

GST Proposed Returns Machanisam

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Broad Update ...

- ▶ Life will be a bit easier for businesses and professionals under the GST regime if the proposed simplified returns are put in place six months down the line.
- ▶ The number of returns to be filed will be much reduced compared to that in the existing scheme.
- ▶ However, assesseees will have to continuously upload invoices and keep track of matching purchase receipts with those of sales to claim input tax credit. This, many say, will be burdensome for taxpayers because currently they self-certify the credit claims.
- ▶ In the original scheme of things under GST, assesseees were supposed to file three returns in a month and one annual return, totalling 37 a year. After much hue and cry, the GST Council suspended one input return. Also, the detailed input-output return was also suspended and in its place the summary input-output return continued.

Broad Update ...

- ▶ So, big businesses are filing two returns in a month and one annual return, or 25 returns a year. Small businesses file one return — summary input output return — a month and one supply return in a quarter. So they file 17 returns in a year.
- ▶ In its place, the draft of simple returns the government has put in the public domain proposes that big businesses file one return monthly and one annual return. That makes it 13 returns a year, down from 25 currently.
- ▶ Small businesses, a category which will be widened considerably once simple returns come, will have the option to file just quarterly returns. But, these assessees will have to exercise this option at the beginning of the year.

SET FOR FEWER RETURNS

Particulars, Existing and Simplified PERIODICITY

The taxpayers upto turnover of ₹15 million are required to file quarterly returns

The threshold has been increased from ₹15 million to ₹50 million

NIL RETURNS

Presently, the nil returns are required to be filed

There is a facility to report no transactions in a tax period through an SMS

DUE-DATES

The due-dates for filing periodical return is standardised for all registered taxpayers

The return filing dates would be staggered based on the turnover during the FY 2017-18 (April onwards)



INVOICE UPLOADING AND VIEWING

Presently, the invoices are permitted to be uploaded on a continuous basis and the same can be viewed by the recipients in Form GSTR-2A

No changes in this

If the invoices are uploaded but return is not filed, no action is initiated on

the taxpayer

If invoices are uploaded but return is not filed until expiry of reasonable period, recovery proceedings to be initiated

LOCKING OF INVOICES

There is no concept of locking an invoice presently

The invoices uploaded by the supplier can be locked by the recipient on the basis of which ITC can be availed

BASIS OF TAKING ITC

Presently, the recipient can add invoices in respect of which ITC can be availed, subject to matching with supplier

The only valid document for ITC availment is the invoice / debit note uploaded by the supplier. If there is a missing invoice, the supplier shall have to ratify, to allow the recipient to take the ITC

Monthly Returns Machanisam



Key features of Monthly Returns

- ▶ **Monthly Return and due-date:** All taxpayers excluding a few exceptions like small taxpayers, composition dealer, Input Service Distributor (ISD), Non resident registered person, persons liable to deduct tax at source under section 51 of CGST Act, 2017, persons liable to collect tax at source under section 52 of CGST Act, 2017, shall file one monthly return.
- ▶ A newly registered taxpayer shall be classified on the basis of self-declaration of the estimated turnover. The due date for filing of return by a large taxpayer shall be 20th of the next month.

Key features of Monthly Returns

- ▶ **Small taxpayers:** Taxpayers who have a turnover upto Rs. 5 Cr. in the last financial year shall be considered small. These small taxpayers shall have facility to file quarterly return with monthly payment of taxes on self-declaration basis

Key features of Monthly Returns

- ▶ **Continuous uploading and viewing:** There would be facility for continuous uploading of invoices by the supplier anytime during the month and such uploaded invoice shall be continuously visible to the recipient. Only uploaded invoice would be a valid document for availing input tax credit. Invoices uploaded by the supplier by 10th of succeeding month shall be auto-populated in the liability table of the main return of the supplier.
- ▶ invoices uploaded after 10th of next month by the supplier shall get posted in the relevant field of the return of the subsequent month of the recipient though viewing shall be continuous.

