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## Tax and Regulatory Alert

### NEW FORMATS OF GST RETURNS

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#### **Introduction**

Pursuant to the recommendations made by the **GST Council**, *The Central Board Of Indirect Taxes and Customs ('CBIC')* through its relevant notification has notified that the **new GST Return System** which was earlier **proposed in October, 2019** is now to be **introduced from April 01, 2020**.

Under the New GST Return System, which is based on the principle of Upload-Lock-Pay, the large taxpayers, having turnover of more than INR 5 crores during the previous financial year, are required to file monthly return in contrast to the quarterly return filing for small tax payers namely, Sahaj (FORM GST RET- 2) and Sugam (FORM GST RET-3). Now, the taxpayer shall have the facility to continuously upload the invoices on the portal. Further, the buyer would also be able to continuously see the uploaded invoices during the month.

Small taxpayers opting to file the return on quarterly basis are required to pay tax, either by cash or credit or both, on monthly basis on the taxable supplies made during the month by filing FORM GST PMT – 08 for the first two months of the quarter. Tax must be paid by 20th of the month succeeding the month which the tax liability pertains to.

#### **New Return System**

In the **new GST Return System**, there will be following three main components:

- Main return in **FORM GST RET-1** which will replace the current Form GSTR-3B;
- Annexure in **FORM GST ANX-1** which will replace the current Form GSTR-1 i.e. large

taxpayers whose aggregate annual turnover in the previous Financial year was **more than Rs. 5 Crore** will upload their monthly **FORM GST ANX-1**. Invoices, etc., can be uploaded in FORM GST ANX-1 on a continuous basis both by large and small taxpayers from April 2020 onwards; and

- Annexure in **FORM GST ANX-2** which will replace the current Form GSTR-2A.

The following table summarizes compares the abovesaid Returns in the old and New System along with their respective due dates:

Old Return	New Return	Due Date
GSTR-1	GST ANX-1	11 <sup>th</sup> day of the next following month.
GSTR-2A	GST ANX-2	Action before filing of the main return needs to be taken.
GSTR-3B	GST RET-1	20 <sup>th</sup> day of the next following month.

Further, following are some new terms that have been introduced in the New Return System:

- **Missing Invoices** - Supplier has not uploaded invoice but recipient claims ITC, are termed as missing invoices.
- **Rejected Invoices** - When supplier filled incorrect GSTIN of recipient, recipient has to reject ITC on such invoice.
- **Pending Invoices** - When supplier uploaded invoice but recipient has not received supply or, Unsure about availing ITC.
- **Locking & unlocking of invoices** - If recipient agrees with details of uploaded invoices. Incorrectly locked invoice can be unlocked online subject to reversal of ITC.

The Salient Features of the New GST Return System have been comprehended in the following points:

- (1) Option to file quarterly return is available for taxpayers whose aggregate annual turnover in the previous financial year was upto Rs. 5 Crore.
- (2) Option to file NIL return through SMS.
- (3) Invoice details can be uploaded by the supplier and the same can be viewed by the recipient on real time basis.
- (4) Matching tool is available which will help the taxpayer to match their Input Tax Credit based on their FORM GST ANX - 2 and purchase register.
- (5) Inward supplies attracting reverse charge will be reported only by the recipient.
- (6) Option is available to include details omitted in the previous tax periods.
- (7) The amendment of details of earlier tax period can be made in FORM GST ANX-1A before the due date of September return following the end of the financial year or the actual date of furnishing relevant annual return, whichever is earlier.

- (8) Editing of documents can be done only by supplier. Editing by supplier is allowed only if recipient has not accepted such supply. If already accepted, unless reset/unlock by recipient details cannot be edited by supplier.
- (9) Recipient filing monthly returns can accept details uploaded by supplier till 10th of following month. Recipient filing Quarterly returns can accept details uploaded by supplier till 10th of the month succeeding the quarter for which the return is being filed.
- (10) Supplier may edit the rejected documents before filing any subsequent return. However, credit will be made available to recipient through the next FORM GST ANX-2 for the recipient. The tax liability for such edited documents will be accounted for in the same tax period.
- (11) Details of documents uploaded by the corresponding supplier(s) will be auto populated in FORM GST ANX-2 and recipient can take action on the auto populated documents to – accept, reject or to keep pending on continuous basis after 10th of the following month on which it was uploaded by supplier. Accepted documents would not be available for amendment at the corresponding supplier's end.

For better understanding, a comparison of the reporting requirements in the current system and the New System and their corresponding disclosures in AnX-1, ANX-2 and RET-1 return has been tabulated along with our observations, issues and additional requirements in **Exhibit A**.

