

## 6 Day Refresher Course on GST

- Subject** :
  - Returns
  - Matching concepts
  - Concept of star rating
  - Challenges in implementation of GST
  - Opportunity for Chartered Accountants
- Date & Day** : 29<sup>th</sup> July, 2017
- Venue** : ICAI Bhawan, Cuffe Parade,  
Mumbai
- Faculty** : CA Parag Mehta

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GST Returns

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## Returns

Section	Type of Return	Form	Period for filing Return
37	• Details of outward supplies of goods or services	GSTR -1	10th of next month
	• Details of auto drafted supplies of goods or services	GSTR- 1A	
38	• Details of inward supplies of goods or services	GSTR -2	15th of next month
	• Details of supplies auto drafted from GSTR – 1 or GSTR-5 to recipient	GSTR- 2A	
39(1)	• Monthly return	GSTR -3	20th of next month
	• Notice to return defaulter u/s 46	GSTR- 3A	
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## Returns

Section	Type of Return	Form	Period for filing Return
39(2)	• Quarterly return for registered persons opting composition levy	GSTR -4	18 <sup>th</sup> of next quarter
	• Auto drafted details for registered persons opting composition levy	GSTR- 4A	
	• Return for non resident taxable persons	GSTR -5	
	• Details of supplies of online information and database access or retrieval services by a person located outside India made to non taxable persons in India	GSTR- 5A	

## Returns

Section	Type of Return	Form	Period for filing Return
39(4)	• Return for input service distributor	GSTR -6	13th of next month
	• Details of supplies auto drafted from GSTR -1 or GSTR -5 to ISD	GSTR- 6A	
39(3)	• Return for tax deduction at source	GSTR -7	10th of next month
	• Tax deduction at source certificate	GSTR- 7A	
39(1)	• Statement for tax collection at source	GSTR -8	
	• Inward supplies statement for persons having UIN	GSTR- 11	

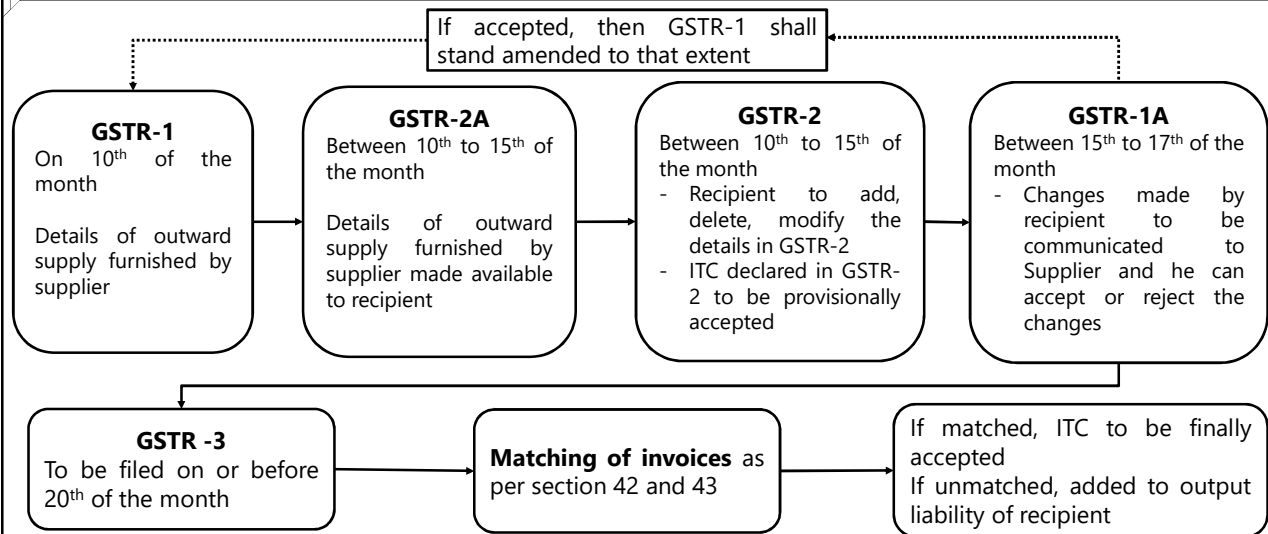
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## Returns

