

GST Annual Return: An Overview



Financial year 2017-18 was the first year of GST and after seeing through the teething issues, it has now settled down. At the time of introduction of GST on 01.07.2017, the law provided for filing of 3 returns namely GSTR-1, 2 and 3 wherein GSTR-1 contained details of outward supplies, GSTR-2 contained details of inward supplies and GSTR-3 was a final return of outward-inward supplies where taxes were to be paid. However, due to concerns around readiness of GST system and complexities involving in two-way data flow in filing of returns, an interim solution was rolled out. Government was forced to defer matching and a new summary return form as GSTR-3B was introduced which was required to be filed by 20th of following month. GSTR-1 continued but GSTR-2 and 3 were deferred. Section 44 of CGST Act, 2017 read with Rule 80 of CGST Rules, 2017 requires that every registered person other than registered as ISD, TDS, TCS, a causal taxable person and a non-resident taxable person shall furnish annual return for every financial year electronically in form GSTR-9 in case of normal taxpayer and in form GSTR-9A in case of composition taxpayer. The last date of filing for this form for the financial year 2017-18 was 31st December, 2018. As forms for the same were notified in September, 2018, due date was extended to 31st March, 2019 and further extended to 30th June, 2019. It is important to note that on one hand extension of filing of annual return provides trade and industry a benefit to file that return with extended period and on the other hand taxpayer must maintain books of accounts upto 6 years from the due date of filing of annual return. It also empowers officers to make assessment in 3/5 years as the case may be from the due date of annual return for the said financial year. Read on...



CA. Jitendra Varshney

The author is a member of the ICAI. He can be reached at jitendra.icai@gmail.com or eboard@icai.in

The forms 9/9A were notified first through NN. 39/2018-Central Tax, dt. 04-09-2018 and based on representations from trade and industry, certain changes were accepted and revised forms were notified vide NN.74/2018- Central Tax, dt. 31.12.2018.

As discussed above, Taxpayers have submitted two returns namely GSTR-1 and GSTR-3B, though experts are divided on whether both these are 'returns' or one is a 'return' and another a 'statement'.

Both these are relevant for filing Annual return as GSTR-3B from which taxpayer have claimed ITC and paid taxes whereas GSTR-1 in which taxpayers have reported breakup of outward supplies in B2B, B2C, exports, exempted etc. Therefore GSTR-1 may be referred only for filing this return but Form GSTR-3B considered primarily on the basis of which this form would be filled up by the taxpayer. Before filing up this form, taxpayer has to submit both the returns i.e GSTR-1 and GSTR-3B 'relating to' FY 17-18. It is also important to note that taxpayer, through this return can declare additional liability, if any, however credits of FY 17-18 cannot be claimed in this return.

Analysis of Form GSTR-9 Annual Returns for Normal Taxpayer

Revised notified Form 9 is divided into **6 parts** as follows:

- Part-I: Basic Details
- Part-II: Details of outward and inward supplies (RCM)
- Part-III: Details of ITC
- Part-IV: Details of tax payable and paid
- Part-V: Particulars of the transactions of FY 2017-18 declared in FY 2018-19
- Part-VI: Other information such as Refunds, demand, Supplies from composition dealer, HSN wise Outward and Inward Summary, Late fee payable and paid

Further these 6 parts are divided into 19 Tables to report the data according to the relevant tables.

Part-I Contains Basic Details such as Financial Year, GSTIN, and Legal & Trade Name. Here only important thing to note is that for the purpose of Form GSTR-9, Financial year 2017-18 means period starting from 1st July, 2017 to 31st March 2018 only as GST law was introduced from 1.07.2017.

Part-II Details of Outward and Inward Supplies (RCM)

Part II is most important part of this Form which has been divided into two tables i.e T4 & T5 as follows :

Table 4: Details of advances and outwards supplies on which tax is payable including inward supplies (RCM)

Table 5: Details of outward supplies on which tax is not payable

As name suggests from the table heading that data has to be divided on the basis of tax payable and not payable therefore, if tax has been paid in FY 2017-18 through Form 3B then it has to be reported in Table 4 and if tax has been paid in FY 2018-19 then it has not to be reported in T4 but it should be reported in

T10 & 11 as the case may be. Important questions that comes up here is – where to report additional liability on which tax has not been paid till date? – and author is of the view that it has to be included in this table 4 only and which tax payable needs to be deposited by taxpayer through DRC-03 in cash.

Table 4G is an important table seeking details of inward supplies on which tax has been paid on reverse charge basis. It is important to consider here that if tax on RCM supplies has been paid in FY 18-19 then taxpayer has to divide its reporting in two parts i.e Value of supplies in T4 and taxes paid and payable in T10 & 11. In author's view, this is the best possible answer Value of T4, T5 and T10 has been considered as Turnover in Form 9C, GST Audit reconciliation form to be signed by Chartered accountant and if value of inward supplies would be reported in T10 on which tax has been paid in FY 2018-19 then it will lead to incorrect turnover and adversely affect eligibility to file returns on quarterly basis (in non-audit cases) where turnover of 1.5 cr is the criteria.

Table 5 as contains data on which tax is not payable therefore figures from books of accounts based on invoices dated 2017-18 are issued, have to be reported here even though figures may have been reported incorrectly in GSTR-1/3B as this is the only table which captures details of zero rated supply through LUT, exempt, nil rated and non-GST supply.

