

12. Returns Process

Q 1. What is the purpose of returns?

Ans.

- a) Mode for transfer of information to tax administration;*
- b) Compliance verification program of tax administration;*
- c) Finalization of the tax liabilities of the taxpayer within stipulated period of limitation; to declare tax liability for a given period;*
- d) Providing necessary inputs for taking policy decision;*
- e) Management of audit and anti-evasion programs of tax administration.*

Q 2. Who needs to file Return in GST regime?

*Ans. Every person registered under GST will have to file returns in some form or other. A registered person will have to file returns either monthly (normal supplier) or quarterly basis (Supplier opting for composition scheme). An ISD will have to file monthly returns showing details of credit distributed during the particular month. A person required to deduct tax (TDS) and persons required to collect tax (TCS) will also have to file monthly returns showing the amount deducted/collected **and other specified details**. A non-resident taxable person will also have to file returns for the period of activity undertaken.*

Q 3. What type of outward supply details are to be filed in the return?

Ans. A normal registered taxpayer having aggregate turnover in the preceding or current financial year more than Rs.1.5 Crore has to file the outward supply details in GSTR-1 in relation to various types of supplies made in a month, namely outward supplies to registered persons, outward supplies to unregistered persons (consumers), details of Credit/Debit Notes, zero rated, exempted and non-GST supplies, exports, and advances received in relation to future supply.

Q 4. Do taxpayers with an aggregate turnover less than Rs.1.5 Crores also need to file GSTR-1 on a monthly basis?

Ans. No. A special procedure has been prescribed for such taxpayers vide notification no. 57/2017-Central Tax dated 15.11.2017. Such taxpayers need to file GSTR-1 on a quarterly basis. The last date for filing GSTR-1 for such taxpayers for the period Oct-Dec 18 is 31.01.2018. It is also clarified that the registered person may opt to file FORM GSTR-1 on monthly basis if he so wishes even though his aggregate turnover is up to Rs. 1.5 Crore.

Q 5. Is the scanned copy of invoices to be uploaded along with GSTR-1?

Ans. No scanned copy of invoices is to be uploaded. Only certain prescribed fields of information from invoices need to be uploaded.

Q 6. Whether all invoices have to be uploaded in the returns?

Ans. No. It depends on whether the invoice is B2B or B2C plus whether Intra-state or Inter-state supplies.

For B2B supplies, all invoices, whether Intra-state or Inter-state supplies, will have to be uploaded. Why So? Because ITC will be taken by the recipients.

In B2C supplies, uploading in general may not be required as the buyer will not be taking ITC. However still in order to implement the destination based principle, invoices of value more than Rs.2.5 lacs in inter-state B2C supplies will have to be uploaded. For inter-state invoices below Rs. 2.5 lacs and all intra-state invoices, state wise summary will be sufficient.

Q 7. Whether description of each item in the invoice will have to be uploaded?

Ans. No. In fact, description will not have to be uploaded. Only HSN code in respect of supply of goods and classification code in respect of supply of services will have to be fed. The minimum number of digits that the filer will have to upload would depend on his turnover in the previous year.

Q 8. Whether value for each transaction has to be fed in GSTR-1? What if no consideration?

Ans. Yes. Not only value but taxable value has to be fed. In some cases, both may be different.

In case there is no consideration, but it is supply by virtue of schedule 1, the taxable value will have to be worked out as prescribed and uploaded.

Q 9. What is the status of GSTR-2 and GSTR-3?

Ans. GSTR-2 and GSTR-3 have been indefinitely postponed and GSTR- 3B is being filed since July, 2017. The matching as envisaged is not being done. Section 43A has been inserted in the CGST Act, 2017 vide the CGST(Amendment) Act, 2018 for new procedure for furnishing returns and availing input tax credit. The work on the same is being done and this will be implemented at a later date.