Section	Type of Return	Form	Period for filing Return
44	Annual Return	GSTR-9	31st December following Financial Year
45	Final Return	GSTR-10	3 months from date of cancellation or order of cancellation whichever is later

- Assessee (of reasonable size) having ISD facility and TDS obligation will have to file 61 returns in a year
- If assessee has branches in all 29 states from which goods are supplied or services are provided, there would be 49 returns per branch, 12 ISD returns i.e 1433 returns only

## Returns Process



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## Outward Supplies Return – Section 37

- Details of outward supplies effected during tax period to be furnished in **form GSTR-1** for the month before 10<sup>th</sup> of the succeeding month
- Registered person not allowed to furnish details between 11<sup>th</sup> -15<sup>th</sup> of the month succeeding tax period

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## Components for Outward Supplies (Form GSTR-1)

➤ This return form would capture the following information:

- GSTIN
- Name
- Period to which the return pertains
- Aggregate turnover of the taxpayer in the previous Financial Year. This information would be submitted by the taxpayers only in the first year and will be auto-populated in subsequent years.
- The following particulars shall be furnished – at an invoice/consolidated level based on the table as below :

Type	Supplies made to	Invoice Value	Level of Submission
Interstate	Registered Persons	Any	Invoice Level
Intrastate	Registered Persons	Any	Invoice Level
Interstate	Unregistered Persons (stated as consumed in the return)	> Rs. 2,50,000/-	Invoice Level

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## Components for Outward Supplies (Form GSTR-1)

Type	Supplies made to	Invoice Value	Level of Submission
Intrastate	Unregistered Persons (stated as Consumer in the return)	Any	Consolidated
Interstate	Unregistered Persons (stated as Consumer in the return)	< Rs. 2,50,000/-	Consolidated

- There are separate tables as under :

Sr. No.	Content of FORM GSTR-1
4	Taxable outward supplies made to registered persons (including UIN- holders) other than covered by Sr. No.6
5	Taxable outward inter state supplies to un-registered persons where the invoice value is more than Rs. 2.5 Lakhs
6	Zero rated supplies and Deemed Exports

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## Components for Outward Supplies (Form GSTR-1)

Sr. No.	Content of FORM GSTR-1
7	Taxable supplies (Net of debit notes and credit notes) to unregistered persons other than the supplies covered in Table 5
8	Nil rated, exempted and non GST outward supplies
9	Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4 , 5 and 6
10	Amendments to taxable outward supplies to unregistered persons furnished in returns for earlier tax periods in Table 7
11	Consolidated statements of Advances Received/ Advance adjusted in the current tax period / amendments of information furnished in earlier tax period
12	HSN wise summary of outward supplies
13	Documents issued during the tax period

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## Inward Supplies Return – Section 38

- Every registered person shall furnish following details electronically in form **GSTR-02** after 10<sup>th</sup> but before 15<sup>th</sup> of succeeding month:
- Details to be made available to recipient between 11<sup>th</sup> to 15<sup>th</sup> of succeeding month
- Any error or omission due to which details remain unmatched u/s 42 or 43 can be rectified up to earlier of:
  - Date of furnishing return for month of September following end of FY to which such details pertains
  - Date of furnishing relevant annual return
- If such error or omission results in short payment of tax, tax to be paid along with interest thereon in the return to be furnished for such tax period

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## Components for Inward Supplies (Form GSTR-2)

- Information submitted in GSTR-1 by the supplier of the taxpayer will be auto-populated in the concerned tables of GSTR-2A.
- After modifications to the GSTR-2A, the **Form GSTR-2** shall be prepared.
- Basic details of the taxpayer i.e. Name along with GSTIN
- Period to which return pertains
- Final invoice-level inward supply information pertaining to the tax period for goods and services separately.

