

INTRODUCTION TO GST

RETURNS-PART 4

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When we are in business, when we are working for a company or employer, while making calculations, it's a human tendency that we commit mistakes. Similarly, here also, while calculating our GSTR-01, total turnover or GSTR-3B tax liability, we may commit, we may have some mistakes at our part, may be clerical mistakes or some ignorance or some documents are not in place.

Can GSTR- 1 or GSTR- 3B be amended or corrected?



No, GSTR-1 cannot be amended or corrected. However, if there is any omission or correction noticed, then same can be adjusted/ corrected in subsequent month's GSTR-1/ GSTR-3B. Also in Annual return, registered person can do the corrections/ adjustments, subject to interest on delayed payment/short payment of tax while filing annual return through DRC-03.

So here, if you have filed your GSTR-01 or if you have filed your GSTR-3B, as of now, there is no such provision that you can amend your filed returns. Once you have filed your GSTR-

01, once you have filed your GSTR-3B, these returns cannot be amended or rectified. Then what is the solution?

Law has given solution to it and it says, though we are not in a position to amend our GSTR-01 or GSTR-3B once it is filed, but we can have corrections to the tax liability. It says, if there is any omission or correction noticed later on, the same can be adjusted/corrected in subsequent months of GSTR-3B. Means if any mistake is there in the month of July return of GSTR-01 or GSTR-3B and we notice this mistake during October or November month of the year we can adjust turnover and tax liability in the month where we have noticed that mistake.

So, we have already filed GSTR-01, GSTR-2B, GSTR-3B for July, but in October, through my supplier or buyer, I came to know that there is mistake. I will adjust my outward supply or my tax liability in GSTR-01 of October or GSTR-3B of October, maybe by having debit note or credit notes or maybe by paying tax if I have paid less tax through DRC-03 also at the time of annual return. So, I have both options, means I can raise debit note or credit note during October or November when I come to know that the mistake is there, or in annual return when I will file for whole year. I can correct my mistake and can pay tax at that point of time if there is any tax through DRC-03. I have the option to correct my mistake. But GSTR-01 file or GSTR-3B file cannot be rectified again.

Corrigendum

Is GSTR-3B a return?



Vide notification no 49/2019 –Central Tax dt 09.10.2019 clarified that GSTR-3B to be filed as monthly return u/s 39.

It is further clarified that GSTR-3B is effective from 01.07.2017.

Other related notifications are :

10/2017 dt 28.06.2017 (CGST Act)

17/2017 dt 27.07.2017

When on 1st July 2017 GST was introduced, we were having system of GSTR-01, GSTR-02 and GSTR-03. But if unfortunately, we could not file GSTR-02 or GSTR-03, there was a via media that after filing GSTR-01, we can file GSTR-3B. It was a temporary mechanism to collect taxes.

There was a litigation on this issue, that whether GSTR-3B, which is a temporary arrangement for collection of taxes, is a return or not? Because law is very interesting and it has its own impacts, so where department issued notices to the assesseees that they have not filed their monthly return of GSTR-3B, they challenged these provisions in law that GSTR-3B is not a return. And there was a contradiction in the provisions of law. After so many litigations and reconsideration of the provisions of law, vide notification number 49/2019, dated 9th October 2019, it was clarified by the government through an amendment in the Act that GSTRs-3B are 'returns' with effect from 1st July 2017. It is a very interesting matter and when you will understand GST in true spirit, definitely, you will see the impact of this provision or this amendment.

What are the dates for filing GSTR 3B?



