

INTRODUCTION TO GST

RETURNS-PART 1

CMA ANIL SHARMA

(B.com. (Hons.), M. Com., FCMA, TIOL Awardee, Practising Cost Accountant)

Management

The Institute of Cost Accountants of India, Kolkata

Week 08

Lecture 28

Here we will talk about returns under GST. It's a very relevant topic from GST point of view because returns are the first document where a taxable person or assessor comes into contract with GST authorities as far as his business is concerned after getting registration. It's the first document that goes to department regarding this business that is return.

CHAPTER IX: RETURNS

Section 37. Furnishing details of outward supplies.

(1) Every registered person, other than an Input Service Distributor, a non-resident taxable person and a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically ¹[subject to such conditions and restrictions and] in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period and such details ²[shall, subject to such conditions and restrictions, within such time and in such manner as may be prescribed, be communicated to the recipient of the said supplies]:

³[**]

⁴[**Provided** that] the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Under the CGST Act provisions, section 37 of CGST talks about furnishing details of outward supplies in any business that we do, where either we supply goods or we provide services. So, if I manufacture goods and then supply/sell it in the open market through my marketing network or if I am a trader, I buy/purchase goods from open market and sell these products as it is in the open market, in both the cases, if I am the manufacturer or trader, when I sell my product/my goods to my customer/to my buyer on periodical basis (you can say monthly basis)

I declare my sale to GST department through GST portal, through GSTR-01 statement. This GSTR-1 statement is nothing but a monthly return for any business house. Section 37 of CGST Act talks about furnishing details of outward supplies. So, what is this section? Remember, whenever we are reading any law, there is a set format to study/read it. There is a set procedure to read it, thus we discuss this topic of returns under GST as per the actual provisions made in CGST Act.

Section 37 sub-section 1. This section talks about, every registered person (registered person means who has obtained registration under GST), other than an input service distributor (as already discussed), a non-resident taxable person (means the person who is not in India, who is supplying goods or services from outside India) and a person paying tax under the provisions of section 10 (means a composite dealer) or section 51 (that is TDS provisions applicable on persons) or sections 52 (that is TCS provisions applicable on persons). The meaning of this section is that, every registered person 'other than' (means it does not include) input service distributor. Also, it does not include non-resident taxable person, a person paying tax under section 10 i.e. composite dealer, a person paying tax under TDS, and a person paying tax under TCS. So other person means normal businessman who is selling its goods, who is actually manufacturing or trading its goods. Such person is covered under section 37 sub-section 1. So that person shall furnish electronically i.e. through GST portal, subject to such conditions and restrictions (there may be some conditions there may be some restrictions there we will see) in such form and manner as may be prescribed.

'the details of outward supplies'- Details of outward supplies means whatever goods or services you have sold. i.e. Goods you have sold, services you have provided.

'goods or services or both'- It can happen that in a particular transaction you have supplied both. You have sent goods as well as you have sent or provided services also.

'affected during a tax period', on or before 10th of the next month. So, during particular tax period means during that particular month.

The provision reads as, "Every registered person other than this person shall furnish electronically subject to such conditions and restrictions and in such form and manner as may be prescribed the details of outward supplies of goods or services or both affected during that particular month on or before 10th of next month." So, if you are in the month of July, whatever quantity of goods or services you have provided to your buyers/your customers from 1st July to 31st July that shall be furnished electronically as per the format made available to you before

10th of next month, means before 10th of August. Now this 10th of August date has been changed. So, after the amendment it is now 11th of next month.

‘Within such time and in such manner as may be prescribed, be communicated to the recipient of said supply’.- Means when you file your return under Section 37 sub-section 1 before 11th of next month, it will be electronically uploaded by you at GST portal and when you will submit this return to GST portal the detail of goods and services along with invoice number and invoice date, quantity, rate, rate of tax, amount, etc. will be communicated through GST portal to the recipient also. So, once you submit the return on 11th of next month the information will be transmitted to recipient also, to your buyer also through this GST portal. So, GST portal is nothing but a platform for both buyer and seller, where sale of goods or sale of services information is exchanged. Once supplier has submitted his GSTR-01, first return of the month, automatically this data will be transmitted to respective buyers.