Sr. No.	Content of Form GSTR-2
3	Inward supplies received from a registered person other than the supplies attracting reverse charge
4	Inward supplies on which tax is to be paid on reverse charge
5	Inputs/ capital goods received from overseas or from SEZ units on a bill of entry
6	Amendments to details of inward supplies furnished in returns for earlier tax periods in Tables 3, 4 and 5 (including debit notes/credit notes and their subsequent amendments)
7	Supplies received from composition taxable person and other exempt/Nil rated/Non GST supplies received

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## Components for Inward Supplies (Form GSTR-2)

Sr. No.	Content of Form GSTR-2
7A	Inter state supplies
7B	Intra state supplies
8	ISD credit received
8A	ISD invoice
8B	ISD credit note
9	TDS and TCS credit received
9A	TDS credit
9B	TCS credit
10	Consolidated statement of advances paid/advance adjusted on account of receipt of supply
11	Input tax credit reversal / reclaim
12	Addition and reduction of amount in output tax for mismatch and other reasons
13	HSN summary of inward supplies

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## Relaxation in Return filing procedure for 1<sup>st</sup> two months

- GST Council in its meeting held on 18<sup>th</sup> June 2017 decided that for first two months (i.e July and September) of GST implementation, tax would be payable based on simple return i.e Form GSTR-3B
- Form GSTR-3B to contain summary of outward and inward supplies
- Form GSTR-3B to be filed on 20<sup>th</sup> of succeeding month
- Invoice wise details for the month of July and August to be filed in regular GSTR-1 as per timelines given below:

Month	Form GSTR-3B	Form GSTR-1	Form GSTR-2
July	20 <sup>th</sup> August	1 <sup>st</sup> to 5 <sup>th</sup> September	6 <sup>th</sup> to 10 <sup>th</sup> September
August	20 <sup>th</sup> September	16 <sup>th</sup> to 20 <sup>th</sup> September	21 <sup>st</sup> to 25 <sup>th</sup> September

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## FORM GSTR-3B

### FORM GSTR-3B

[See rule 61(5)]

Year					
Month					

1.	GSTIN																		
2.	Legal name of the registered person	Auto Populated																	

### 3.1 Details of Outward Supplies and inward supplies liable to reverse charge

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)					
(b) Outward taxable supplies (zero rated)					
(c) Other outward supplies (Nil rated, exempted)					
(d) Inward supplies (liable to reverse charge)					
(e) Non-GST outward supplies					



## FORM GSTR-3B

**3.2 Of the supplies shown in 3.1 (a) above, details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders**

1	Place of Supply (State/UT) 2	Total Taxable value 3	Amount of Integrated Tax 4
Supplies made to Unregistered Persons			
Supplies made to Composition Taxable Persons			
Supplies made to UIN holders			

**4. Eligible ITC**

Details 1	Integrated Tax 2	Central Tax 3	State/UT Tax 4	Cess 5
<b>(A) ITC Available (whether in full or part)</b>				
(1) Import of goods				
(2) Import of services				
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)				
(4) Inward supplies from ISD				
(5) All other ITC				
<b>(B) ITC Reversed</b>				
(1) As per rules 42 & 43 of CGST Rules				
(2) Others				
<b>(C) Net ITC Available (A) – (B)</b>				

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## FORM GSTR-3B

(D) Ineligible ITC				
(1) As per section 17(5)				
(2) Others				

**5. Values of exempt, nil-rated and non-GST inward supplies**

Nature of supplies 1	Inter-State supplies 2	Intra-State supplies 3
From a supplier under composition scheme, Exempt and Nil rated supply		
Non GST supply		

**6.1 Payment of tax**

Description 1	Tax payable 2	Paid through ITC				Tax paid TDS./TCS 7	Tax/Cess paid in cash 8	Interest 9	Late Fee 10
		Integrated Tax 3	Central Tax 4	State/UT Tax 5	Cess 6				
Integrated Tax									
Central Tax									
State/UT Tax									
Cess									

## FORM GSTR-3B

### 6.2 TDS/TCS Credit

Details 1	Integrated Tax 2	Central Tax 3	State/UT Tax 4
TDS			
TCS			

Verification (by Authorised signatory)

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

Instructions:

- 1) Value of Taxable Supplies = Value of invoices + value of Debit Notes – value of credit notes + value of advances received for which invoices have not been issued in the same month – value of advances adjusted against invoices
- 2) Details of advances as well as adjustment of same against invoices to be adjusted and not shown separately
- 3) Amendment in any details to be adjusted and not shown separately.