Key features of Monthly Returns

- ▶ After the 11th of the next month the recipient shall be able to accept, reject or keep pending a particular invoice but the maximum limit of eligible input tax credit will be based on the invoices uploaded by the supplier upto 10th of the subsequent month.
- ▶ In the transition phase of six months after the new system of return is implemented, the recipient would be able to avail input tax credit on self-declaration basis even on the invoices not uploaded by the supplier by 10th of the next month or thereafter using the facility of availing input tax credit on missing invoices

Key features of Monthly Returns

- ▶ **Invoice uploaded but return not filed:** In cases where no return is filed after uploading of the invoices by the supplier, it shall be treated as self-admitted liability by the supplier and recovery proceedings shall be initiated against him after allowing for a reasonable time for filing of the return and payment of tax.
- ▶ Invoices or debit notes which have not been uploaded by the supplier and on which recipient has availed input tax credit shall be hereafter called “missing invoices”. Where credit is availed on missing invoices by the recipient and such missing invoices are not uploaded by the supplier within the prescribed time period, input tax credit availed in relation to such invoices or debit notes shall be recovered from the recipient.

Key features of Monthly Returns

- ▶ **Payment of tax:** Liability declared in the return shall be discharged in full at the time of filing of the return by the supplier as is being done at present in the present return FORM GSTR 3B.
- ▶ **Reverse charge supplies will be reported only by recipient and not by supplier.** Such supplies shall be reported GSTIN wise (wherever applicable) and net of credit and debit notes.

Key features of Monthly Returns

- ▶ **Recovery of input tax credit:** There shall not be any automatic reversal of input tax credit at the recipient's end where tax has not been paid by the supplier. In case of default in payment of tax by the supplier, recovery shall be first made from the supplier and in some exceptional circumstances like missing taxpayer, closure of business by the supplier or supplier not having adequate assets or in cases of connivance between recipient and the supplier, etc. recovery of input tax credit from the recipient shall be made through a due process of service of notice and issue of order.

Key features of Monthly Returns

- ▶ **Locking of invoices:** Locking of invoices means a handshake between the recipient and supplier indicating acceptance of entering into the transaction reported in the invoice. Facility for locking of invoice by the recipient before filing of the return by him shall be available.
- ▶ On filing of the return by recipient, all invoices shall deemed to be accepted except invoices kept pending or rejected.

Additional Features..

- ▶ Rejected invoices
- ▶ Pending invoices
- ▶ Deemed locking of invoices
- ▶ Unlocking of invoices
- ▶ Amendment of invoices
- ▶ Payment of multiple Period liability
- ▶ Amendment return



Additional Features..

- ▶ **Suspension of registration:** Concept of suspension of registration would be introduced when a registered person has applied for cancellation of registration or when the conditions in law for cancellation of registration are satisfied. From the date of suspension to the date of cancellation of registration, return would not be required to be filed and also invoice uploading shall not be allowed for the period beyond the date of suspension.

Annexure of Supplies to main return

- ▶ **Details of outward supplies, imports and inward supplies attracting reverse charge .. It Will Include..**
- ▶ 3A. Supplies made to consumers and un-registered persons (Net of debit notes, credit notes)
- ▶ 3B. Supplies made to registered persons (other than those attracting reverse charge)
- ▶ 3C. Exports with payment of tax
- ▶ 3D. Exports without payment of tax
- ▶ 3E. Supplies to SEZ units/developers with payment of tax

Annexure of Supplies to main return

- ▶ 3F. Supplies to SEZ units/developers without payment of tax.
- ▶ 3G. Deemed exports.
- ▶ 3H. Inward supplies attracting reverse charge
- ▶ 3I. Import of services
- ▶ 3J. Import of goods
- ▶ 3K. Import of goods from SEZ units on a Bill of Entry
- ▶ 3L. Missing invoices on which credit has been claimed in (T-2) tax period and supplier has not reported the same till filing of return for the current tax period

Quarterly Returns Mechanism



Key features of Quarterly Returns

- ▶ **Quarterly filing and monthly payments:** It is proposed to provide facility for filing of quarterly return to small taxpayers, who had a turnover upto Rs. 5 Cr. in the last financial year.
- ▶ However, they would still need to pay their taxes on monthly basis and avail input tax credit on self-declaration basis to pay the monthly taxes.

Key features of Quarterly Returns

- ▶ **Options in quarterly return:** Small taxpayers having turnover upto Rs. 5 Cr. would have option to file one of three forms, namely - Quarterly return, Sahaj or Sugam. Quarterly return shall be akin to the monthly except that it has been simplified and shall not have the compliance requirement in relation to –

Key features of Quarterly Returns

- ▶ Missing and pending invoices as small taxpayers do not use these procedures in their inventory management.
- ▶ Supplies such as non-GST supply, exempted supply etc as they do not create any liability.
- ▶ The details of input tax credit on capital goods credit shall also not be required to be filled.
- ▶ This information shall be required to be filled in the Annual Return. Small taxpayers who would like to facility of missing and pending invoice may file monthly return.