However, GSTR-2A is being auto-populated by GST Portal. The taxpayers can view the details of supplies made to them wherever their suppliers have uploaded the details of their outward supplies in their GSTR-1. The GSTR-2A is helping the taxpayers in reconciling the ITC being taken by them on self-declaration basis in Form GSTR-3B with the taxes declared by their suppliers in their respective GSTR-1s.

Q 10. Do tax payers under the composition scheme also need to file GSTR-1 and GSTR-2?

Ans. No. Composition tax payers do not need to file any statement of outward or inward supplies. They have to file a quarterly return in Form GSTR-4 by the 18th of the month after the end of the quarter. Since they are not eligible for any input tax credit, there is no relevance of GSTR-2 for them and since the credit of tax paid under Composition Levy is not eligible, there is no relevance of GSTR-1 for them. In their return, they have to declare summary details of their outward supplies along with the details of tax payment. They also have to give

details of their purchases in their quarterly return itself, most of which will be auto populated.

Q 11. Do Input Service Distributors (ISDs) need to file separate statement of outward and inward supplies with their return?

Ans. No, the ISDs need to file only a return in Form GSTR-6 and the return has the details of credit received by them from the service provider and the credit distributed by them to the recipient units. Since their return itself covers these aspects, there is no requirement to file separate statement of inward and outward supplies.

Q 12. How does a taxpayer get the credit of the tax deducted at source on his behalf? Does he need to produce TDS certificate from the deductee to get the credit?

Ans. Under GST, the deductor will be submitting the deductee wise details of all the deductions made by him in his return in Form GSTR-7 to be filed by 10th of the month next to the month in which deductions were made.

TDS amount deducted from the payment due to the deductee, would be reflected in electronic cash ledger of deductee after furnishing of return and payment of tax to the Government account by the deductor. The amount credited to electronic cash ledger of the deductee may be utilized by the deductee towards payment of his GST liability as a regular tax payer.

Q 13. How can taxpayers file their returns?

Ans. Taxpayers will have various modes to file the

statements and returns. Firstly, they can file their statement and returns directly on the Common Portal online. However, this may be tedious and time consuming for taxpayers with large number of invoices. For such taxpayers, an offline utility will be provided that can be used for preparing the statements offline after downloading the auto populated details and uploading them on the Common Portal. GSTN has also developed an ecosystem of GST Suvidha Providers (GSP) that will integrate with the Common Portal.

Q 14. Is it compulsory for a taxpayer to file return by himself?

Ans. No. A registered taxpayer can also get his return filed through a GST Practitioner, duly approved by the Central or the State tax administration.

Q 15. What is the consequence of not filing the return within the prescribed date?

Ans. A registered person who files return beyond the prescribed date will have to pay late fees of rupees one hundred for every day of delay subject to a maximum of rupees five thousand. For failure to furnish Annual returns by due date, late fee of Rs. One hundred for every day during which such failure continues subject to a maximum of an amount calculated at a quarter percent [0.25%] of his turnover in a state, will be levied.

Q 16. What happens if ITC is taken on the basis of a document more than once?

Ans. In case the system detects ITC being taken on the

same document more than once (duplication of claim), the amount of such credit would be added to the output tax liability of the recipient in the return for the month in which duplication is communicated. [Section 42(6)]. In other words, the same would be recovered along with interest.

Q 17. What is GSTR-3B?

Ans. GSTR-3B is a simplified monthly return that all taxpayers need to file on monthly basis .. It is a summarized return form which every taxpayer is required to file on self-declaration basis. The same needs to be filed by 20th day of subsequent month. i.e. for the month of December, 2018 GSTR-3B needs to be filed by 20th January, 2019 after paying appropriate taxes.

Q 18. Is there any late fees for late filing of GSTR-3B?

Ans. The late fees for filing GSTR-3B for the months of July to September 2017 has been waived by the Government. Where such late fee was paid, it will be re-credited to taxpayer's Electronic Cash Ledger under "Tax" head instead of "Fee" head so as to enable them to use that amount for discharge of their future tax liabilities. For subsequent months, i.e. October 2017 onwards, the amount of late fee payable by a taxpayer whose tax liability for that month was 'NIL' will be Rs. 20/- per day (Rs. 10/- per day each under CGST & SGST Acts) and will be Rs. 50/- per day (Rs. 25/- per day each under CGST & SGST Acts) for all other taxpayers.

