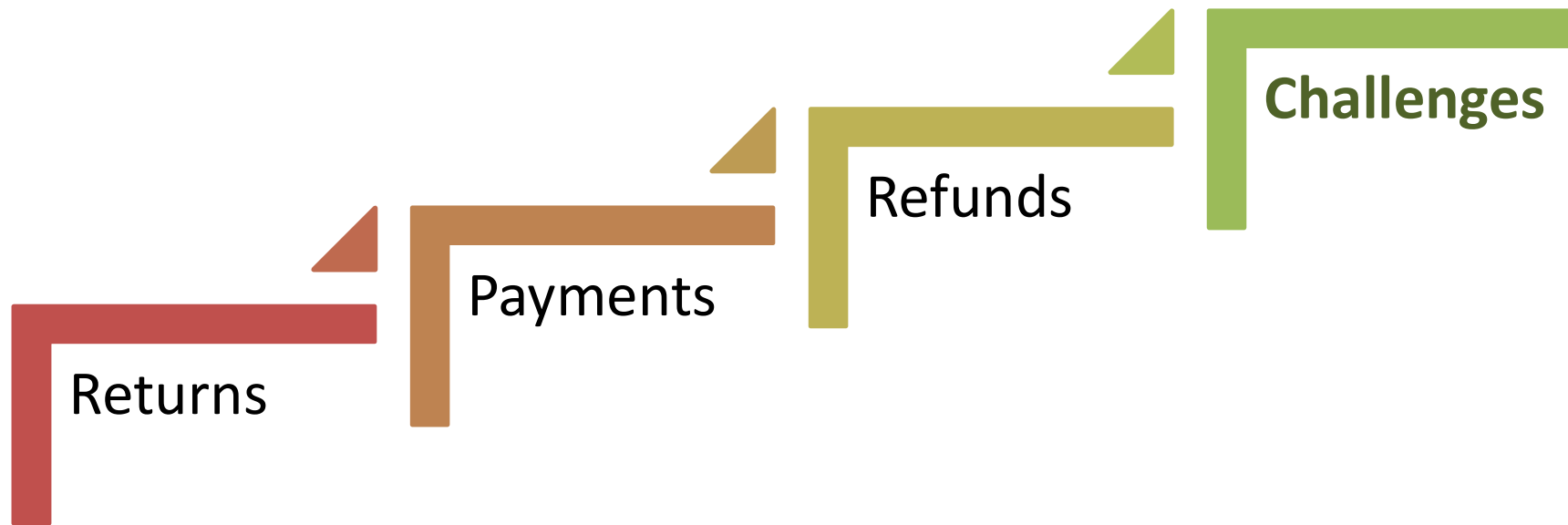
## SHOW MATCHED LINE ITEMS

There are 15 mismatches remaining in this invoice

Accept vendor values

Accept my values





# GST Practitioner [Sec. 48]

- **Eligibility 1**
  - Solvent Citizen of India of sound mind
  - Not convicted to Imprisonment more than 2 years
- **Eligibility 2**
  - Retired officer of commercial tax department/ CBEC/ DoR
  - Graduate/ PG in commerce, law, banking, business administration
  - Degree from foreign university recognised by Indian university as equivalent to above
  - Degree exam as above and CA/ CWA/ CS
- Application in Form GST PCT-1
- Registration in Form GST PCT-2 after necessary enquiry

## **GST Practitioner (2/2)**

- List of practitioners on Portal – GST PCT - 5
- Consent to be obtained from registered person in Form GST PCT-6
- Consent can be withdrawn – Form GST PCT-7
- Authorised to:
  - Furnish details of O/w and I/w supplies
  - Monthly, quarterly, annual or final return
  - Make deposit for credit to Electronic Cash ledger
  - File refund claim
  - Application for amendment/ cancellation of registration
- Statement filed by GST practitioner confirmed by registered person

# Challenges in Implementation

- Uniformity
- Increase in Compliance cost for business
- Seamless credit
- Efficacy of GSTN (87 lakh assessee/ 3.5 billion invoices)
- No specific details relating to tax administration
- Various definitional/ Interpretational issues
- Classification issues – various rates and same item at various rates
- “Supply” despite being neutral requires distinction
- Lack of time and adoption of tax technology
- Date of Implementation

The background is a light green color with a decorative pattern of overlapping, semi-transparent green geometric shapes (triangles and polygons) on the right side, creating a modern, abstract look.

# THANK YOU!!

**Every ending is just a new beginning**