T4 & T5 also contains information of Credit and debit note details issued in the FY 2017-18. It is important to note here that Credit /Debit note issued and dated between 1st July, 2017 to 31st March, 2018 has to be included in these tables only. Credit note issued in case of B2C needs to be reported on net basis in 4A and no need to report separately in 4I in such cases.

Part-III Details of ITC for the financial year

Part-III has been divided into 3 tables as follows :

- T6- Details of ITC availed during the financial year
- T7- Details of ITC reversed and ineligible ITC for the financial year
- T8- Other ITC related information i.e. Reconciliation of ITC availed with 2A

Taxpayers have only 1 return i.e. Form 3B for availment as well as reversal of ITC, therefore like Part II there should be no confusion in filling up these tables. It is important to note that Credit availed through Form 3B in FY 2017-18 would be the credit of FY 2017-18 therefore ITC for the year 2017-18 availed in the year 2018-19 is credit of 18-19 not credit of 17-18.

T6 poses additional responsibility on the taxpayers in terms of bifurcation of ITC, availed through Table 4 of Form 3B, in different category as ITC of Inputs, Capital

Goods and Input Services. The purpose of segregation is to collate information for data analytics, even though law does differentiate between them. It is important to note that T6 captured information of ITC availed through Form 3B and it is to be filled on the basis of Form 3B and ITC availed during the year 2017-18 only. ITC availed for 17-18 in 18-19 would not be recorded here.

T7 captures details of reversal in terms of Rule 37/39/42/43 of CGST Rules, 2017. Rule 37 provides for reversal of credit if supplier has not been paid in 180 days, therefore it is important for taxpayers to reconcile creditor's outstanding as on 31.03.2018. Rule 39 provides reversal for ISD credits. Rule 42/43 provides for reversal credits used for other than business purposes or exempt supply. Taxpayer must maintain working sheet of such reversal. Further, taxpayer needs to be cautious while reporting T-7E as details to be reported only when ITC in respect of 17(5) supplies has been availed and reversed as 7J excludes this credit from your availed credit in T6, which is taxpayer "Net ITC available for Utilization".

Although Government in October, 2018 has clarified that ITC availment is not subject to reconciliation with GSTR-2A, if taxpayer has met with the conditions mentioned in Section 16 of CGST Act, then ITC would not be disallowed on the basis of missing GSTR-2A. However, T8 objective is to reconcile with GSTR-2A with credit availed, not availed and credit ineligible. T-8C is read as April to March 19 instead of April to Sep'18 as the same has been rectified at GSTN Portal although amendment in the forms awaits from Government in this regard. It contains credits to be availed in FY 2018-19 with a view to freeze the figures as Form 3B does not contain column of FY.

Part-IV: Details of Tax Paid as declared in Returns Filed during the FY 2017-18

T9 contains information in regards to tax payable and tax paid. Tax paid has been frozen by GSTN on the basis of Form 3B for the year 2017-18 and Tax payable is to be derived from T4. If there is any difference in between tax payable and tax paid then same has to be paid through DRC-03 in cash only. It is important to note that some taxpayers in the starting month of implementation of GST has paid wrong tax initially i.e. IGST vs CGST/SGST or vice versa, which is required to be paid again and take refund of wrong of taxes paid as per Section 77 of CGST Act, 2017.

PART V: Particulars of transaction for the previous FY declared in returns of April to March, 2019

Heading of this part has to be read as April to March, 2019 instead of April to September 2018 as requisite changes have been made by GSTN online although Government clarification in this regard waited. This

part contains T10-T14 out of which T10-11 contains Supplies of FY 2017-18 increased / decreased in 2018-19 Form 3B and T12-13 contains ITC availed / reversed of FY 2017-18 in the year 2018-19. This table has to be filed only in case any supplies amended in FY 2018-19 and corresponding tax has been paid in Form 3B filed for the year 2018-19. ITC availed in FY 2018-19 for 17-18 is credit of 18-19 not 17-18 and purpose to fill up information in this table is to freeze figures as per taxpayers own records only as it will not affect credit ledger. Credit note dated post 1st April, 2018 for the supply made in the year 2017-18 must not be reported in this table, it will include credit note issued upto 31st March, 2018 and amendment in the 2018-19 only.

PART VI: Other Information

Part VI contains 6 tables as follows :

T15: Particulars of Demand and refunds

T16: Inward supplies received from Composition dealer/ deemed supply etc.

T17: HSN wise summary of outward supplies

T18: HSN wise summary of inward supplies

T19: Late fee payable

T15 & T16 contains information in regards to demand & refund claimed during the year 2017-18. It is important to note that SCN issued may not be considered as demand in terms of taxpayer view as taxpayer may have challenged the same, however department intention may be different. It is up to taxpayer to decide before filing up this table. Refund claimed and sanctioned has to be filled up in T15A/B.

T18 contains information of 10% of HSN wise individual supplies of total inward supplies and it would be a tedious task for the taxpayer as he has not provided this information in any return filed for the year. In few cases, HSN may be required to be identified as reporting of HSN is mandatory for taxpayer having turnover more than 1.5 Cr.

T19 would be activated if this form is filed post 30th June, 2019 which is ₹100 per day each under CGST/SGST. No late fee would be imposed under IGST as waiver for the same is provided in Section 20 of IGST Act.

Conclusion

Author is of the view that this form certainly requires revision in terms of scattered data to be reported in the different tables. However, considering the time available for filing of this return and time required for revision in software appears to have prevented the Government from considering any new changes. Taxpayer must take due care while filing GSTR 9 as information filed in this form would be the basis of reconciliation of turnover and credits in GSTR 9C where audit is applicable. ■