## Monthly Return – Section 39

- Every registered person to furnish monthly return in Form GSTR-3 on or before 20<sup>th</sup> of succeeding month containing following details:
  - Inward and outward supplies
  - Input tax credit availed
  - Tax payable
  - Tax paid
- PART A of GSTR-3 to be auto populated based on information submitted in GSTR-1 and GSTR-2
- Tax due as per such return to be paid on or before the last date on which GSTR-3 is to be filed i.e 20<sup>th</sup> of succeeding month
- Furnish the details of payment of tax in Part B of GSTR-3

## Monthly Return – Section 39

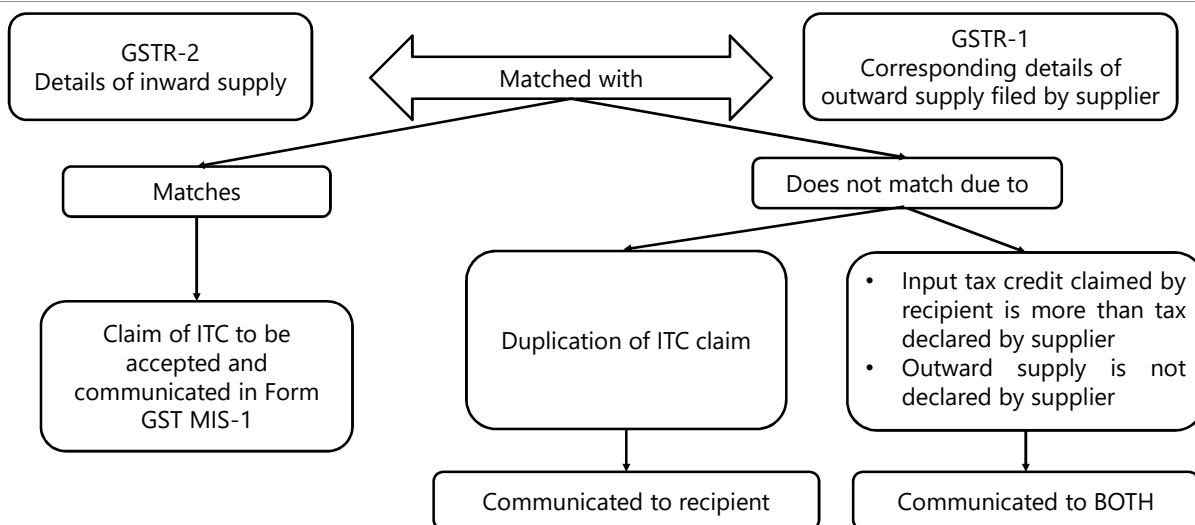
- Rectification of omission or incorrect details discovered after filing of GST-3 return allowed subject to payment of interest:
  - to be rectified in the return furnished for the month or quarter during which it was noticed
  - No such rectification allowed after:
    - 20<sup>th</sup> October following the end of FY
    - Actual date of furnishing relevant annual return
- No rectification is allowed if omission or incorrect details is on account of scrutiny, audit, inspection or enforcement activity by tax authorities
- Input tax credit as self assessed in the return to be credited on provisional basis in electronic credit ledger
- Such credit to be utilised only for payment of self assessed output tax as per the return
- A registered person shall not be allowed to furnish a return for a tax period if he has not furnished return for any previous tax periods
- In case of no activity, NIL return to be filed

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## Matching of Input Tax Credit and Intimation of Mismatch - [Section 42(1) To 42(4)]