This way we share our information with GST portal. First, we will declare our sale. Once you have declared your sale, your tax liability will be fixed. Because if in month of July you have sold goods worth rupees 10 lakh rupees and your goods are subject to GST at the rate of five percent then accordingly your tax will be calculated. And you declare to the government that this much of liability is of mine and I will pay because this is my sale. So GSTR-01 is the first return. Under section 37 sub-section 1, a person who is doing business maybe as a manufacturer, maybe as a trader, declare his sale as well as his output liability to the government.

(2) [****]

(3) Any registered person, who has furnished the details under sub-section (1) for any tax period [***], shall, upon discovery of any error or omission therein, rectify such error or omission in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:

Here if we see sub-section 2 of section 37 has been deleted vide notification number 18 of 2022 with effect from 1st October 2022. So, this section is omitted.

Then sub-section 3 of CGST Act. What it says, it says ‘any registered person’, means the person who is registered under GST, who has furnished the details under sub-section 1. So it says any registered person who has furnished details under sub-section 1, of his outward supply/sale, for any tax period, for that particular month, shall upon discovery of any error or omission therein, rectify such error or omission in such form/manner as may be prescribed, and shall pay tax and

interest if any, in case there is a shortage of payment of tax on account of such error or omission in return to be furnished for such tax period. Here law also permit you, if you have committed any mistake in filing above statement in sub-section 1, that error can also be rectified. And if we go further, there are some conditions to this section, and we must read those conditions also.

¹⁰[(4) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies under sub-section (1), even if he has not furnished the details of outward supplies for one or more previous tax periods]

Next comes sub-section 4 of section 31. What it says? It says, a registered person shall not be allowed to furnish detail of outward supplies under sub-section 1 of tax period. Means section 31, sub-section 1 asks me to furnish details of my outward supply/sale, but sub-section 4 of section 31 says person shall not be allowed to furnish details of outward supply. Why? 'If the details of outward supply for any previous tax period has not been furnished'. It means what? It means under section 1 of section 37 a person will not be allowed to file his outward supply statement that is GSRT-01, if he has not filed GSTR-01 of previous month. So, if we are filing GSTR-01 for July, we have to make it sure that we have filed GSTR-01 of June also. If June's GSTR-01 is not filed, system will not allow you to file GSTR-01 of July. It means, you have to file GSTR-01/ you have to declare your outward turnovers/supplies on regular/monthly basis for each and every month. In case in any month there is no sale from your side then you have to file nil return declaring that your sales are nil this month so there is no tax liability. Means on continuous basis you have to file your returns. If you make any gap in that then system will not allow you to file next month unless you have filed previous months.

¹¹[(5) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period after the expiry of a period of three years from the due date of furnishing the said details:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies for a tax period under sub-section (1), even after the expiry of the said period of three years from the due date of furnishing the said details.]

Moving further to sub-section 5: A registered person shall not be allowed to furnish details of outward supplies under sub-section 1 for tax period after expiry of a period of three years from the due date of furnishing said details. What does it mean? This is the newly inserted section

sub-section 5 to section 37. It says, 'A registered person', means person who is liable to or who is supposed to file GSTR 1, i.e. his outward supply statement, shall not be allowed to furnish details of outward supplies under Sub-section 1 of Section 37 for a period after expiry of 3 years. Means if we are to file return of July 2024, the due date of filing this return is 11th of August of 2024, and if I don't file July 2024 return and stop filing further returns also. So, I have a period of maximum three years from 11th of August 2024. So up to 10th of August 2027 I need to file all returns with late fee and all, otherwise system will not allow me to file my returns ever. So, this is another provision under law as far as GSTR-01 that is your outward supply statement is concerned.

¹²[Section 38. Communication of details of inward supplies and input tax credit.

Next section comes section 38. We will talk about this section later on.

So, these are basically five basic provisions under section 37, 'furnishing of outward supplies'. In very simple language law is drafted and you can go through the language, you can go through the conditions and accordingly you can study the law very carefully and you will be able to understand the provisions.

⁴[Provided that] the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

⁵[Provided further that] any extension of time limit notified by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

So to this condition that every registered person should file GSTR-01 every month, here there is a condition further mentioned for this section. And it says, provided that commissioner may for reasons to be recorded in writing by notification extended the time limit of furnishing such details of such class of taxable persons. Means if there is a genuine reason, sometimes it happens that some natural calamity comes into picture or some political disturbance come into picture, so system is not working properly or people are not in a position to file their returns, so commissioner has powers to extend the date of filing these details to GST portal. So, as I told you that the date of filing, the details of filing of outward supply for particular month is 11th of next month. So, 11th of next month, if it is not possible for the business houses due to some strikes and all, then commissioner may extend this date for further period. So, this is section 37 which is important section for filing or declaring your sale to GST authorities through GST portal.

