

GST Guidance Note 12

Key Compliances

What this Guidance Note contains?

- 12.01 *Registration under GST.*
- 12.02 *Persons not liable for registration.*
- 12.03 *Meaning of aggregate turnover.*
- 12.04 *Meaning of exempt supplies*
- 12.05 *Obtaining registration under GST.*
- 12.06 *Documents required for registration.*
- 12.07 *Changes that require amendment of registration.*
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- 12.09 *Type of accounts & records a taxpayer has to keep & maintain.*
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Registration

12.01 Registration under GST

- a. A supplier of taxable goods/services whose aggregate turnover in a financial year exceeds the threshold limit in a financial year, has to get registered in the State from where he makes the supply.

The threshold limits have been prescribed in section 22 of the CGST Act, 2017 as given below:

Sr. No.	Category of States	Threshold limit (Rs. In lakh)
1	North-Eastern States	10
2	Hilly States	10
3	All other States	20

- b. The following categories of persons require registration under GST from the beginning, as concession of threshold limit is not available to them – Section 24 of the CGST Act,2017.

Sr. No.	Category of persons
1	Inter State suppliers*
2	Persons who are required to pay tax under reverse charge
3	Casual taxable persons
4	Non resident taxable persons
5	Electronic commerce operators who are providing certain specified services as deemed suppliers
6	Notified persons who are required to make TDS
7	Persons who supply goods on behalf of other persons whether as an agent or otherwise
8	Input service distributor
9	Persons who are supplying goods/services through electronic commerce operators#
10	Every electronic commerce operator
11	Every person supplying online information & database access or retrieval services from a place outside India to a unregistered person (consumer) in India
12	Any other class of persons notified by Government

* a) Notification No. 10/2017-Integrated Tax dated 13.10.2017 has exempted persons from registration making inter-State supplies of taxable services and having an aggregate turnover not exceeding Rs. 20 lacs (Rs. 10 lacs in case of special category states)

b) Notification No. 08/2017-Integrated Tax dated 14.09.2017 has exempted persons from registration making inter-State supplies of handicraft goods and having an aggregate turnover not exceeding Rs. 20 lacs (Rs. 10 lacs in case of special category states)

c) Notification No. 07/2017-Integrated Tax dated 14.09.2017 has exempted specified job workers from registration making inter-State supply of services

Notification No. 65/2017-Central Tax dated 15.11.2017 has exempted persons from registration making supplies of services through an e-commerce operator and having an aggregate turnover not exceeding Rs. 20 lacs (Rs. 10 lacs in case of special category states)

12.02 Persons not liable for registration

- i. A person whose aggregate turnover in a financial year is below the prescribed threshold limit and he does not fall in the list mentioned at 12.01(b)
- ii. A person exclusively engaged in the business of supplying non-taxable goods/services or supplies that are wholly exempt from GST
- iii. An agriculturist, to the extent of supply of produce out of cultivation of land.

12.03 Meaning of aggregate turnover

Aggregate turnover as defined under section 2(6) of the CGST Act is computed on all India basis for a person having same Permanent Account Number (PAN). It is sum of value of all outward supplies (excluding any tax paid under GST laws) falling in the following four categories:

- Taxable supplies
- Exempt supplies
- Exports of goods/services
- Inter-state supplies.

In case of an agent, the aggregate turnover also includes value of all supplies made on behalf of all his principals.

12.04 Meaning of exempt supplies

Exempt supply as defined under section 2(47) of the CGST Act, 2017 means Supply of goods/services, which are

- Not taxable under GST
- Attract nil rate of tax
- Wholly exempt from tax through a Notification.

12.05 Obtaining registration under GST

A supplier has to get registration in the State, where he is liable to be registered as per para 12.01. Person intending to make supplies from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate base line is located. The registration can be obtained by uploading requisite information & documents on the common portal (gst.gov.in). Registration is a one time exercise except for casual taxpayers and non-resident taxpayers, who have to apply for renewal of registration after every 90 days from effective date of registration.

12.06 Documents required for registration

Following documents are required for registration.

- Documents related to constitution of taxpayer
- Proof of principal/additional place of business.
- Proof of bank account.
- Authorization form for each authorized signatory in prescribed format.

12.07 Changes that require amendment of registration

Change related to the following can lead to amendment in registration.