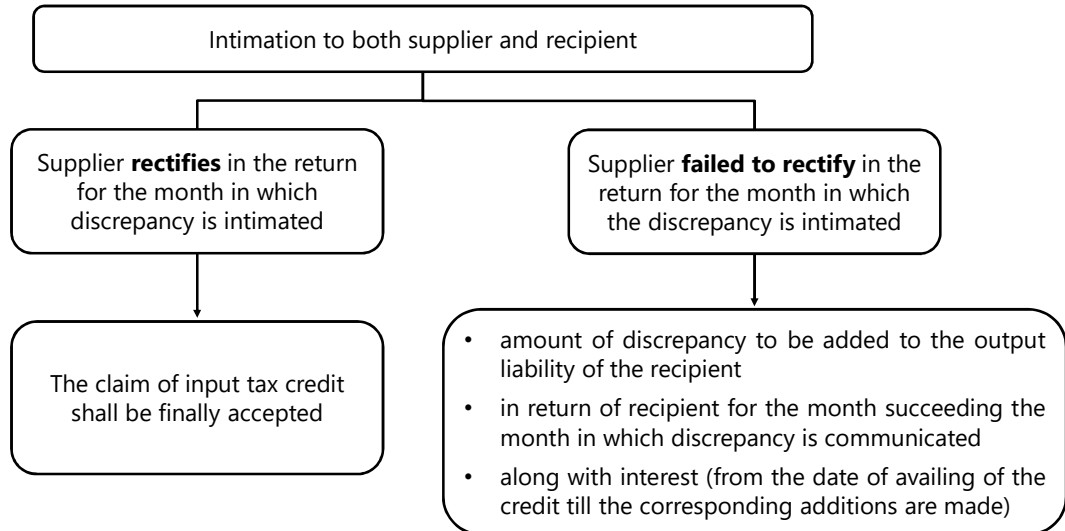


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## Reversal of ITC - [Section 42(5)]

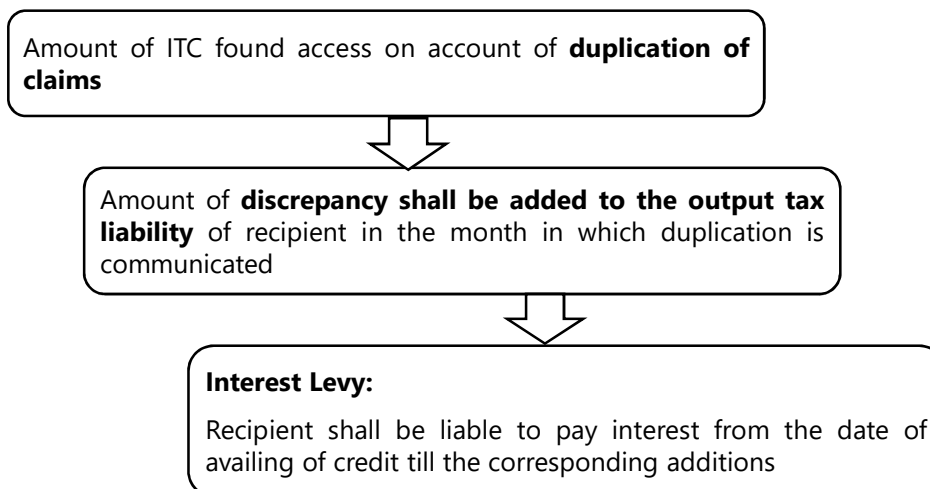


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## Reversal of ITC - [Section 42(6)]



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## Reclaim of ITC [Section 42(7)]

Amount added for excess claim u/s 42(5)



**Subsequently, the supplier declares** the details of invoice / debit note in his valid return **within the time specified u/s 39(9)\*\***



The amount **that was previously added u/s 42(5)** shall be **allowed to be deducted from the output tax liability**



Any **interest** that was **previously levied u/s 42(8)** on the above mentioned amount **shall be refunded** by **crediting** the amount in **electronic cash ledger provided supplier pays the interest**

### **\*\*Time limit u/s 39(9):**

Earlier of :

Due date of filing of return for the month of September or second quarter following the end of the financial year, or

the actual date of filing of relevant annual return

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## Matching of Credit Notes [Section 43(5)]

Details of credit note relating to outward supply

Matched with

Corresponding reduction in claim of ITC by the recipient

Matches

Does not match due to

Claim for reduction in output tax liability to be accepted and communicated in Form GST MIS-3

Duplication of claims for reduction of output tax liability

- Reduction in O/P tax liability exceeds corresponding reduction in ITC claim; or
- Corresponding credit note is not declared by recipient