Who should file monthly return under GST Act? Also what are the other returns under GST and their due dates?



A registered person, other than ISD, persons under composition scheme, non-resident taxable person and person paying TDS/TCS, shall furnish monthly returns, giving details of outward supplies in GSTR- 1 by 11th* of next month.

In this presentation question is who should file monthly returns, that is GSTR-01, so we have seen section 37 sub-section 1, and this slide is derived from that particular section only. And it says, a registered person, other than input service distributor (it was mentioned there in 37), a person under composition scheme (that is section 10), non-resident taxable person who is supplying goods from outside India and the person paying TDS under section 51 and section 52 TCS, shall furnished monthly return by 11th of next month. So, a registered person who is a businessman or manufacturer should file their monthly returns GSTR-01 declaring his outward supply.

Can date of filing outward supply in GSTR- 1 be extended?



Yes, commissioner of Centre/States/ UTs, for any reasons to be recommended in written, can extend date of filing GSTR -1 in general or for specific taxable persons.

Next, can date of filing outward supply or GSTR-01 be extended? Yes; where commissioner has power that he can extend the date of filing this return from 11th to some other date as he thinks so because if he received any representation from industry or trade that due to some or other reasons, they were not in a position to file their returns commissioner can extend that date.

Can details furnished in GSTR -1 be rectified or amended?



Yes, details of outward supplies, in GSTR- 1 furnished in a month can be rectified through Debit/Credit Notes in subsequent month/months' GSTR- 1, but not later than 30th of November* (Budget-2022) of next financial year or filing of annual return, whichever is earlier.

***Up to 31.03.2022 date is 20th Oct. or as the date will be notified.**

There was a provision under section 37 that 'yes' we can amend the detail furnished under GSTR-01 and if later on we find any mistake, any omission, we can rectify that. So that provision is there and we can rectify and this rectification of GSTR-01 can be made up to 30th November of the next financial year. So, if we are in July 2024, so financial year is 2024-25 is there. So, from 1st April 2024 to 31st March 2025, in 12 months, if there is any mistake in any monthly return, it can be rectified by 30th November of next year. Means by 30th November of 2025, we can rectify 12 returns we filed during 2024-25 financial year. That provision is also there in GST law.

In case of any rectification in GSTR- 1 subsequently, is subject to interest if tax liability increases?



Yes, and has to pay interest @18% on increased amount w.e.f due date of that particular month.

Friends, if there is any rectification required in the GSTR-01 means whatever sale you have declared to the GST portal through GSTR-01 i.e. monthly return, later on, if any rectification is done and, in that rectification, it so happened that your tax liability has increased, so if tax liability has increased, then definitely the additional amount of tax has to be paid along with the interest. Interest will be applicable on this rectification and you have to pay interest at the rate of 18%.

What does GSTR- 1 includes?



Outward supplies in GSTR-1 includes details of:

- inter and intra state sales made to registered and unregistered persons (B2B and B2C),
- debit and credit notes,
- zero rated supplies (Nil rated)
- deemed exports,
- exempted supplies,
- non-GST supplies,
- HSN wise summary of outward supplies and documents such as number of Invoices, DN/CN issued/cancelled during the tax period.

When we talk about filing of GSTR-01, what does it mean? There is a set format. In GST, there are prescribed formats in prescribed designs having details to be furnished. In GSTR 1 also, it's a proper format asking for number of details about your business, about your outward supplies, about your customers to whom you have sold your goods or provided services along with export of services or export of goods. We will discuss GSTR-01 in detail when we will discuss about GST portal, how the GSTR-01 return is filed there.

- In GSTR-01, there is outward supply statement, it is a supply, it is a statement of my sale. So, it must be containing information about my sale I have made during particular month. So outward supply in GSTR-01 when I am filing this form on GST portal, it is asking me inter and intra-state sales made to registered and unregistered person. Means when I am selling my goods as a businessman, if I have received orders from party within the State, I will sell my product to them as intra-state sale and I will charge CGST and SGST. And if I receive any order from outside my state, then definitely I will sell, I will send my goods, I will supply goods with IGST, intra-state sale. So GSTR-01 asks me, if you have intra-state sale, then give detail of intra-state sale to whom you have supplied the goods. And it has to be GST number wise. It has to be invoice wise.