Q 19. How does the taxpayer need to account for Advances in his GSTR-1?

Ans. Where against an advance the invoice is issued in the same tax period, the advance need not be shown separately

in Form GSTR-1 but the specified details of invoice itself can be directly uploaded on the system. Details of all advances against which the invoices have not been issued till the end of the tax period shall have to be reported on a consolidated basis in Table 11 of Form GSTR-1. As and when the invoices against these advances are issued, they have to be declared in Form GSTR-1 and the adjustment of the tax paid on advances against the tax payable on the invoices uploaded in Form GSTR-1 shall have to be done in Table 11 of Form GSTR-1. It may be noted that in terms of notification 66/2017-Central Tax dated 15.11.2017, there is no liability to pay tax at the time of receipt of advance in case of supply of goods.

Q 20. What is an annual return?

Ans. Section 44(1) of CGST Act read with Rule 80(1) of CGST Rules, 2017 requires that every registered person other than ISD's, casual/non-resident taxpayers and TDS/TCS deductors are required to file an annual return in form GSTR-9. for every financial year.

The composition taxpayers are required to file Annual return in Form GSTR-9A.

Every registered person whose aggregate turnover during a financial year exceeds two crore rupees shall get his accounts audited as specified under section 35(5) and he shall furnish a copy of audited annual accounts and a reconciliation statement is duly certified in FORM GSTR-9C.

There is no threshold limit for annual return. Every registered person is required to file it on or before the thirty-first day of December following the end of such

financial year.

Q 21. What is the time period for the annual return for which transactions are to be taken?

Ans. The time period for the annual return is one financial year. This being the first year and GST introduced w.e.f 1st July, 2017, the details for the period between July 2017 to March 2018 are to be provided in this return. The dates for the annual return for this financial year has been extended to 31st March, 2019.

Q 22. Whether annual return is to be filed GSTIN wise or entity wise?

Ans. As per section 44(1) of CGST Act, every registered person is required to file annual return. Thus, each GSTIN will have to file separate annual return.

Q 23. What is final return? What is the need for it?

Ans. Every registered person whose registration is cancelled needs to file a final return in GSTR-10 within three months of the date of cancellation or date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges any liability that he/she may have incurred under section 29(5) of the CGST Act.

As per section 29(5) of the CGST Act, read with rule 20 of the CGST Rules a taxpayer seeking cancellation of registration has to pay, by way of debiting either the electronic credit or cash ledger, the input tax contained in

the stock of inputs, semi-finished goods, finished goods and capital goods or the output tax payable on such goods, whichever is higher. This requirement to debit the electronic credit and/or cash ledger by suitable amounts should not be a prerequisite for applying for cancellation of registration. This can also be done at the time of submission of final return in FORM GSTR-10.

The cancellation of registration does not, in any way, affect the liability of the taxpayer to pay any dues under the GST law, irrespective of whether such dues have been determined before or after the date of cancellation

(Section 45 read with rule 81)

Q 24. What if the final return is not filed within 90 days of cancellation of registration?

Ans. In case the final return in FORM GSTR-10 is not filed within the stipulated date, then notice in FORM GSTR-3A has to be issued to the taxpayer.

If the taxpayer still fails to file the final return within 15 days of the receipt of notice in FORM GSTR-3A, then an assessment order (BEST JUDGMENT BASIS) in FORM GST ASMT-13 under section 62 of the CGST Act read with rule 100 of the CGST Rules shall have to be issued to determine the liability of the taxpayer under section 29(5) on the basis of information available with the proper officer

If the taxpayer files the final return within 30 days of the date of service of the order in FORM GST ASMT-13, then the said order shall be deemed to have been withdrawn.

However, the liability for payment of interest and late fee shall continue.