- Aggregate turnover in preceding FY is **MORE than Rs.5 crores** - **20th of next month**
- Aggregate turnover in preceding FY is **LESS than Rs.5 crores** - **22nd of next month (category A states)** Madhya Pradesh, Maharashtra, Kerala, Chhattisgarh, Karnataka, Tamil Nadu, Goa, Telangana, Gujarat, Andhra Pradesh or the Union Territories of Pondicherry, Daman and Diu and Dadra and Nagar Haveli, Andaman and Nicobar Islands, and Lakshadweep
- Aggregate turnover in preceding FY is **LESS than Rs.5 crores** - **24th of next month (category B states)** Himachal Pradesh, Uttarakhand, Nagaland, Punjab, Tripura, Haryana, Assam, Rajasthan, Uttar Pradesh, Arunachal Pradesh, Bihar, Sikkim, Meghalaya, Jharkhand, Manipur, Mizoram, West Bengal, or Odisha or the Union Territories of Chandigarh, Jammu and Kashmir, Ladakh, and New Delhi.

GSTR-3B of a month has to be filed by 20th of next month. When these mechanisms or these systems started functioning in July 2017 and GST portal was not working properly in full spirit, every month when people were filing their returns, it got crashed because there was so much of pressure on GST portal on last dates around 19th or 20th of the month. So, every time we were facing problems. So, then government, GST Council and GSTN took a decision to divide the country into different states and fix up their filing dates differently.

So, accordingly if aggregate turnover in preceding financial is more than 5 crore rupees or if he has gone for monthly return then he has to file their return by 20th of the next month. And where aggregate turnover of people is less than 5 crore and they are having system of monthly

return, they can file their return by 20th of next month; and if they are in the states of Himachal Pradesh, Uttarakhand, Nagaland, Punjab, Tripura, Haryana, Assam, Rajasthan, Uttar Pradesh, Arunachal Pradesh, Bihar, Sikkim, Meghalaya, Jharkhand, Manipur, Mizoram, West Bengal, or Odisha or the Union Territories of Chandigarh, Jammu and Kashmir, Ladakh, and New Delhi, they can file return by 24th of the next month.

So, it was only to ease out the pressure on GST portal. And since then, this mechanism is going fine and people are filing their returns accordingly. And there is no issue in that. So we can say that GSTR-3B can be filed on 20th of next month, 22nd of next month, 24th of next month. And system will run smoothly.

What is the time limit to amend/correct any omission/correction in a return of a Financial Year?



Up to the date of filing of September return of next financial year or Annual Return of respective FY whichever is earlier –(UPTO FY 2021-22)

Up to **30th November** of next financial year or Annual Return of respective FY whichever is earlier-

Again, friends, question is, if I have filed my returns for a particular financial year, but there was a mistake in that, which I came to know after closing of the financial year, or when I was finalizing my balance sheet, or during the audit of financial year, we came to know that there are mistakes in GST returns, then, we can rectify that mistake by next year 30th November. It is the date by which I have to rectify all my mistakes if there is in previous years returns that I filed on monthly basis or quarterly basis as the case may be. And after 30th November I will not be having any possibility of correcting my liabilities or correcting my turnovers and whatever I have filed will be considered and accordingly my final tax liability will be worked out. So we have to make sure that whenever we are filing our GSTR-01, GSTR-3B, GSTR-04, GSTR-05, GSTR-06, GSTR-07, GSTR-08 or so on, our calculation must be very authentic, correct, and if any mistake had happened during April to March, the same can be rectified during the filing of returns for the month of April next year, May next year, June next year, July next year, August next year and till 30th of November. So, till 30th of November, I can file

returns of October. So, October return can be filed on or before 30th of November. So up to October returns, I can correct my mistakes pertaining to previous year. And if I find any mistake during the year itself, it can be rectified anytime during the year. For example, if I have filed a return of July and came to know there is a mistake in the month of October or November, I can rectify this mistake during October or November itself.

What is QRMP?



Quarterly Return filing & Monthly Payment of taxes (QRMP) scheme can be opted by a registered person whose ATO is up to Rs.5 crores in preceding financial and have opted to furnish a return for every quarter.

- in QRMP a registered person has to file GSTR-1 every quarter.
- option to furnish details of invoices of supply made to registered person for the first two months of the quarter has also been given through IFF.

