



# GST (GOODS AND SERVICES TAX)

## RETURNS

The basic features of the returns mechanism in GST include electronic filing of returns, uploading of invoice level information and auto-population of information relating to Input Tax Credit (ITC) from returns of supplier to that of recipient, invoice-level information matching and auto-reversal of Input Tax Credit in case of mismatch. The returns mechanism is designed to assist the taxpayer to file returns and avail ITC.

Under GST, a regular taxpayer needs to furnish monthly returns and one annual return. There are separate returns for a taxpayer registered under the composition scheme, non-resident taxpayer, taxpayer registered as an Input Service Distributor, a person liable to deduct or collect the tax (TDS/TCS) and a person granted Unique Identification Number. It is important to note that a taxpayer is NOT required to file all types of returns. In fact, taxpayers are required to file returns depending on the activities they undertake.

All the returns are to be filed online. Returns can be filed using any of the following methods:

1. GSTN portal ([www.gst.gov.in](http://www.gst.gov.in))
2. Offline utilities provided by GSTN
3. GST Suvidha Providers (GSPs) - If you are already using the services of ERP providers such as Tally, SAP, Oracle etc., there is a high likelihood that these ERP providers would provide inbuilt solutions in the existing ERP systems



Following table lists the various types of returns under GST Law:

Return	Description	Who Files?	Date for filing
GSTR-1	Monthly Statement of Outward supplies of Goods or Services	Registered Person	10 <sup>th</sup> of the next month
GSTR-2	Monthly Statement of Inward supplies of Goods or Services	Registered Person	15 <sup>th</sup> of the next month
GSTR-3	Monthly Return for a normal taxpayer	Registered Person	20 <sup>th</sup> of the next month
GSTR-4	Quarterly Return	Taxable Person opting for Composition Levy	18 <sup>th</sup> of the month succeeding the quarter
GSTR-5	Monthly Return for a non-resident taxpayer	Non-resident Taxpayer	20 <sup>th</sup> of the month succeeding the tax period & within 7 days after expiry of registration
GSTR-6	Monthly Return for an Input Service Distributor (ISD)	Input Service Distributor	13 <sup>th</sup> of the next month
GSTR-7	Monthly Return for authorities deducting tax at source	Tax Deductor	10 <sup>th</sup> of the next month
GSTR-8	Monthly Statement for E-Commerce Operator depicting supplies effecting through it	E-Commerce Operator	10 <sup>th</sup> of the next month
GSTR-9	Annual Return	Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer	31 <sup>st</sup> December of next Financial Year
GSTR-10	Final Return	Taxable Person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation, whichever is later.



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## Filing Process

A normal taxpayer has to file the following returns:



### 1. GSTR-1 (Statement of Outward Supplies):

- This return signifies the tax liability of the supplier for the supplies effected during the previous month.
- It needs to be filed by the 10<sup>th</sup> of every month in relation to supplies effected during the previous month. For example, a statement of all the outward supplies made during the month of July 2017 needs to be filed by 10<sup>th</sup> August, 2017.

### 2. GSTR-2 (Statement of Inward Supplies):

- This return signifies accrual of ITC (Input Tax Credit) from the inputs received during the previous month.
- It is auto-populated from the GSTR-1s filed by the corresponding suppliers of the Taxpayer except for a few fields like imports, and purchases from unregistered suppliers.
- It needs to be filed by the 15<sup>th</sup> of every month in relation to supplies received during the previous month. For example, a statement of all the inward supplies received during the month of July 2017 needs to be filed by 15<sup>th</sup> August, 2017.

### 3. GSTR-3: This is a consolidated return. It needs to be filed by the 20<sup>th</sup> of every month. It consolidates the following details

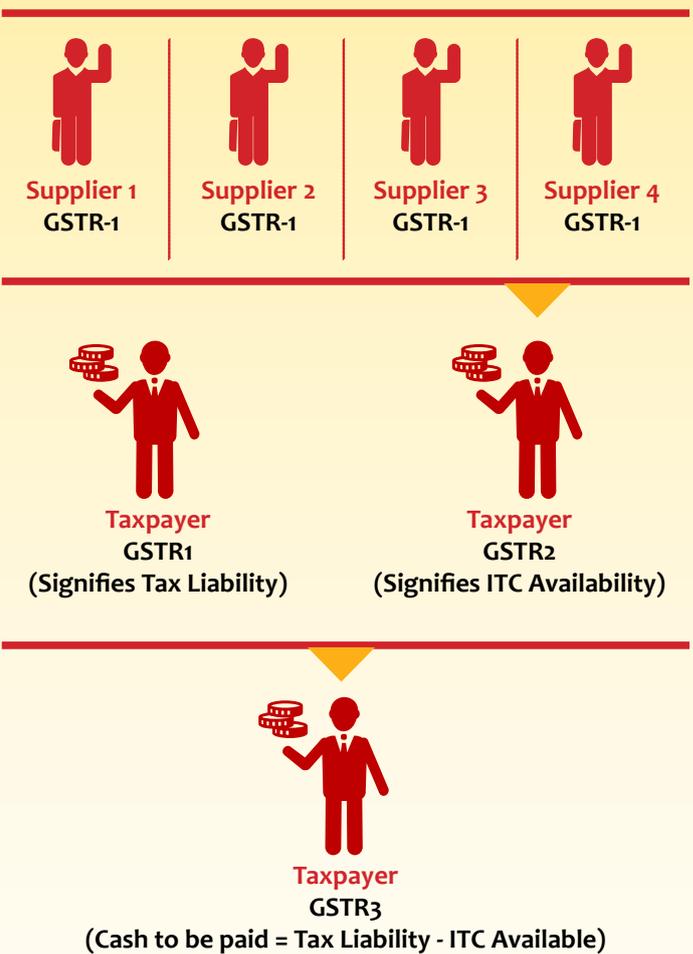
- Outward Supplies (Auto-Populated from GSTR-1)
- Inward Supplies (Auto-Populated from GSTR-2)
- ITC availed
- Tax Payable
- Tax Paid (Using both Cash and ITC)

