

Key Action points to be considered before filing GSTR-1 & GSTR-3B of September 2021

Finally, after facing every step of hurdle during past financial year, the final goal of every taxpayer is to assess their business records and analyse and correct the mistakes made during the past financial year either through GSTR-1 and GSTR-3B of September, 2021, following the end of financial year, being 2020- 21

Section 110 and 111 of the Finance Act, 2021 amended Section 35 and 44 of the Central Goods and Services Tax Act, 2017 (“**the CGST Act**”) respectively, so as to remove the mandatory requirement of getting annual accounts audited by a Chartered Accountant or a Cost Accountant and furnishing of audited reconciliation statement in Form GSTR-9C. Now, annual return in Form GSTR-9 is to be provided on self-certified basis with reconciliation statement (GSTR-9C). The CBIC vide Notification No. 29/2021- Central Tax dated July 30, 2021 appointed August 1, 2021 as the date for appointment of Section 110 and 111 of the Finance Act.

Therefore, the compliances under the GST law for the month of September 2021 is very critical for all registered persons under GST as many provisions of GST law pertaining to Input Tax credit (“**ITC**”) availment, issuing supplementary invoices/ credit notes, etc., prescribe last date would be as earliest of due date of furnishing return for the month of September following the end of FY or furnishing of the relevant annual return (Due date for filing – December 31, 2021).

In this regard, we are summarising herewith key areas that needs due attention before filing of monthly return in Form GSTR-1 & GSTR-3B for the September, 2021:

1. Last chance to avail any pending ITC of FY 2020-21

In terms of Section 16(4) of the CGST Act a registered person shall not be entitled to take Input Tax Credit (“**ITC**”) in respect of any invoice or debit note for supply of goods or services or both, after the due date of furnishing of the Form GSTR-3B for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Key action points:

1. Work out proper reconciliation of ITC as shown under Table 4 of Form GSTR-3B viz-a- viz ITC as per books of accounts and viz-a-viz ITC as per GSTR-2A/ 2B:

→ Identify the credits which have not been claimed or which have been claimed but not shown by the vendor in their return (GSTR-1) – chase the vendor for needful correction required;

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2. Review all expenses and capital assets ledgers to identify if any eligible credit has been missed to be availed;
3. Prepare details of eligible & ineligible credit pertaining to Inputs, Input Services and Capital goods for filing annual return in Form GSTR -9;
4. Recheck ITC register maintained to ensure that no ineligible credits have inadvertently been taken in any monthly return Form GSTR-3B.
5. Avail the amount of eligible ITC missed to be availed in Form GSTR-3B filed for FY 2020-21 in Form GSTR-3B to be filed for September 2021.

2. Amendments / Rectification pertaining to outwards supplies details furnished in GSTR 1 during FY 2020-21

As per proviso to Section 37(3) of the CGST Act, any corrections in respect of the details already furnished in GSTR-1 shall be allowed till furnishing return for the month of September following the end of FY to which such details pertain, or filing of relevant Annual Return, whichever is earlier.

For making any short of amendment/ rectification in the details furnished in Form GSTR-1 of April 2020 to March 2021, the last date would be the due date of filing Form GSTR-1 of September 2021.

Key action points:

Following are certain inclusive list of amendments that can be made in GSTR-1 of September 2021:

- If you have made mistake in reporting export with payment of Taxes and as a result of which, IGST refund has not been received, then you might need to amend your export details in Table 9A of GSTR-1.
- If recipient/ buyer of goods or services is not able to find details of his purchase invoice from his supplier in his GSTR-2A / 2B, then, there might be chances that supplier have filed GSTR-1 wherein he has shown sales in B2C but it was actually B2B sales, wrongly furnishing of GSTIN, wrongly furnishing of place of supply, etc., in such cases, proper amendment to be made in GSTR 1 of September, 2021
- If mistakenly Nil or wrong or incomplete GSTR-1 is uploaded where invoices pertaining to some months not uploaded or uploaded to wrong GSTIN of buyer or any other clerical error, then amendments are required in GSTR-1 of September 2021.

3. Final reversal of common credit used for taxable as well as exempted supply of goods or services for FY 2020-21:

In terms of Rule 42 of the CGST Rules, 2017, amount of reversal of common ITC on inputs and input services used for making both taxable and exempted supplies, shall be calculated finally for the financial year before the due date for furnishing of the return for the month of September following the end of the financial year to which such credit relates.

Key action points:

Every registered person engaged in making taxable as well as exempted supply of goods or services are required to work out the reversal of common ITC for the FY 2020-21 based on annual turnover, on or before the end of due date of filing of Return for the month of September 2021:

→ Any amount of credit extra reversed can be claimed as ITC in the return (GSTR 3B) to be filed for the September 2021.

→ In case of short reversal made, the differential amount of ITC can be reversed now with interest @ 18% per annum for the period starting from April 01, 2021 till the date of payment. Reversal can be made either through Form GSTR-3B or through Form GST DRC-03.

4. Issuance of credit note

In terms of Section 34(2) of the CGST Act, any credit note in respect of the supplies made in the previous FY shall be declared in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted accordingly.

5. Payment of Consideration within 180 days

Ensure that the invoices of vendors/suppliers which are not paid within 180 days from date of issuance of invoice then, ITC availed on such invoices need to be reversed due to such non-payment along with interest and such reversed credit can be again re-claimed upon payment made to the vendor.

6. Road ahead and preparation for filing Annual Return:

In terms of Section 44(1) of the CGST Act, every registered person, other than an Input Service Distributor, a person paying tax under Section 51 (TDS Collector) or Section 52

(TCS Collector), a casual taxable person and a non-resident taxable person, shall furnish an Annual Return for every financial year on or before the 31st day of December following the end of such financial year. Both Form GSTR-9 and 9C are available on GSTN portal.

Key action points for GSTR-9 and GSTR-9C for FY 2020-21

1. The format of Annual Return (GSTR – 9) and GST Reconciliation statement (GSTR – 9C) is designed in such a way that it requires major data to be picked up & reported from the periodic returns filed. Hence, it is highly important that all reconciliations between GSTR-1, GSTR-3B, GSTR-2A/2B are executed properly in September month along with carrying out necessary correction, as may be required. This will pave the way for correct data flowing in Form GSTR-9 & GSTR-9C.
2. Further, separate details of all the adjustments made in the period April, 2021 to September, 2021 related to FY 2020-21 is also required to be maintained viz. credit note or debit note issued ITC availed or reversed, adjustments made, etc., made after March 31, 2021. Hence, the same must also be recorded properly for reporting in Annual Return & Reconciliation statement, which is self-certified for FY 2020-21.
3. Kindly note that Annual Return (GSTR 9) is exempted for taxpayers having aggregate turnover of up to Rs. 2 Crore in FY 2020-21 and required to be filed compulsorily only for taxpayers having aggregate turnover of more than Rs. 2 Crore in FY 2020-21.
4. Further, Reconciliation Statement (GSTR 9C) is to be self-certified by taxpayers and not by practicing Chartered Accountants or Cost Accountants, and to be filed by such taxpayers having aggregate turnover of more than Rs. 5 Crore in FY 2020-21.

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