Previously, we talked about QRMP scheme. So, what happens in GST? There are different types of business and different types of taxpayers. And threshold limit under GST, is 20 lakh rupees, which is very small amount for any business house. But there are some business people in the form of proprietorship or partnerships, that their turnover may be around one crore rupees, two crore rupees but for some of the other reasons they are not comfortable with the schemes of returns filed by them under GST. So, time to time they approach government for some relaxation in filing of returns.

If we see the original framework of returns when GST was introduced, we were having original plan of GSTR-01, GSTR-02 and then GSTR-03. So, having that platform of GSTR-01, GSTR-02 and GSTR-03, it would mean any business house is supposed to file three returns a month and 36 returns a year. And apart from that, they are supposed to file GSTR-09 and GSTR-9C also. So, 36 monthly returns, two annual returns, equals 38 returns. And if in any business model, any e-commerce transactions are there, then they were supposed to file GSTR-07 also on monthly basis. And if in any business model, they are having TDS or TCS provisions, they

were supposed to file two more returns on monthly basis. So, this way they were having around 60-70 returns to be filed, which was harsh on such business houses. So, from time to time, government introduce relaxations in different mechanism for ease of doing business for business community. And for monthly returns, we are right now filing GSTR-01 and GSTR-3B, and based upon these GSTR-1, 2A, 2B or 3B, buyers get ITC.

ITC is important for buyer because it impacts its business, its working capital. But when small taxpayer or small business houses or businessman file their quarterly returns, then those having turnover less than 5 crore can go for quarterly returns or those having small turnover, they can file their quarterly returns. In such system of quarterly filing of returns, their buyer was in problem. Why? Because if a person has purchased something from a person who is in quarterly return system... (So let's talk about January, February, March quarter of any year); so a person who is filing quarterly returns, he will file his return in the month of April for all invoices raised during January, February and March. So, his consumer/his buyer who has purchased goods from this fellow in month of January has to wait to avail ITC till April. So, it was very difficult for him to wait for up to 3 months to avail ITC, because ITC is a transaction which impacts its working capital.

Then government came out with an idea for such people those are filing their quarterly returns that they can file quarterly returns, means GSTR-01 and GSTR-03 can be filed quarterly but with same model. They are supposed to upload their invoices on GST portal on monthly basis. So, if they are having these B2B transactions, means their buyers are registered GST people, when these people will file their monthly invoices, it will help their buyer to avail ITC on monthly basis because then this invoice will be depicted in GSTR-2A and GSTR-2B. So that is the model which is known as QRMP, Quarterly Return Monthly Payment of taxes.

So, government introduced this scheme for small traders, small business people. They can pay quarterly, they can file returns quarterly, but can file invoices, whatever invoices they have raised to their buyer on GST portal with the facility of IFF 'Invoice Furnishing Facility' on monthly basis. Once this invoice is forwarded or uploaded through this IFF, this invoice will be depicted to buyer in its GSTR-2A or GSTR-2B, so he will be able to take credit of that. And same time this man/supplier will pay tax also to the government fulfilling the condition of section 16, so that his buyer can avail ITC.

When was QRMP introduced?



QRMP scheme was approved in principle by the GST Council in its 42nd meeting on October 5, 2020. The scheme came into effect 01/01/2021.

So, this scheme was introduced to facilitate the industry quarterly return monthly payment. It was introduced later, but is running successfully.

How tax is paid under QRMP? (PART1)



- **Fixed Sum Method:** pay amount of tax in pre-filled challan (on the basis of previous tax payment) in Form GST PMT-06, for an amount equal to 35% of the tax paid in previous tax period in cash.
If taxpayer has been filing his return monthly prior to the quarter of opting QRMP, then he can pay amount equal to the tax paid in last month of the preceding quarter.
Example: Mr Akash paid his tax liability in cash for previous quarter (January to March) in the manner specified below .So in the next quarter (April- June) he will pay Rs.35 IGST and Rs.17.5 each in CGST & SGST.