So, if in intra-state sale in a particular month, let's say July, if in a particular month I have 100 invoices, if I have 100 invoices for intra-state sale where I have charged CGST and SGST then I have to give all these 100 invoices detail on GST portal under GSTR-01 form. So, there is a set mechanism because manually it may be difficult for any person to upload one by one all such invoices. Nowadays accounting softwares are available where we can upload all this data to GST portal very easily through the tool or through software. And similarly, if I have inter-state sales where I have 500 invoices, so in all these invoices I have charged IGST to different-different consumers and consumer can be repeated also. Maybe there are consumers to whom I have raised 10 or 20 invoices in a month because he is my regular consumer, regular buyer. So, again invoice wise, one by one, I have to upload the data through GSTR-01 in a particular column to the government. So again, we can use accounting software whichever we are using and through this software tools we will be or we are in position to upload all my invoices to GST portal in the given requirement.

So first point here is asking for inter and intra-state sales made to registered or unregistered person. Means if I am selling goods to registered as well as unregistered person means B2B transaction, B2C transaction. In both the cases I have to fill data, I

have to upload data separately. For inter-state sales, I have to file data for registered person separately and unregistered person separately. Same is within the state, intra-state. For registered person separately, unregistered person separately. In unregistered person also there is further bifurcation. If my supply to a particular single person is more than 2.5 lakhs, I have to give data accordingly. There is a set procedure there. And if I am having small-small vendors/suppliers, small-small consumers, then I can have a consolidated figure also. So that is your first point how our sale has to be uploaded in GSTR-01 and further to GST portal.

- Debit and credit notes: Friends, we all know if there is any amendment in bill, if you have sent some invoice to your consumer and later on there is any change in that particular bill, either tax is increased or tax is reduced. If invoice of a bill changes, if invoice value has gone up, you raise debit note and if invoice value has come down because of the change then you issue credit note. So, if there is any debit or credit note during that particular month, the same way in which we raise /upload invoices, we have to upload debit note and credit notes also. Because these debit and credit notes will further amend/rectify my tax liability. If I have raised more debit notes my tax will increase, my sale will increase also and if I raise credit notes my tax liability come down and my sale also get reduced. So, debit notes and credit notes are nothing but a part and parcel of your invoices. Debit note increase the value of invoice and credit note decrease the value of invoice.
- Zero rated supplies: In GST we have different kind of supplies. Taxable supplies, exempt supplies, non-GST supplies, etc. Similarly, we have zero rated supply. It is nothing but exports. Export of goods or export of services. If we are exporter and are exporting goods, GSTR-01 asks zero-rated supplies separately. There is a column given there in GSTR1, and we have to fill that particular column for zero-rated supplies. We cannot mix it up. We have to take care of that, how data should be uploaded there. But if you have a software, definitely this software will take care and data will be uploaded on GST portal accordingly.
- Deemed exports: Means what? I am manufacturer, I am selling some goods to a particular party and he is basically a merchant exporter, and are buying goods from local market and exporting. If that is the case, then it means indirectly I have exported my goods. Not directly, but through merchant exporter. So that is also a category under GST and it is known as deemed export. So, it has that procedure again under if your

sale is as deemed export, then certain formalities or certain compliances are required and you have to do accordingly.

- Exempted supplies: I told you there is one category of goods which are exempted from GST. So, if you are selling taxable goods, you are selling/exporting goods and you are also selling exempted supplies, means you have third category or fourth category of your goods. So, if exempted goods are there then you have to furnish/declare sale of these goods separately in given column under GSTR-01 of GST returns.

So GSTR return means we are talking about GSTR-01 which is outward supply. This is the first return that businessman or business house declare its sale/ declare its outward liability/ declare its GST liability to government through GST portal by filing GSTR-01 return.

- Non-GST supplies: This is another category of goods. If you are dealing in these types of goods, then you have to declare these goods also in your GST return, that this much of sale or this much of goods I have sold under the category of non-GST supply. So, we have to be very careful about all these categories of supplies. And if your manufacturer or your trader is dealing in single goods and these goods fall in the first category, then there is no issue. It is very simple and simply you file your return. But if you have two, three types of goods, then accordingly you have to segregate your turnover into that category and accordingly data will be compiled and it will be filed to GST portal. Debit and credit notes can be anywhere. Even in exempted supply also, though it is not affecting your tax liability, but it can increase or decrease your turnover. It can increase or decrease your invoice value. So, accordingly, debit or credit notes are to be treated or considered in exempted sale also.