- i. Name of business
- ii. Principal place of business
- iii. Details of management responsible for business operations.

12.08 Situations which can cause cancellation of registration

Following changes can lead to cancellation of registration

- i. The business is closed down.
- ii. The business is sold.
- iii. The constitution of business has changed.
- iv. Taxpayer is no longer liable to be registered.
- v. Taxpayer has contravened the provisions of the Act and rules made thereunder.
- vi. Composition scheme holder has not filed returns for three consecutive tax periods.
- vii. A taxpayer has not filed returns for a continuous period of six months. viii.

A person who has taken voluntary registration has not commenced business within 6 months of registration.

Records & Accounts

12.09 Type of accounts & records a taxpayer has to keep & maintain

Section 35 of the CGST Act, 2017 provides for maintenance of accounts and other records by taxpayers. Records and accounts of all taxable supplies, exempt supplies, zero rated supplies, supplies liable for tax under reverse charge which are received or supplied in the furtherance or course of business have to be kept and maintained. As per GST law, all taxable persons have to keep and maintain business records and accounts relating to the following at their principal place of business-

- All goods/services supplied or received
- Production or manufacture of goods
- Stock of goods
- Input tax credits availed
- Output tax payable and paid
- Other prescribed particulars

If...	then...
more than one place of business	keep accounts relating to each place of business at such place of business
not in a position to keep accounts as per provisions of law	approach GST authorities (commissioner/chief commissioner) for relaxation
commissioner/chief commissioner notifies to maintain additional accounts/documents	maintain additional records as per order/notification
turnover during a financial year exceeds two crore rupees [Section 35(5) read with Rule 80(3)]	get accounts audited by a chartered accountant/ cost accountant and submit a copy of audited annual accounts along with reconciliation statement & other prescribed documents to the GST authority.
records are not maintained properly	tax authorities can initiate proceedings related to demand & recovery of tax.

12.10 List of activities for which records must be maintained

Keep record of all operations connected with the business which affect the amount of GST charged or ITC claimed. These include-

- i. Every supply of goods/services received, on which GST has been charged by the supplier.
- ii. Every supply of goods/services received on which tax has been paid under reverse charge.
- iii. All the outward supplies made including zero rated & exempt supplies.

12.11 Period for retention of accounts and other records

Section 36 of the CGST Act, 2017 provides for period of retention of accounts as under:-

Situation, if...	then retention of...
Normal	all records for seventy two months from the due date of filling of related annual return
an investigation is pending	relevant records till one year after closure of investigation.
an adjudication is pending	relevant records till one year after order of adjudication.
an appeal or revision is pending	relevant records till one year after final disposal of such appeal or revision.

12.12 Special provisions about maintenance of records by a warehouse/godown operator

Section 35(2) of the CGST Act, 2017 provides that every owner or operator of warehouse/godown or any other place used for storage of goods, whether registered as a taxpayer or otherwise has to maintain records of consignor, consignee and other prescribed details.

12.13 Precautions that should be taken while accepting an invoice related to taxable inward supplies

Invoice related to a taxable inward supply should have all the essential contents of a GST invoice. These contents have been listed under the section relating to “Tax Invoice” of this GST Guidance Note. Proper invoice for recipient is a must for claiming ITC. Rule 36(2) of the CGST Rules, 2017 provides that input tax credit can be availed only if all the applicable particulars are contained in the tax paying document.

12.14 Records that have to be maintained for claiming ITC

- All invoices, debit notes, credit notes and their supporting documents related to inward supplies of goods/services received, on which GST has been charged by the supplier.
- All invoices, debit notes, credit notes and their supporting documents related to supply of goods/services, on which tax has been paid under reverse charge.
- Bills of entry including courier bills of entry and their supporting documents related to imported goods
- Certificate issued by appraiser of customs in post office related to goods imported through post office
- Records related to goods/services diverted for non-business purposes.
- Records related to goods/services falling in the negative list of ITC.
- Evidence of receipt of goods/services like gate pass.

12.15 Accounts & records an Input Service Distributor (ISD) has to keep & maintain

An ISD has to keep & maintain business records and accounts relating to the following at his principal place of business-

- all services received
- input tax credits availed
- output tax payable and paid
- unit wise distribution of credits

Tax Invoice

12.16 A tax invoice

Tax invoice is a written account of particulars viz. description, quantity, price and the tax charged thereon etc. of goods or services supplied by a supplier to a recipient.