Tax paid in cash in Quarter	JAN-MARCH(Rs.)	Tax required to be paid in next Quarter	APR-JUNE(Rs.)
IGST	100	IGST	35
CGST	50	CGST	17.5
SGST	50	SGST	17.5

They were given options to pay tax on monthly basis in two ways, one is based on actual calculations of the taxes to be paid, another is lump sum basis, by paying 35% tax in first month, 35% in subsequent month and finally at quarter end. So, this way they can pay taxes and also benefits are available to the buyer.

How tax is paid under QRMP? (PART2)



- **Self-Assessment Method:** the taxpayer pays net tax liability (liability after adjusting ITC) by manually creating a challan through GST PMT-06 for that month of filing.

This is where tax is paid on actual calculation. It is called as self-assessment tax system where actual working is done and return is paid.

What are the dates under QRMP for filing of returns?



GSTR-1 - 13th of the month succeeding the quarter.
GSTR-3B - 22nd of the month succeeding such quarter (**category A states**)
- 24th of the month succeeding such quarter (**category B states**)

And the dates for filing GSTR-01 under this system is 13th of next month and GSTR-3Bs can be filed on that given dates which I already told to you.

What is First return?



The return filed for the outward supplies made from the **date when he becomes liable for registration** under GST and the **actual date** of grant of registration. So it can be for more than one month time.

Now, there is concept or there is a return that is 'First Return' under GST. I told you that GSTR-01 is the first return to be filed by a taxable person every month. But now what is this 'First

Return'? Law says, the first return filed for outward supply is made from a date when he becomes liable to registration under GST and actual date/grant of registration.

It can be of more than one month. What does it mean? If I am a businessman, doing business on regular basis and during the month of May of any financial year, I make a mind to have GST number or I have an assessment that during this financial year, my turnover will increase and will go beyond 20 lakh rupees, I take or apply for GST number in May. Though it was not necessary, but I applied for GST number during May, let us say on 19th of May. I file my application at GST portal, giving all details of my business, my ownership, my proprietorship, my bank account, my place of businesses, PAN number, Aadhaar number, email ID, everything. I have submitted my application and application is under process. As per law, my registration number should be granted within 7 days or maximum 30 days. So, when I am applying for GST number on 19th May, so my tax liability starts from 19th of May. But actually, I got my GST registration number on 15th of June. So, from 19th of May, when I applied my number, till 15th of June, I did my business, I have sold my goods, I have purchased my goods, maybe I am manufacturer or trader, i.e. I have not stopped my business. But whatever invoices I have raised during this time, whatever sale I have made during this time, it was without GST number. So, there is a provision in law that I can amend these invoices later on by giving GST number also.

Here, because earlier, I was not having GST number, and I got it only on 15th of June, so I will only be in a position to file my returns from 15th June onwards. And there is no provision under GST law which allow me to file my return for the month of May, means from 19th of May to 30th of May. Means. Since my returns are being filed on monthly basis, so for this period there is no provision in law that I can file my return.

Now when I got my GST number on 15th of June, so what I will do? So, my GSTR-01, which is my otherwise first return; GSTR-01 for June is due by 11th of July. So, when I will file this 15th June onwards return, means return for the month of June by 11th of July, I will include my sale for the month of May also, because I got my number on 15th of June though I applied on 19th of May, so my first return will be of one and a half month. This is my 'First Return' of my business. Though it is GSTR-01 only but it is 'First Return' and will be of one and a half month and it is allowed. And GST department will not say that for this period you have paid tax by late payment. Because otherwise for May, return due date is 11th of June and payment is by 20th of June. But in this case, because I got number on 15th of June, I will file my returns

for 19th of June to 30th of June on 11th of July for GSTR-01 and pay my taxes through GSTR-3B by 20th of July, for the period of one and a half month, from 19th of May to 30th of June.