Further the new format of the GST Returns are attached herewith for your ready reference along with explanation of the various details and requirements sought in the respective Returns as follows:

- **Exhibit B** - FORM GST ANX-1 (replacing Form GSTR-1)
- **Exhibit C** - FORM GST ANX-2 (replacing GSTR-2A)
- **Exhibit D** - FORM GST RET-1 (replacing Form GSTR-3B)

### **Switching of Returns**

Taxpayers can switch their returns in following manner:

- (a) From quarterly (normal) to Sugam (FORM GST RET-3) or Sahaj (FORM GST RET- 2) only once in a financial year at the beginning of any quarter.
- (b) From Sugam (FORM GST RET-3) to Sahaj (FORM GST RET- 2) only once in a financial year at the beginning of any quarter.
- (c) From Sahaj (FORM GST RET- 2) or Sugam (FORM GST RET-3) to quarterly (normal) more than once in a financial year at the beginning of any quarter.

The aforementioned changes in the formats of the GST Returns shall be made compulsory from April 01, 2020. However, returns in the new format can also be filed on a trial basis currently.

## Comparison of the Reporting Requirements

Transactions	Reporting as per Current System	Reporting as per New Systems	Table No. in New System	Observations and issues
B2B outward supplies (Other than supplies to SEZ )	GSTR-1	ANX-1	Table 3B	Reporting requirements for B2B remains same. However, supplies attracting tax under reverse charge are not required to be disclosed in ANX-1. The same are to be disclosed at Table D3 of RET-1.
SEZ supplies (with or without payment of tax)	GSTR-1	ANX-1	Table 3E & 3F	Additional requirement to disclose <b>6 digit HSN invoice</b> wise. The disclosure of minimum 6 digit HSN code is contrary to Notification No. 12/ 2017 – Central Tax dated 28 June 2017.
B2C supplies (Interstate more than INR 2.5 lacs)	GSTR-1	ANX-1	Table 3A	<ul style="list-style-type: none"> <li>➤ All B2C supplies (net of credit notes) are to be shown place of supply wise.</li> <li>➤ Welcome move as earlier B2CL invoices were to be reported invoice wise and <b>bifurcation of B2Cs and B2CL is no longer required.</b></li> <li>➤ Export credit notes (less than Rs.2.5 lacs) earlier disclosed in b2cs, now to be disclosed in Table 3C/Table 3D</li> <li>➤ Supplies made through E-commerce operators earlier disclosed in b2cs, now to be disclosed in Table 4 of ANX-1</li> </ul>
Other B2C supplies	GSTR-1	ANX-1	Table 3A	
Credit notes/ Debit notes to registered persons	GSTR-1	ANX-1	Table 3B	<ul style="list-style-type: none"> <li>➤ Requirement of providing <b>reference of original invoice to the credit notes/ debit note has been done away with in ANX-1.</b> Though, a positive step, it is advisable to keep the records as the same would be required for verification by GST auditor to determine the eligibility of credit notes.</li> <li>➤ It has been proposed in Finance Bill, 2020 to de-link the debit notes with the original invoice which is in line with ANX-1. As per the proposed amendment, the input tax credit can be availed by the recipient upto the due date of filing of return for the month of September following the end of the financial year in which debit note is issued.</li> </ul>
Credit notes to unregistered persons (Interstate more than INR 2.5 lacs)	GSTR-1	ANX-1	Table 3A	<ul style="list-style-type: none"> <li>➤ As B2C details are disclosed net of credit notes in ANX-1, requirement of credit note wise disclosure along with details of original invoice is done away with.</li> <li>➤ Export credit notes are now to be disclosed in Table 3C&amp;3D. There is an additional <b>requirement of mentioning HSN against each export credit note</b></li> </ul>