Communicated to supplier

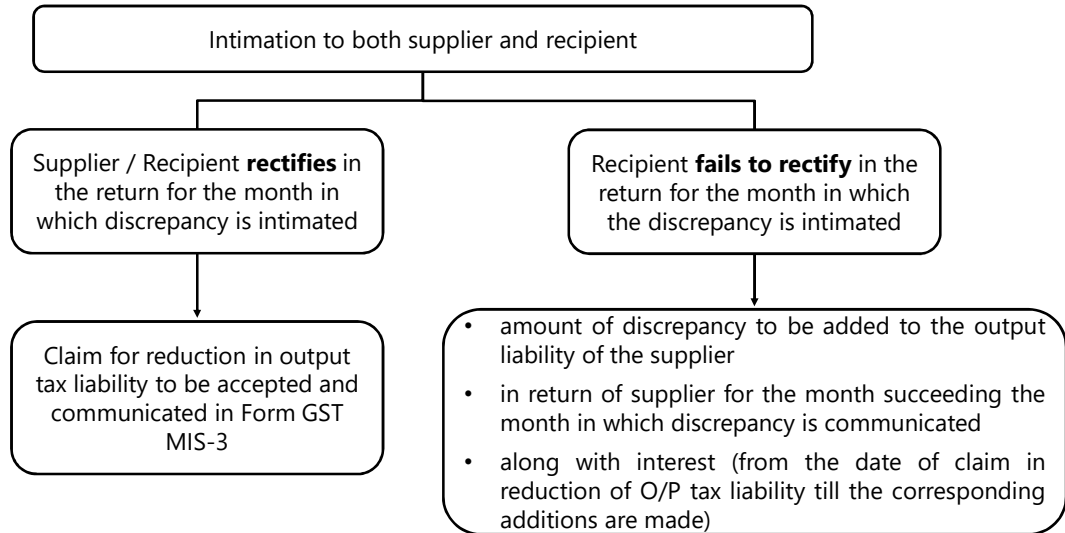
Communicated to BOTH

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## Reversal of Reduction In O/P Tax Liability [Section 43(5)]

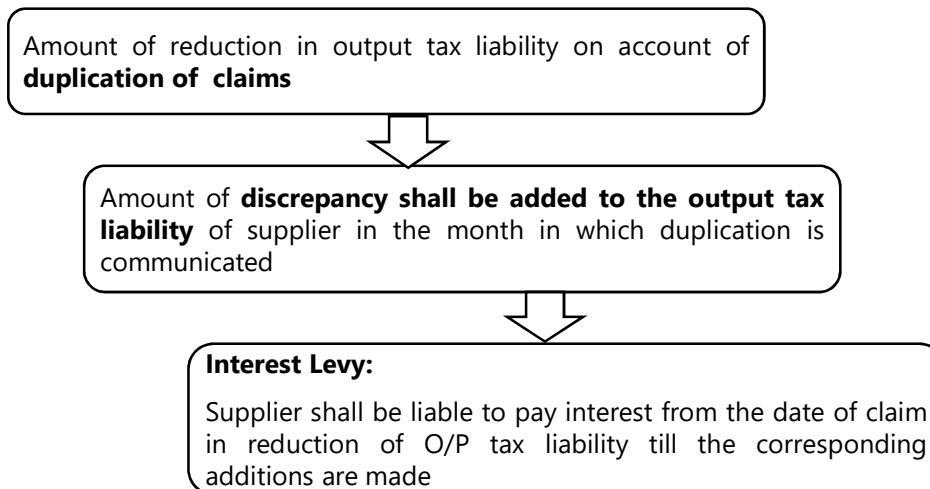


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## Reversal of Reduction In O/P Tax Liability [Section 43(6)]



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## Reclaim of Reduction In O/P Tax Liability [Section 43(7)]

Amount added for excess claim u/s 43(5)



**Subsequently, the recipient declares** the details of credit note in his valid return **within the time specified u/s 39(9)\*\***



The amount **that was previously added u/s 43(5)** shall be **refunded to supplier** by crediting amount in corresponding head of electronic cash ledger



Any **interest** that was **previously levied u/s 43(8)** on the above mentioned amount **shall be refunded** by **crediting** the amount in **electronic cash ledger provided recipient pays the interest**

### **\*\*Time limit u/s 39(9):**

Earlier of :

Due date of filing of return for the month of September or second quarter following the end of the financial year, or

the actual date of filing of relevant annual return

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## Returns - Others

### ➤ **Annual return (Section 44)**

- Every registered taxable person (other than ISD, TDS deductor, casual taxable person and non resident taxable person) shall furnish an annual return for every F. Y. on or before 31<sup>st</sup> December following end of such FY
- Return shall be file along with audited copy of the annual accounts and reconciliation statement

### ➤ **Final return (Section 45)**

- On cancellation of registration, registered taxable person shall furnish a final return

### ➤ **Section 41 (Notice to return defaulter)**

- If fails to file return u/s 39 or u/s 44 – notice shall be issue to furnish such return within 15 days