Key features of Quarterly Returns

- ▶ **Sahaj and Sugam Returns:** Small taxpayers often have purchases only from the domestic market and sales in the domestic market i.e B2B purchases locally and supplies either as B2C or B2B+B2C. They constitute a very large part of the tax base and therefore two simplified quarterly returns are proposed for them respectively. They have been named as “Sahaj” (only B2C outward supplies) and “Sugam” (both B2B and B2C outward supplies). In effect, these returns are pre-determined profiles for small taxpayers using quarterly return.

Key features of Quarterly Returns

- ▶ **Payment declaration form for payment of monthly taxes:** These small taxpayers would continue to pay taxes on monthly basis and in the first and second month of every quarter, they would use a payment declaration form to make the payment. In the payment declaration form, self-assessed liability and input tax credit on self-declared basis shall be declared. To assist in tax payment and availing input tax credit, necessary liability arising out of uploaded invoices of outward liability and input tax credit flowing from viewing facility would be shown to the taxpayer. The payment declaration form shall only allow full payment of the liability arising out of uploaded invoices. Late payment of tax liability including that in first and second month of the quarter shall attract interest liability.

Key features of Quarterly Returns

- ▶ **Pending and missing invoices:** Small businesses have only a few supplies to receive and therefore they track their purchases well and may not need credit on missing invoices. As the inventory size of these businesses is small they also do not need to keep invoices pending and generally avail credit forthwith. Therefore quarterly return shall not have the compliance requirement of missing and pending invoices as small businesses do not use these procedures in their inventory management.

Instructions (GSTR- Sahaj) –

- ▶ The return can be filed by the taxpayer who has made supplies to consumers and un-registered persons (B2C supplies).
- ▶ The Place of Supply (POS) will be reported for inter-State outward supplies made during the tax period.
- ▶ Input tax credit availed earlier during first two months of the quarter will be adjusted from the claim. If balance becomes negative, then it will be added into the liability for the same quarter.
- ▶ Tax paid during first two months of the quarter will be adjusted against the total liability of the quarter.
- ▶ Reporting of HSN code at least at four digit level will be mandatory.

Instructions (GSTR-Sugam) –

- ▶ The return can be filed by the taxpayer who has made supplies to consumers and un- registered persons (B2C) and to registered persons (B2B) only.
- ▶ Input tax credit availed earlier during first two months of the quarter will be adjusted from the claim. If balance becomes negative, then it will be added into the liability for the same quarter.
- ▶ Tax paid during first two months of the quarter will be adjusted against the total liability of the quarter.
- ▶ Reporting of HSN code at least at four digit level will be mandatory.

Instructions (Annexure – Sugam) –

- ▶ The details in the annexure shall be uploaded before filing return of a tax period.
- ▶ Details of the invoices relating to outward supplies made to registered persons (B2B) can be uploaded anytime during the quarter.
- ▶ Supplies other than those made to consumers and unregistered persons (B2C) and registered persons (B2B) cannot be made through this annexure.i.e Exports etc
- ▶ Debit and credit notes relating to supplies made to registered persons (B2B) supplies can also be reported in this annexure.

Quarterly Return – Other Than Sahaj & Sugam

- ▶ Invoice Annexure would be akin to that of the main return.
- ▶ Instructions would be akin to that of the main return but concept of pending and missing invoices
- ▶ HSN information would be required to be submitted in the invoice annexure to the quarterly return also.
- ▶ Information relating to such supplies which does not create liability such as non-GST supply is not required to be filed.

Particular	Regular	Sahaj	Sugam	Quarterly
Turnover	Any	Up To 5 Crs	Up To 5 Crs	Up To 5 Crs
Frequency	Monthly	Quarterly	Quarterly	Quarterly
Buyer	Any	B To C	B To B + B To C	Any
Supply Annexure	Yes	No	Yes	Yes
Export / Import	Yes	No	No	Yes
Pending Invoice	Yes	No	No	No
ITC On Missing Inv	Yes	No	No	No
Payment of Taxes	Monthly	Monthly	Monthly	Monthly
Non - Payment	Int + Late Fee	Interest	Interest	Interest
Non GST Supply	Monthly	Annually	Annually	Annually



Thanks

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