12.17 Significance of a tax invoice

Tax invoice is a statutory document. Under the GST law it is compulsory for a supplier to issue an invoice. However for certain category of services, government may notify certain other documents like bus ticket, entry ticket, bank voucher etc. which can be deemed to be a tax invoice. A tax invoice is an essential document for a recipient for claiming input tax credits.

12.18 Issuing a tax invoice

Various scenarios related to date/time of issuance of an invoice are listed below (Section 31 of the CGST Act, 2017 read with Rule 47 of the CGST Rules, 2017).

A. Supply of Goods

When a taxpayer...	then issue a tax invoice...
supplies taxable goods which involves movement of goods.	before or at the time of removal of goods.
supplies taxable goods which does not involve movement of goods.	before or at the time of delivery of goods or making available thereof to the recipient.
makes continuous supply of goods, which involves successive statements of accounts or payments	before or at the time of issuance of such statement or receipt of such payment.
makes a supply in certain cases, where goods (being sent/taken for approval or sale or return or similar terms) are removed before it is known whether a supply will take place.	before or at the time when it becomes known that supply has taken place or six months from date of removal, whichever is earlier.

B. Supply of Services

When a taxpayer...	then issue a tax invoice...
makes a supply of service	within 30 days from the date of supply of service.*

makes continuous supply of services, where the due date of payment is ascertainable from the contract	before or after the payment is liable to be made by the recipient, but within 30 days after the due date whether or not any payment has been received by the supplier.
makes continuous supply of services, where the due date of payment is not ascertainable from the contract	before or after each such time when payment is received but within 30 days of receipt of payment.
makes continuous supply of services, where the payment is linked to the completion of an event	before or after completion of the event but within 30 days of completion of the event.
makes continuous supply of services, where the supply of service ceases under a contract before the completion of the	at the time when the supply ceases, for the supply effected before such cessation.

*45 days in cases where supplier is a banking company/NBFC/financial institution.

C. Other scenarios

When a tax payer...	then issue...
supplies exempted goods/services.	a bill of supply
who has opted for composition scheme makes a supply.	a bill of supply
receives an advance amount for any supply	a receipt voucher or any other document containing prescribed particulars evidencing receipt of such payment.
receives a supply, which is liable to tax under reverse charge, from an unregistered person.	self-invoice on the date of receipt of such supply.

12.19 Essential contents of a tax invoice

- A. There is no specified format for a tax invoice however certain essential contents have been prescribed under invoice rules, which are listed below.

1	Type of invoice (tax invoice, revised invoice or supplementary invoice)
2	Name, address and GSTIN of the supplier
3	A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash symbolised as '-' and '/' respectively and any combination thereof, unique for a financial year.
4	Date of issue of invoice
5	HSN code of goods or accounting code of services

6	Description of goods or services
7	Quantity of goods or unit quantity code
8	Total value of goods/services
9	Taxable value of goods or services
10	Rate of tax separately for Central tax, State/UT tax or Integrated tax and cess
11	Amount of tax charged separately for Central tax, State/UT tax or Integrated tax and cess
12	Place of supply along with name of state, in case of inter-state supply
13	Address of delivery if same is different from place of supply
14	Applicability of reverse charge is mentioned wherever applicable
15	Signature or digital signature of supplier or his authorized representative

B. Apart from the above invoice should have the following information;

When ...	then...
supply is meant for a registered recipient	name, address and GSTIN/UIN of the registered recipient
supply is meant for an unregistered recipient and taxable value of supply is Rs. 50,000/- or more	name & address of the recipient and the address of delivery, name of state & its code.
supply is for export	Endorsement on the top "Supply meant for export/ supply to SEZ unit or SEZ developer for authorized operations on payment of Integrated Tax" or "Supply meant for export/ supply to SEZ unit or SEZ developer for authorized operations under bond or letter of undertaking without payment of Integrated Tax" Name & address of the recipient, address of delivery and name of the country of destination