Example: *Mr RAM became eligible for registration on 21st May as his turnover exceed the prescribed limit. He applied for registration on the same date. Suppose there is a delayed in grant of registration. He got registration on 25th June. So, on 11th July he will declare his all Outward supplies details in GSTR -1 starting from 21st May to 30th June. And in the same way he will be eligible to take ITC from 21st may.*

So same is the case over here for your reference. So, this is my first return when I am filing very first return after getting GST number.

What is Annual return?



An Annual return (GSTR 9& 9C) is required to be furnished by every taxpayer except for ISD, TDS deductor, casual taxable person and non- resident taxable person on or before 31st December of succeeding financial year.

Then comes annual return that is GSTR-9 and GSTR-9C. Filing of returns may be on monthly basis or quarterly basis as the case may be. So, if my total turnover of a year is more than 2 crore rupees (total annual turnover is more than 2 crore rupees), and I am a regular dealer, i.e. I am not a composite dealer, then I have to file GSTR-9. And if my turnover is more than 5 crores, I have to file GSTR-9C also. So, these are annual returns. Last date is 31st December of the next year. And after calculating, after checking my books of accounts, my GST records, my GST returns filed, my 2B, my 2A, my debit/credit notes, my GSTR7, GSTR6, GSTR8, whatever returns are applicable to me, I check from all angles, confirm with my buyer/suppliers, I will work out my annual return under GSTR-9, duly reconciled with my books of accounts and also with the income tax data. Because this is my final declaration from my side to department, to the government on GST portal, that during this particular year, my actual sales are this much, and my actual tax liability is this much, my actual ITC that I have

availed is this much, and this much ITC I have not availed, and this much of ITC I have reversed, and this much of ITC was ineligible for me. Everything is there in GSTR-9. We will see that on GST portal how this return is filed.

So, this way annual return is filed and from GST point of view your accounts are okay now because whatever you have declared they will accept it as your self-assessment basis. But yes, they have their own mechanism to cross-check the transactions, cross-check the information given by you. And if any discrepancy is noticed by them, definitely they will ask you for clarifications. They have separate provisions for that under GST, how they will ask you, what they will ask you, what they can demand from you. And if anything happens wrong in your returns, then accordingly tax/interest/penalty/fine will be recovered from you.

What if I don't file return i.e. GSTR-3B, Annual return and Final return?



A notice shall be issued for default of GSTR-3B, Annual return, Final return as per Rule 68, SOP, vide circular no.129/48/2019 dated 24/12/2019.

Question is, what if I don't file return? Means, if I don't file my GSTR-3B, my annual returns or final return, what will happen? Nothing, just that a notice will come to you for your default for not filing returns. Department will issue notice to you. And standard operating procedures are given to department for issuing such notices (mentioned in this particular circular, you can look this circular at GST portal side), for non-filing of GST returns, means if you late file your GSTR-1, late filing of GSTR-3B, late filing of GSTR-4, GSTR-6 and GSTR-7.

What is the late fee for non-filing of GST returns (GSTR1, GSTR 3B, GSTR 4, GSTR 6 & GSTR 5)?



Rs.25/- CGST & Rs.25/- SGST per day of delay subject to a maximum of Rs.5000/- CGST & Rs.5000/- SGST.

If you are filing returns but you have filed late after due date. So, Rs. 25 CGST, Rs. 25 SGST late fee per day, means Rs. 50 per day. Rs. 25 for CGST, Rs. 25 for SGST per day, subject to maximum Rs. 5000 for CGST, 5000 rupees for State GST means, 10,000 rupees late fee will be charged from you. So, if you have delayed your returns by 10 days. So, 25 rupees multiply 10 becomes 250. Again, 25 multiply 10 becomes 250. You have to pay 500 rupees. So this will be a late fee applicable to you if you don't file these returns GSTR-01, GSTR-3B, GSTR-4, GSTR-6, GSTR-5.