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## Returns – Other Provisions

### ➤ Levy of Late Fees (Section 47)

Default Under Section	Penalty
Section 32, 33, 34, and 40	Rs.100/- per day (maximum Rs.5,000/-)
Section 39	Rs. 100/- per day (maximum 0.25% of turnover)

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GST Compliance  
Star Rating

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## Concept of Star Rating

- Government will assign a GST Compliance Rating Score to every registered person based on his records of compliance with provisions of GST Act
- GST compliance rating is akin to a performance ranking of all registered taxable persons which tells you how compliant they are with respect to the GST provisions
- Idea behind this concept of tax administration is to compel people to be fully GST compliant and on time with uploading invoices and other necessary documents
- Compliance rating score shall be updated at periodic intervals
- Under current regime, businesses often delay return filing and payment of taxes to gain time; Rating system will prevent the delay of credit for bona fide buyers due to the non-compliance of certain persons
- Given that rating system will be entirely new, everyone – at least theoretically — will start at an equal level, but if a taxpayer is non-compliant then his rating will go down

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## Concept of Star Rating – Parameters

- GST Compliance Rating will be based on certain criteria which are yet to be prescribed
- However, experts believe that the following factors could play a key role in deciding compliance ratings:
  - Timely payment of taxes
  - Timely filing of returns
  - Transparent and error-free reconciliations
  - Compliance of various other time limits under GST
  - Cooperation in dealing with GST authorities

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## Concept of Star Rating – Benefits

- Some of the benefits that compliant vendors may be able to enjoy include:
  - Get refunds immediately
  - Buyers can get input tax credit immediately
  - Attract more business
  - Reduce chances of audit by the tax authorities.
  - A low GST rating will attract higher scrutiny from the department.
  - Enjoy better reputation

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Challenges in  
implementation of  
GST

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## GST – Perceived Disadvantages

### ➤ Exclusion of following crucial sector from GST resulting into cascading effect of taxes:

- Petroleum
  - Electricity
  - Real Estate (stamp duty and property tax)
- Non adjustment of erroneous payment of tax to other government
  - Small manufacturers having turnover in the range of Rs. 20 lakhs to Rs. 1.50 crore will be in tax net
  - Effective rate of tax on services will be 18% as compared to earlier rate of 15%
  - Reverse charge in respect of supplies procured from unregistered dealer
  - TDS compliances and blockage of funds
  - Taxes on advances
  - System of E-way will in respect of movement of goods exceeding Rs.50,000

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## GST – Perceived Disadvantages

### ➤ Dual Control by State and Centre – two assessments, etc.:

- multi-state businesses may be assessed by State Government authorities in some States and by Central Government authorities in some other State
  - This will lead to different authorities taking different view on same transaction
- Registration in multiple states
  - Low and negligible threshold
  - Voluminous and Burdensome Compliances
  - Multiple proceedings such as:
    - Scrutiny assessments
    - Summary assessments
    - Revision power of Commissioner
    - Departmental audit

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## GST – Perceived Disadvantages

- Inspection of records and accounts
  - Access to business premises
  - Inspection of goods in movement
- Business houses may not pass on ITC to ultimate customers – will trigger inflation
- GST will be inflationary at least in short run

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Opportunities for  
Chartered  
Accountants

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## Opportunities for Chartered Accountants

- GST Impact Analysis
- Accounting & IT System infrastructure
- Standard operating procedure modification
- Training various personnel
- Transition management
  - Claim of credit to be carried to be carried forward
  - Claim of credit on stock as on transition date
- Support / hand holding in initial months

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## Opportunities for Chartered Accountants

- Registration under GST in various states
- Return filing and related support service
- Other procedural compliance under GST
- Internal audit for GST
- GST Statutory Audit
- Advisory services
- Representation before GST authorities
- Litigation support

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## Words of Caution

- Presentation is based on CGST Act, IGST Act and UTGST Act
- Views expressed are the personal views of faculty based on his interpretation of GST Act
- Presentation is done in educational meeting. Such meeting is arranged with a clear understanding that neither the Faculty nor organizer will be responsible for any error, omission, commission and result of any action taken by a member or anyone on the basis of this presentation.

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**THANK YOU**

**[parag.mehta@nashah.com](mailto:parag.mehta@nashah.com)**

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