- HSN wise summary of outward supply. This is something very technical and to be understood. See, friends, whenever we are manufacturing goods or supplying goods or services and we are doing business world over. In a country like India, we might be describing a particular good with particular name, but same product or same goods may be having (though qualities are same, technicalities are same, specifications are same) different name in New Zealand. So, exporter from India and importer in New Zealand may be having business, but they don't understand the product name in India or product name in New Zealand.

To facilitate the trade world over, every product across globe has been codified. This code is known as HSN 'harmonized system of numbering'. A code is given to each and

every product. This is HSN number. And in case of services SAC code 'service account code' is given. In India telephone services may be known as telephone services but in South Africa, it may be called by different names. In India, auditor may be a financial auditor or cost auditor, but in South Africa, it may be known by some other name. But their SAC code world over will be the same. So, when you are filing GSTR-1, meaning your outward supply, and whatever goods you are manufacturing or trading, they must be having some HSN code. And it is available on internet or on our finance ministry website or on custom website or on GST council site. Everywhere it is available.

So, all goods you are manufacturing or dealing, having some code, HSN code, 'harmonized system of nomenclature' that is known as. And this code has to be assigned to your product also in your invoices. Meaning thereby, whenever you are raising your invoice, whenever you are selling your goods, in your invoice, in your bill, you have to mention its HSN code. It is mandatory now. Under GST, it is mandatory and in custom also it is mandatory. So, in invoice, if you have not mentioned HSN code, then your invoice will be invalid automatically and your buyer can be denied with your ITC. Similarly, if your input invoices are not carrying HSN code or SAC code, you can be denied with ITC. You will not be in a position to avail benefit of ITC.

It is mandatory to mention HSN code in your invoice. So, friends, when you are filing your GSTR-01, there is one column in GSTR-01 where you have to give a summary of your outward supply HSN code wise. Means how many HSN code you have used and how much sale you have done in a particular HSN code. So that summary is required and it is to be done sometime manually or sometime your software take care of that and it generate the summary and upload on GST portal. So HSN code wise summary is must, and HSN code wise invoicing is must.

- In GSTR-01 there is one column asking invoice numbers. Means from this number to this number we have raised invoices during July. So, on first July if your first invoice was zero five and on 31st July, your invoice number was 95. So, you have to mention from 05 to 95 invoices have been raised during July. So, it is counting your number of bills you have generated during the month of July, to avoid any mistake, to avoid any sort of fraud during business transactions. You cannot delete any invoice from your record then, even from your software. Similarly, when you are issuing debit note /credit notes you have to give number to debit notes and credit notes. These debit notes and credit notes should be serially numbered. So, during July when you are issuing debit notes or you are issuing credit notes you have to give them number and these numbers

must be declared in your GSTR-01 in an appropriate place so that later on you cannot delete any debit note or credit note. And if you have cancelled any invoice during the month, you have to declare that also. So, from 05 to 95 serial numbers, if you have cancelled your invoice number 60, you have to declare that.

So accordingly, your sale return should come and your turnover should be reduced by that amount. And your tax liability will also reduce accordingly. So, everything is linked with each other. Similarly, if you have cancelled your debit notes or credit notes, the impact of those debit notes which have increased your turnover and credit notes which have reduced your turnover will be depicted/considered in your total turnover. So that there should not be any ambiguity in the record maintenance, total transparency and accurate calculation of tax liability for that particular tax period means July for which we are filing our GSTR-01.

So in nutshell GSTR-01 is my statement wherein I am declaring my sales, declaring my tax liability, declaring if it is inter-state, intra-state, to registered person, to un-registered person, is more than 2.5 lakhs or less than 2.5 lakhs, if it is exported sale ,if it is deemed export, if it is non-GST supply and apart from that, also declaring my HSN code of the products I am selling and SAC code of services I am providing to my customers, along with serial number of invoices raised, debit note raised, credit note issued and cancelled, if any, for that particular month.

This way, its total summary is given in GSTR-01 and we have declared it to GST portal and to the government and to the concerned authorities. And tomorrow, if anything goes wrong, then this will be referred. And if the department has proof that you have manipulated the things/ tampered the record, you will be in trouble.