

**Critical points requiring attention while preparing
GST return for September, 2018**

With the completion of first Financial Year 2017-18 after introduction of GST, most businesses and industries are grappling with GST law in terms of concepts as well as compliances.

Now, it is the time to rectify, any omissions/errors occurred in Financial Year 2017-18, on or before 20th October, 2018 while filing GSTR-3B for the month of September, 2018. For example, GST Law provides specific timeline for availing ITC beyond which right to avail ITC, which is eligible in all other respects, would lapse. It is worthwhile to note that adjustments and rectifications would be required to be reported in GST Annual Return and/or GST Reconciliation Statement.

Following could be reviewed by GST registrants for rectification of errors/omissions of Financial Year 2017-2018:

- ⊗ Outward supplies alongwith output GST liability reported in GST statement/return/s shall be reconciled with financial statement/books of accounts of Financial Year 2017-18. Deviations, if any, requiring rectification shall be carried out in

GSC COMMENTS

Various recommendations are made to extend due dates for amendments required to be made in GST returns with respect to Financial Year 2017-18.

Further, Annual Return and Reconciliation Statement are also notified. Representations are made to amend such formats to align the same with GST law.

However, considering various provisions of law as on date, it is suggested to reconcile financial statement / books of accounts with GST returns and make amendments on or before 20th October, 2018

GSTR-3B to be filed for September, 2018¹. Corresponding effect of the same shall also be made in GSTR-1. Some of the critical areas requiring attention are listed below for ease of reference:

- While reconciling these amounts, assessee would need to run through not only sales account but also balance sheet and other records. For example, there could be transfer of a capital/fixed asset which may not get reflected in sales account but the same may be reported as outward supply in GSTR-3B and GSTR-1
- Though there is no due date for issuance of debit note and pay additional GST liability, it is advisable to disclose all debit notes relating to Financial Year 2017-18 in GSTR-3B and GSTR-1 of September, 2018 as the recipient would be able to avail ITC for Financial Year 2017-18 on or before 20th October, 2018
- Considering the provisions of GST Law², deduction pertaining to outward supply made in Financial Year 2017-18 would be allowed only for Credit Notes issued till 30th September, 2018 (Vide Section 34 of CGST Act, Credit Notes can be issued under GST law for either to rectify taxable value or tax payable or for goods return or if goods/services are found to be deficient). Therefore, assessee should ensure that all adjustments of Credit Notes, wherein GST liability is affected, shall be done till filing GSTR-3B of September, 2018.
- Reconciliation statement to be prepared for genuine differences in outward supplies. For example, outward taxable supplies made in view of Schedule I of CGST Act, 2017 reported in GSTR-3B may not get reflected in financial statement/books of accounts.

¹ Section 39 of CGST Act, 2017

² Section 34 of CGST Act, 2017 (Assumption: The assessee has not filed GST annual return)

- Also, zero rated supplies with payment of GST and zero rated supplies without payment of GST as recorded in books of accounts should be reconciled with GSTR-3B and GSTR-1

- ☺ Inward supplies alongwith input tax credit reported in GST statement/return/s shall be reconciled with purchases (including capital assets)and expenses reflected in financial statement/books of accounts for Financial Year 2017-18. Some pertinent issues requiring consideration are provided below:
 - It is pertinent to note that GSTR-2A is available on GSTN portal (now in excel format). GSTR-2A is draft data provided by GSTN portal on the basis of data provided by supplier of goods/services. Therefore, GSTR-2A is subject to changes. However, since availment of ITC pertaining to invoices and debit notes of Financial Year 2017-18 is restricted to 20th October, 2018, it is advisable to reconcile GSTR-2A with GSTR-3B and financial statement/books of accounts on or before 20th October, 2018. Following is a list of possible differences which could arise requiring reconciliation:
 - ITC availed in books of accounts not appearing in GSTR-2A
 - ITC disclosed in GSTR-2A not appearing in books of accounts
 - ITC availed of CGST and SGST as against IGST and *vice versa*
 - Other documentation errors such as document number, document date, GSTIN, taxable value etc.

 - There are provisions under GST Law to reverse common ITC proportionately on provisional basis. After the end of the year, the assessee needs to calculate actual common ITC. Differential reversal of ITC, if any, shall be done on or before 20th October, 2018³. In case, ITC was reversed in excess, differential ITC shall be availed on or before 20th October, 2018.

³ Rule 42 of CGST Rules, 2017

- ITC with respect to reverse charge liability for Financial Year 2017-2018 shall also be availed on or before 20th October, 2018.

- ☺ Also, assessee should verify GST liability Ledger, GST Credit Ledger and GST Cash Ledger and reconcile the figures with financial statement/books of accounts.

Abbreviations used:

GST	: Goods and Services tax
CGST Act	: Central Goods and Services tax Act, 2017
IGST Act	: Integrated Goods and Services tax Act, 2017
CGST	: Central Goods and Services tax
SGST	: State Goods and Services tax
IGST	: Integrated Goods and Services tax
ITC	: Input Tax Credit

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