C. Tax invoice in special cases should contain the following information

When tax invoice is issued by	...then invoice should have the information
Input Service Distributor (ISD)	i. Name, address and GSTIN of the ISD ii. A consecutive serial number containing alphabets or numerals or special characters hyphen or dash and slash symbolised as, '-', '/', respectively, and any combination thereof unique for a financial year* iii. Date of issue v. Name, address and GSTIN of the recipient of credit vi. Amount of credit distributed vii. Signature or digital signature of the supplier(ISD) or his authorized representative
Banking company / NBFC / financial institution	Information mentioned at A. above, but following information is not essential: <ul style="list-style-type: none"> • Invoice serial no. • Address of the recipient
Goods transport agency	i. Information mentioned at A. above and ii. Gross weight of the consignment iii. Name of the consignor & the consignee iv. Registered no. of goods carriage, used for transportation v. Details of goods transported vi. Details of place of origin & destination vii. GSTIN of person liable for paying tax.
Supplier of passenger transport service	Information mentioned at A. above and ticket; but address of the recipient is not essential.

*Not essential if ISD is a banking company/NBFC or Financial institution.

12.20 Bill of Supply

A supplier supplying exempted goods or service or a supplier who has opted for composition levy scheme has to issue a bill of supply instead of a tax invoice.

[Section 31(3)(c) of the CGST Act, 2017. A bill of supply is not eligible for claiming input tax credits.

As per rule 46(A) of CGST Rules, 2017, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single “invoice-cum-bill of supply” may be issued for all such supplies.

12.21 Rectification of an error in an invoice

If...	Then...
there is a typographical/clerical error in the invoice	issue an amended invoice
higher taxable value or tax rate has been charged resulting into higher tax amount	issue a credit note and report in the next return
lower taxable value or tax rate has been charged resulting into lower tax amount	issue a debit note and report in the next return

12.22 Receipt voucher on receipt of advance payment

Section 31(3)(d) of the CGST Act, 2017 provides for issuance of a receipt voucher on receipt of advance for supply by a taxpayer. Rule 50 the CGST Rules, 2017 provides for minimum contents for receipt voucher. List of contents is elaborate. The person receiving advance need to know precise details of proposed supply such as description of goods or services, total value, taxable value, rate of tax, amount of tax, place of supply, intra-State/ inter-State nature of supply and so on.

If at the time of receipt of advance, the rate of tax or nature of supply (inter/ intra-State) is not known, the tax shall be paid @18% assuming the supply to be inter-State.¹

12.23 Invoice on receipt of goods or services from an unregistered supplier

Section 9(4) of the CGST Act, 2017 provides that in respect of supply of taxable goods or services or both by a supplier, who is not registered the tax is to be paid by the registered recipient on reverse charge basis. Section 31(3)(f) provides that such registered recipient will issue an invoice on the date of receipt of supply. Second proviso to Rule 46 permits issue of a consolidated invoice at the end of a month for payment of tax on reverse charge basis on supplies received from unregistered suppliers.

Notification No. 8/2017-Central Tax (Rate) dated 28th June, 2017 has exempted levy of tax on reverse charge basis on receipt of supplies from an unregistered supplier so long the aggregate value of such supplies from any or all the suppliers does not exceed five thousand rupees in a day.

However, by way of subsequent Notification no. 38/2017- Central tax (Rate) dated 13.10.2017, the Central Government omitted the limit of five thousand rupees a day and extended the exemption of payment of tax under reverse charge under 9(4) till

¹ Provisio to rule 50(k) of the CGST Rules, 2017.

31.03.2018. Another Notification no. 10/2018- Central Tax (Rate) dated 23.03.2018 further extended the above exemption till 30.06.2018.

Similar exemption is provided by in Integrated Tax via. Notification no. 11/2018- Integrated Tax (Rate) dated 23.03.2018

12.24 Payment voucher for goods or services taxable on reverse charge basis

Section 31(3)(g) of the CGST Act, 2017 provides that a registered recipient of supply of taxable goods or services or both which are taxable on reverse charge basis whether for the reason of such supplies falling in the notified category supplies or for the reason of supplier being an unregistered person will be required to issue a payment voucher at the time of making payment for such supplies. Rule 52 of the CGST Rules, 2017 provides minimum contents for such payment voucher.