**NOTE:** Payment should be made on or before 20<sup>th</sup> of every month.

## Annual Return

This return needs to be filed by 31<sup>st</sup> December of the next Financial Year. In this return, the taxpayer needs to furnish details of expenditure and details of income for the entire Financial Year.

The population of these returns is explained by the following graphic:



## NOTE:

- Taxpayer's GSTR-2 is auto-populated from the Suppliers' GSTR-1s
- Taxpayer's GSTR-3 is significantly auto-populated from tax payer's GSTR-1 and GSTR-2

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## Return Filing Milestones:



- File via GSTN/Easy upload tools provided by GSTN/GSPs
- Periodical uploading allowed
- Filed by 10<sup>th</sup>
- Frozen after 10<sup>th</sup>



- Auto-populated from GSTR-1s filed by a Tax Payer's Suppliers
- Changes allowed between 10<sup>th</sup> and 15<sup>th</sup>
- Filed by 15<sup>th</sup>



- Occurs between 15<sup>th</sup> and 17<sup>th</sup>. Tax Payer can add additional invoices.
- Supplier has the option to accept/reject additional invoices. Supplier's GSTR-1 gets amended to that effect.



- Auto-populated from GSTR-1 and GSTR-2
- Filed by 20<sup>th</sup>
- Payment can be made anytime before or on 20<sup>th</sup>

## Revision of Returns:

The mechanism of filing revised returns for any correction of errors/ omissions has been done away with. The rectification of errors/ omissions is allowed in the subsequent returns. However, no rectification is allowed after furnishing the return for the month of September following the end of the financial year to which, such details pertain, or furnishing of the relevant annual return, whichever is earlier.

## Penal Provisions Relating to Returns:

Any registered person who fails to furnish form GSTR-1, GSTR-2, GSTR-3 or Final Return within the due dates, shall be liable to pay a late fee of Rs. 100 per day, subject to a maximum of Rs. 5,000.

ITC Matching and Auto-Reversal:

1. It is a mechanism to prevent revenue leakage.
2. The process of ITC Matching begins after the due date for filing of the return (20<sup>th</sup> of every month). This is carried out by GSTN.
3. The details of every inward supply furnished by the taxable person (i.e. the "recipient" of goods and/or services) in form GSTR-2 shall be matched with the corresponding details of outward supply furnished by the corresponding taxable person (i.e. the "supplier" of goods and/or services) in his valid return. A return may be considered to be a valid return only when the appropriate GST has been paid in full by the taxable person, as shown in such return for a given tax period.
4. In case the details match, then the ITC claimed by the recipient in his valid returns shall be considered as finally accepted and such acceptance shall be communicated to the recipient. Failure to file valid return by the supplier may lead to denial of ITC in the hands of the recipient.
5. In case the ITC claimed by the recipient is in excess of the tax declared by the supplier or where the details of outward supply are not declared by the supplier in his valid returns, the discrepancy shall be communicated to both the supplier and the recipient. Similarly, in case, there is duplication of claim of ITC, the same shall be communicated to the recipient.
6. The recipient will be asked to rectify the discrepancy of excess claim of ITC and in case the supplier has not rectified the discrepancy communicated in his valid returns for the month in which, the discrepancy is communicated, then such excess ITC as claimed by the recipient shall be added to the output tax liability of the recipient in the succeeding month.
7. Similarly, duplication of ITC claimed by the recipient shall be added to the output tax liability of the recipient in the month in which, such duplication is communicated.
8. The recipient shall be liable to pay interest on the excess or duplicate ITC added back to the output tax liability of the recipient from the date of availing of ITC till the corresponding additions are made in their returns.
9. Re-claim of ITC refers to taking back the ITC reversed in the Electronic Credit Ledger of the recipient by way of reducing the output tax liability. Such re-claim can be made by the recipient only in case the supplier declares the details of the Invoice and/or Debit Notes in his valid return within the prescribed timeframe. In such case, the interest paid by the recipient shall be refunded to him by way of crediting the amount to his Electronic Cash Ledger.

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