**What is the late fee for non-filing of Annual return?
(PART1)**



Rs100/- each for CGST & SGST Per day. The maximum penalty amount cannot be more than 0.25% of the total turnover in a state of the taxpayer for the particular financial year.

Example: In the year 2020-21 M/s XYZ Enterprises had a turnover of Rs 3.00 crores in the State of HP, and the last date to file FORM GSTR – 9 was 31ST DEC 2021. The annual return was actually filed on 15th JANUARY 2022. What is the amount of late fee that M/s XYZ Enterprises is required to pay?please ref next PPT.

And if you don't file your annual return, GSTR-9 or GSTR-9C, if you don't file, then what? 100 rupees each for CGST and 100 rupees for SGST. 200 rupees per day. And maximum penalty amount cannot be more than 0.25% of your total turnover in that particular state. Meaning thereby, if you are operating business in six states, and you are supposed to file GSTR-

01, GSTR-02, all returns, including annual returns, GSTR-09 and GSTR-9C in each state separately.

What is the late fee for non-filing of Annual return? (PART2)



If we calculate the delay in terms of number of days then the delay would be of 15 days and if we multiply it by Rs 200 per day, the total amount of late fee would be Rs 3000/- (Rs 1500/- under the CGST Act and Rs 1500/- under the SGST Act).

Whereas if we calculate the late fee based on the turnover in State then the late fee would be 0.25% of Rs 3,00,00,000, which is Rs 75000/-
Therefore, in this case the late fee would be Rs 3000/-.

So, if in any state you have not filed your return, annual return, and in that particular state, your turnover is 10 lakh rupees, but you have not filed your annual return, then 200 rupees per day or 0.25% of your turnover in that state. So, 200 rupees per day. So, if you have filed return 10 days later, so 200 rupees, 100 is for CGST and SGST each, multiply 10, becomes 2000 rupees or 10 lakhs multiply 0.25 percent you are supposed to pay, whichever is maximum. Penalty is this much. And if you don't file return, then accordingly you will be penalized. If we calculate the delay in terms of number of days, then delay would be of 15 days and if we multiply it by 200 per day total amount of 3000 rupees, whereas we calculate the late fee based on turnover, so late fee will be 3000 rupees. 0.25 is upper limit.

So, this was total about returns under GST. Whatever business you have done in a particular month or a year, you will declare your sale, your tax liability through GSTR-01 and pay your liability after adjusting ITC and all debit/credit notes in GSTR-3B. And based upon your GSTR-01, your buyer will get intimation of such supplies into a GSTR-2B. Based on that, he will calculate his ITC. And based on your supplier's GSTR-01, you will calculate your ITC, and accordingly, you will pay to the government.

So, you have system of monthly returns and then finally annual return. So, annual return will be a final declaration from your side to the government. So, whenever government will ask you for certain information or certain queries, they will refer your annual return. And accordingly, if there is any discrepancy, they will charge you tax. But at the same time, during the year,

government has its own system to cross-check the things or if there is anything fishy going on, any fraudulent activities going on (with the help of artificial intelligence, they are using these tools, they can intercept) they can ask you during the year also about certain transactions. Because it has been noticed by the authorities that in spite of having proper procedure, proper provisions under the law, people are involved in fraudulent activities. Without supplying goods, they are giving bills. Without bills, goods are being sold, which is evasion of tax and that is not tolerable under GST provisions and government is very harsh on that.

So, to understand GST very well, it is better to understand transactions first, because business transactions are complex nowadays, because market is open globally. So, different businesses have different models, so, mapping each and every business transaction into GST provisions is very important. The more you will study GST, the more you will understand the things. The more you will discuss with the people of business community about the transaction, the more you will understand the business also. So, whenever you are going for maybe as a consultant or maybe as an employee in a company, you must have thorough study about your business and accordingly discuss about GST and give advice, otherwise, it may create problem for you or for your client or the company.