12.25 Transportation of goods without issue of invoice

Rule 55 of CGST Rules, 2017 provides that the consignor, for the following purposes may issue a delivery challan in lieu of invoice at the time of removal of goods for transportation;

- (a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- (b) transportation of goods for job work,
- (c) transportation of goods for reasons other than by way of supply, or
- (d) such other supplies as may be notified by the Board

Payment of Tax and other dues under GST

12.26 How to pay tax and other dues

A taxpayer or his representative can generate a challan from common portal and fill the details of the amount to be deposited and purpose thereof. The said challan will be valid for 15 days. The desired amount can be deposited only through banks. On successful payment, a challan identification no. (CIN) will be generated by the bank and same will be indicated in the challan. The modes of payment can be-

If...then
amount is up to Rs. 10,000/- per challan per tax period*	over the counter of an authorised bank through cash, cheque or demand draft.

any amount more than Rs. 10,000/-	<p><u>Option 1 (Through authorised banks)</u></p> <ul style="list-style-type: none"> • Internet banking • Credit card/debit card after registering the same on common portal. • National Electronic Fund Transfer (NeFT) or • Real Time Gross Settlement (RTGS) from any bank. <p><u>Option2: Through any bank</u></p> <ul style="list-style-type: none"> • National Electronic Fund Transfer (NEFT) or • Real Time Gross Settlement (RTGS) from any bank.
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*Amount restriction does not apply in case of deposits by Government departments/ notified persons/ tax authorities.

12.27 Electronic tax liability register

For every tax payer an electronic tax liability register will be maintained on the common portal (gst.gov.in) and it will be debited or credited as per the following actions-

Dr.	Cr.
For amount payable towards tax, interest, late fee or any other amount as per the return.	On payment of liability by using input tax credits.
For amount payable towards tax, interest, late fee or any other amount as determined by the tax authorities.	On payment of liability by cash.
For amount of tax & interest payable due to mismatch of invoices	On reduction in liability by an appellate authority.
For any other amount of interest that may accrue from time to time.	

12.28 Electronic cash ledger

For every tax payer an electronic cash ledger will be maintained on the common portal (gst.gov.in) for crediting the amount deposited and debiting the payment towards tax, interest, penalty, fee or any other amount. The date of credit to the bank account of appropriate government will be deemed to be date of deposit in the electronic cash ledger.

12.29 Electronic credit ledger

For every tax payer an electronic credit ledger will be maintained on the common portal (gst.gov.in) for crediting every claim of input tax credits and available credit can be used for discharge of tax liability only.

12.30 Utilising input tax credit for payment of tax

Input tax credits can be utilised in the following manner.

Type of Tax credit	First for payment of	Then for payment of	Remaining amount can be used for payment of
Integrated tax	Integrated tax	Central tax	State/ UT tax
Central tax	Central tax	Integrated tax	cannot be used for payment of State/ UT tax
State/ UT tax	State/ UT tax	Integrated tax	cannot be used for payment of Central tax

12.31 Date by which tax has to be deposited

Tax has to be paid not later than the last date on which return is to be filed. The date of credit to the bank account of the government will be the date of payment of tax. In case of normal taxpayers due date is 20th of the next month of the tax period.

What if....	...then
Tax is not paid on time and there is a pending liability	Pending liability will attract interest. Return without full payment of self-assessed tax will not be treated as a valid
Tax is not paid by the supplier.	Recipient will not be entitled to avail input tax credit. Tax credit provisionally availed by such recipient will be liable
Someone wants to deposit tax after due date	Pay tax along with interest

12.32 Order in which a taxpayer has to discharge his tax and other dues

The taxpayer has to discharge his tax and other dues in the following manner

1.	Self-assessed tax and other dues related to returns of previous tax periods.
2.	Self-assessed tax and other dues related to return current tax period.
3.	Any other amount payable under the GST Act & Rules there under.

12.33 Interest liability

As per Section 50 of the CGST Act, 2017, Interest has to be paid by every taxpayer who:

- makes a delayed GST payment i.e. pays GST after the due date
- claims excess input tax credit
- Reduces excess output tax liability

If GST is not paid within the due dates of filing return, interest has to be paid at following rates;

Particulars	Interest Rate
Tax paid after due date	18% p.a. ¹
Undue/ excess ITC Claimed or undue/ excess reduction in Output Tax	24% p.a. ¹

Interest has to be calculated from the next day on which tax was due.

Tax Returns under the GST

12.34 Meaning of a tax return.

A statutory document wherein a tax payer has to declare certain information like details of his inward supplies, outward supplies, tax paid and payable, input tax credits availed etc. is called a return. Under GST, all returns are to be filed online and a return has to be filed even if there was no business activity during the period covered by the return.

