

Indirect Taxes

Last opportunity for major GST compliances for F.Y. 2020-21 till the due date of September, 2021 GST returns

September, 2021 is an important month for major compliances under Goods and Services Tax for the F.Y. 2020-21. As per section 39(9) of CGST Act, 2017, a taxpayer shall report amendments/omissions of outward and inward supplies in GST returns pertaining to the F.Y. 2020-21 **till the due date of GST returns of September, 2021 or the due date of annual return, whichever is earlier.**

Section 39 of CGST Act, 2017

(9) Subject to the provisions of sections 37 and 38, if any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.

GST returns for the month of September, 2021 brings the last opportunity for the taxpayers to execute the following compliances for F.Y. 2020-21:

1. Compliance in relation to Outward Supplies

- i. Amendment and Omissions in GSTR-1 for F.Y. 2020-21:** As per section 37(3) of CGST Act, 2017, the taxpayers shall report any amendment/omission in outward supplies for the F.Y. 2020-21 in GSTR-1 till the due date of filing GSTR-1 for the month of September, 2021.

Section 37 of CGST Act, 2017

(3) Any registered person, who has furnished the details under sub-section (1) for any tax period and which have remained unmatched under section 42 or section 43, 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:

Provided that no rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.

- ii. **Adjustments in GSTR3B:** Any adjustments of outward and inward supplies for the F.Y. 2020-21 shall be made till due date of filing of GSTR-3B for the month of September, 2021.
- iii. **Issuance of credit notes:** Credit notes pertaining to GST invoices in the F.Y. 2020-21 shall issue and report in GSTR-1 by the month of September, 2021. As per Section 34(2) of CGST Act, credit notes pertaining to GST invoices issued in the last financial year shall be reported under GSTR-1 not later than the return for the month of September following the end of the financial year.

Section 34 of CGST Act, 2017

(2) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed:

Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

2. Compliance in relation to Inward Supplies:

- i. **GSTR-2A/2B Reconciliation for F.Y. 2020-21:** As per section 16(4) of CGST Act, 2017 read with Rule 36(4), input tax credit shall only be availed if the invoice pertaining to input tax credit for F.Y. 2020-21 are reflecting in GSTR-2A/2B by the month of September, 2021.

Section 16 of CGST Act, 2017

(4) A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Rule 36 of CGST Rules, 2017

(4) Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed 5 per cent of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37."

Taxpayer should reconcile input tax credit in books vs. ITC reflecting in GSTR-2A/2B to identify:

- If any input tax credit is being missed out which is reflecting in GSTR-2A/2B
- If any input tax credit is availed in GSTR-3B is not reflecting in GSTR-2A/2B

- ii. **Reversal of ITC for non-payment of consideration within 180 days:** Taxpayers should check ageing till the month of September, 2021 of vendors who has not been paid consideration within 180 days for inward supplies for F.Y. 2020-21 and input tax credit has been availed on the same. The taxpayer should reverse input tax credit with interest till the due date of GST returns for the month of September, 2021.

Rule 37 of CGST Rules, 2017

(1)A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within the time limit specified in the second proviso to sub-section (2) of section 16, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in FORM GSTR 2 for the month immediately following the period of one hundred and eighty days from the date of the issue of the invoice:

Provided that the value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16.

- iii. **Rule 42/43 ITC credit Reversal:** Rule 42 and Rule 43 lays down the procedure of apportionment of ITC in respect of inputs being partly used for the purpose of business and partly of other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies.

The apportionment has to be undertaken on monthly basis in GSTR-3B in relevant month. However, as per Rule 42(2), the apportionment shall be calculated finally for the financial year before the due date of furnishing of the return for the month of September following the end of the financial year.

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