¹ Notification No.13/2017- Central Tax dated 28.06.2017

12.35 Types of returns prescribed under GST

The types of returns, nature of compliance, periodicity and reference to statutory provisions and return rules are tabulated hereunder:-

Form GSTR	Nature of compliance/ Category of taxpayers	Periodicity	Regular due dates	Special notified due dates
1	Details of outward supplies of goods and/or services effected			
	Taxpayers with annual turnover upto Rs.1.5 crores can opt for quarterly return filing	Quarterly	Last date of next month of every quarter	Jan-Mar, 18 - By 30 th Apr, 18 Apr-Jun, 18 - By 31st July, 18
	Taxpayers with annual turnover more than Rs.1.5 crores	Monthly	10th of next month (except for April, 2018)	Apr, 18 - By 31st May, 18 May, 18 - By 10th June, 18 June, 18 - By 10th July, 18
3B	Simplified monthly return	Monthly	20th of every month	---
4	Return for composition taxable person	Quarterly	18th of next month of every quarter	---
5	Return for Non-Resident Taxable person	Monthly	20th of next month or within 7 days from last date of registration, whichever is earlier	Jul to Dec, 18 - By 31st Jan, 18
5A	Details of supplies of OIDAR services provided by person located outside India to a non-taxable person in India	Monthly	20th of next month	Jul to Dec, 18 - By 31st Jan, 18
6	Return of Input Service Distributor	Monthly	13th of next month	July'17 to Apr'18 - By 31st May, 18
9	Annual return (Other than ISD, TDS, TCS, Casual taxable person, Non-resident taxable person & Composition taxable person)	Annually	31st December of next financial year	---
9A	Annual return for Composition taxable persons	Annually	31st December of next financial year	---
9B	Annual statement for E-commerce operator doing TCS	Annually	31st December of next financial year	---

9C	Registered person whose aggregate turnover during financial year exceeds Rs.2 crores to furnish reconciliation statement alongwith copy of audited annual accounts [rule 80(3)]	Annually	31st December of next financial year	---
10	Final return	Once, when registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.	---
11	Statement of inward supplies by persons having Unique Identification Number (UIN)	---	28th of the next month for which statement is filed	---

Returns postponed/ suspended as on date

Form GSTR	Nature of compliance/ Category of taxpayers	Periodicity	Regular due dates
2	Details of inward supplies of goods and/or services effected ¹	Monthly	15th of next month
1A	Communication of auto drafted details of supplies to the Supplier ¹	Monthly	After 15th of next month
3	Monthly Return (on the basis of GSTR-1 & GSTR-2 finalized) ¹	Monthly	20th of next month
7	Return for authorities deducting tax at source (TDS return) ²	Monthly	10th of next month
8	Statement for tax collection at source (TCS return) ²	Monthly	10th of next month

Above table shows regular due dates & notified due dates for various returns (including extensions, etc.). The Government, through series of Notifications has extended dates for furnishing of various GST forms. However, these dates are subject to notifications/orders issued by the Government.

Second proviso to section 37(1), first proviso to section 38(2) and section 39(6) of the CGST Act, 2017 empowers the Commissioner to extend the dates of filing of forms GSTR-1, GSTR-2 and GSTR-3 respectively. Rule 61(5) of the CGST Rules, 2017 provides that in case of extension of dates of filing of forms GSTR-1 and GSTR-2, a return in form GSTR-3B needs to be furnished in lieu of return in form GSTR-3.

¹ GSTR 2, GSTR-1A & GSTR-3 has been suspended by Government as on date.

² Government has also suspended TDS & TCS provisions till 30.06.2018. Hence, Form GSTR-7 and GSTR-8 remains deferred

12.36 Revision of a tax return

A tax return cannot be revised. However errors in a return can be rectified by amending the entries which have caused errors in a return and posting the updated entries in the next return. No rectification is allowed after due date of filing of the return for the month of September of the next financial year (20th October) or actual date of filing of annual return, whichever is earlier.

12.37 Uploading of inward and outward supplies and their matching

Common portal will match the input tax credits (ITC) claimed by a recipient with tax paid by the supplier. A normal supplier has to monthly upload invoice level details of his outward supplies by 10th of next month. Details to these supplies will be made available to all his recipients, who can verify and validate the same with their purchase records and accordingly file details of their inward supplies by 15th. Subsequently supplier will receive an intimation about the action taken by his buyers, and will have an option to verify and validate claims of his buyers vis a vis his (suppliers) outward supply claims by 17th. Based on this self-matching exercise, a taxpayer will calculate & discharge his tax liability before filing his monthly return on 20th. Provisional ITC will be allowed to the recipient based on his claim.

12.38 Key points in matching, reversal and reclaim of input tax credits (ITC)

- Every B2B invoice/debit note of the supplier linked to ITC has to be compared with details of inward supplies uploaded by the recipient for checking the veracity of his ITC claims
- Comparison to be based on 5 parameters viz. GSTIN of supplier, GSTN of recipient, invoice or debit note number, invoice or debit note date and tax amount (Rule 69)
- Invoice/debit note to be considered as matched if the all the said 5 parameters match.
- Invoice/debit note to be also considered as matched if 4 parameters match and ITC claimed by recipient is less than the tax paid by the supplier (Explanation (ii) to Rule 69).
- Mismatch of any parameter to be communicated to both supplier and recipient

- Provisional ITC claim related to an unmatched invoice to be disallowed and tax liability along with interest to be added to the output tax liability of recipient for the month, next to the month in which mismatch was communicated.
- Recipient will have the option to reclaim the ITC if supplier rectifies the details of unmatched invoice/debit note in his future returns. However no rectification is allowed after filing of annual return or due date of filing of return for the month of September of the next financial year (20th October), whichever is earlier.

Note: Above mechanism of return filing i.e. online matching of invoices has been deferred by the Government as of now.

12.39 Reporting of advance amount in outward supply return

On receipt of advance, a receipt voucher or any other document containing prescribed particulars evidencing receipt of such payment has to be issued. A count of such receipt vouchers is to be reported in Form GSTR-1 of the tax period. However the taxpayer need to discharge tax liability arising on receipt of advance only if the invoice has not been issued in the same tax period in which the advance was received. (Instruction 15 to Form GSTR-1)

12.40 Fees on late filing of returns.

What If.....then
A taxpayer fails to upload details of outward supplies or inward supplies or monthly return by due dates.	
A) <u>(GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A)</u> ¹	
- Other than nil return	Late fee of Rs. 50/- per day during which such failure continues, subject to maximum of Rs. 5000/-
- Nil return	Late fee of Rs. 20/- per day during which such failure continues, subject to maximum of Rs. 5000/-

¹ For GSTR-1 - Notification No. 4/2018-Central Tax dated 23.01.2018
 For GSTR-4 - Notification No. 73/2017-Central Tax dated 29.12.2017
 For GSTR-3B - Notification No. 64/2017-Central Tax dated 15.11.2017 – Reduced late fee from October,2017 onwards; Late fee for late filing of GSTR-3B for months of July, August & September has been waived.
 For GSTR-5- Notification No. 5/2018-Central Tax dated 23.01.2018

B) <u>GSTR-6</u> ¹ (Irrespective of nil return)	Late fee of Rs. 50/- per day during which such failure continues, subject to maximum of Rs. 5000/-
A taxpayer fails to upload final return by due date.	Pay late fee of Rs. 200/- per day till details are uploaded, subject to maximum of Rs. 5000/-.
A taxpayer fails to upload annual return by due date.	Pay late fee of Rs. 200/- per day till details are uploaded, subject to maximum of an amount calculated at quarter percent of his turnover in the state.

12.41 Tax Deduction at Source (TDS)

- Appropriate Government may mandate a government department/agency or local authority or any other person to deduct tax (TDS) at the rate of two percent (one percent for Central Tax and one percent for State/UT Tax) from the payment made to the supplier of taxable goods/services, where total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.
- Deductor responsible to deduct tax at source has to take a mandatory registration under GST Law.
- Deductor to deposit TDS with the appropriate government within 10 days of next month and to file a monthly return by 10th of next month. Failure to deposit TDS with appropriate will attract interest.
- Deductor to issue a certificate to the supplier, within five days of crediting the amount to appropriate government otherwise deductor will be liable to pay a late fee of Rs. 100 per day from the expiry of five days until the mistake is rectified. The maximum amount of penalty is Rs. 5000.
- The supplier of such supplies, for which tax has been deducted at source can claim credit of such amount (TDS) in his electronic cash ledger.

The Government has suspended the provisions of Tax Deducted at Source (TDS) and Tax Collection at Source (TCS) till 30.06.2018.

¹ For GSTR-5A- Notification No. 6/2018-Central Tax dated 23.01.2018

² For GSTR-6 - Notification No. 7/2018-Central Tax dated 23.01.2018

12.42 Key differences in compliance system under GST and pre-GST regimes

Compliance Area	Pre-GST	Post-GST
Registration	Factory level in Central Excise	State wise
	Service Tax – Single / Centralized Registration	State wise
	Different registrations for different taxes	Single registration
Forms	Multiple statutory forms	No forms
Inspection of goods in movement	Transport permits/ way bill/road permit	E-way bill
Advance document	No separate document for recording of advances	Receipt vouchers for recording of advance payments
Cancellation of invoice	Allowed	Not allowed
Tax Payment	Over the counter tax payment allowed	Only electronic payment of tax except in case of payments of amount less than Rs. 10,000/-
ITC matching	No online matching of invoices for ITC	Online matching of invoices for claiming ITC*
Returns	State wise variation in return formats; varied periodicity of returns	Standard returns for all States; standard periodicity; monthly returns in general
	Separate returns for different taxes	Single return for all the taxes
	Revision of returns allowed	No concept of revision of returns; amendments to be filed in subsequent tax periods

* Note: Online matching of invoices has been kept on hold by the Government.

Compliance & Tax Authorities

12.43 Assessment under GST

Every taxpayer shall himself assess the taxes payable under the GST Acts & furnish periodic returns. However if he is unable to determine the value or rate of tax of supply, he may make a request for provisional assessment to the tax authorities.

12.44 Scrutiny of returns by tax authorities

To verify correctness of the returns, tax authorities may scrutinize the same and seek explanation of the taxpayer. In case explanation is not found satisfactory then tax authorities may initiate action to safeguard the revenue.

12.45 Audit of records by tax authorities

Audit by or on behalf of tax authorities is a tool to check the status of tax compliances being followed by a taxpayer. Under GST Law three type of audits have been prescribed.

Type of Audit	Who can conduct	Who can order	Time period to complete the audit
Audit by Tax Authorities	Commissioner or an officer authorized by him	Commissioner	Three months from start of audit, which can be extended by another three months by respective Commissioner.
Special Audit	Nominated chartered accountant or cost accountant	AC/DC after approval from Commissioner	90 days
CAG Audit	Officers of CAG	Officers of CAG	Not prescribed

Tax authorities can start proceedings related to demand & recovery of tax, if tax evasion is detected during the audit.

12.46 GST compliance rating

Section 149 of the CGST Act, 2017 introduces concept of GST compliance rating. It can be called compliance report card. Tax authorities will assign a GST compliance rating score to every taxpayer, which will be determined based on certain prescribed parameters and will be updated after periodic intervals.

Score will be intimated to the taxpayer and placed in the public domain. It is expected that scoring will help in improving tax compliance.

12.47 Tax Return Preparer

A taxpayer may utilise the services of a tax return preparer for filing of outward/inward supplies and monthly return on the common portal. Tax return preparers will be enlisted by the government as per the prescribed Rules.

12.48 Some illustrative scenarios of complicated compliance scenarios

What if...	then....
goods are received back without delivery to the buyer	issue credit note and acceptance of credit note by customer
defective goods returned by the customer	issue credit note and acceptance of credit note by customer or the customer returns the goods on a new invoice.
short receipt of goods (ex-work supply)	recipient claim tax credits related to actual receipt, tax credits related to lost goods cannot be claimed by supplier
payment of goods or services has not been made to the supplier within a period of 180 days of issuance of invoice	Credit proportionate to unpaid amount will be added to the output liability of recipient along with interest. Recipient can re-avail credit on making payment
inward supply received in more than one lot	avail ITC credit after receipt of last lot
tax paid on receipt of advance but order cancelled (one time customer)	supplier to issue the refund voucher to the person who had made the payment supplier
CGST/SGST paid on receipt of advances but subsequently supply is made inter-state	IGST to be paid and refund claim for CGST/SGST to be filed.
invoice not uploaded on common portal by supplier but booked by recipient in his books of account	recipient can claim ITC by uploading it on common portal while filing his GSTR2 return; provisional credit for 2 months till rectification/ acceptance by supplier. (Note: Online matching of invoices has been kept on hold by Government)