Transactions	Reporting as per Current System	Reporting as per New Systems	Table No. in New System	Observations and issues
Exports (with and without payment of tax)	GSTR-1	ANX-1	Table 3C & 3D	Additional requirement to disclose 6 digit HSN invoice wise
Advances received and adjusted	GSTR-1	RET-1	Table 3 C3 & C4	To be reported directly in RET-1 return place of supply wise
Nil Rated, exempt and Non-GST supplies	GSTR-1	RET-1	Table 3 D1 & D2	To be reported directly in RET-1 return
HSN outward summary	GSTR-1	N.A.	N.A.	<b>Not required to be reported in New GST returns.</b> As this requirement is removed, appropriate changes would be required to be made in GSTR-9 return
Documents issued	GSTR-1	N.A.	N.A.	Not required to be reported in New GST returns. As this requirement is removed, there is <b>no section to disclose the self-invoices</b> raised under Section 31(3)(f) of CGST Act, 2017 which is basis for availing input tax credit under reverse charge.
Import of goods	GSTR-3B	ANX-1	Table 3J	Bill of entry wise disclosure of details required in ANX-1. This has increased reporting requirements as earlier only IGST paid on import of goods was disclosed in GSTR-3B
Import of services	GSTR-3B	ANX-1	Table 3I	Place of supply wise disclosure required. Further, 6 digit HSN code is compulsory to be disclosed. However, testing in sandbox environment indicates it is not compulsory. The reporting requirement has increased in ANX-1. Further, it is relevant to note self-invoices raised in case of import of services are not required to be disclosed anywhere.
Inward supplies liable to reverse charge (other than imports)	GSTR-3B	ANX-1	Table 3H	The <b>details to be disclosed GSTIN/ PAN wise.</b> It is therefore relevant for businesses to get their RCM vendor details updated with GSTIN/ PAN. The possible reason to obtain details of PAN is to track the income of vendor using data mining and analytics and share such details with other departments.
Inward supplies from ISD	GSTR-3B	RET-1	Table 4 A9	ISD credit received would be auto-populated from Table 5 of ANX-2. The recipient would be required to accept the ITC details in ANX-2
All other ITC	GSTR-3B	RET-1	Table 4 A3	The registered person would be required to accept the invoices in Table 3A of ANX-2 appearing in their input tax credit register. Once accepted, the input tax credit would be auto populated in RET-1. If no action is taken, the invoice is deemed to be accepted upon filing of RET-1

Transactions	Reporting as per Current System	Reporting as per New Systems	Table No. in New System	Observations and issues
Reversal of ITC (under Rule 37, 39, 42 and 43)	GSTR-3B	RET-1	Table 4 B4	Reporting requirement remains same
Ineligible ITC	GSTR-3B	RET-1	Table 4 B2	Registered person to identify ineligible credit from Table A3 of RET-1 and insert in Table B2.
TDS/TCS credit	GSTR-3B	RET-1	Table 5	TDS and TCS credit will be auto-populated once the supplier files TDS return
Missing documents on which credit has been claimed	N.A.	ANX-1	Table 3L	This is an additional requirement which the registered person may find increasingly difficult to report. The invoices not appearing in ANX-2 on which input tax credit is availed (Additional credit restricted to 10% of eligible ITC as per Section 43(A)(4) of CGST Act, 2017) is to be disclosed here.
Liabilities prior to introduction of New GST returns	N.A.	RET-1	Table 3 A8	User to input the liabilities relating to the period prior to New GST returns
Eligible credit (after 1st July, 2017) not availed prior to the introduction of this return but admissible as per Law	N.A.	RET-1	Table 4 A4	Eligible ITC appearing in GSTR-2A upto 31 March 2020 shall be availed in Table 4 A4 of RET-1.
Provisional ITC on documents not uploaded by supplier	N.A.	RET-1	Table 4 A10	The ITC availed (additional credit of 10% of eligible ITC) of invoices not uploaded by supplier is required to be inserted here.
Reversal of credit in respect of supplies on which provisional credit has already been claimed in the previous tax periods but documents not uploaded in current tax period	N.A.	RET-1	Table 4 B3	Keeping track of invoices wherein provisional credit has been taken and whether the same appear in ANX-2 would be a cumbersome task.

<b>Transactions</b>	<b>Reporting as per Current System</b>	<b>Reporting as per New Systems</b>	<b>Table No. in New System</b>	<b>Observations and issues</b>
Break up of ITC on capital goods and input services	N.A.	RET-1	Table 4E	The break-up of ITC on inputs, input services and capital goods which is a requirement under Form GSTR-9 would be required to be reported now in monthly/ quarterly RET-1 return.
Interest and late fee due to late filing of return (including late reporting of invoices of previous tax periods, rejection of accepted documents by the recipient) (to be computed by the system)	N.A.	RET-1	Table 6(1)	Interest to be auto calculated in case any invoice is missed to be reported in the month in ANX-1. The registered person is therefore required to be cautious while filing ANX-1 to ensure that all invoices are appropriately reported.

*N.A. denote Not Applicable*

## FORM GST ANX-1

S.No.	Name of Sheet	Details to be supplied
1	B2C	Supplies made to consumers and un-registered persons.
2	B2B	Supplies made to registered persons (other than those attracting reverse charge)
3	EXP	Exports with payment of tax and Without payment of tax
4	SEZ	Supplies to SEZ units/developers with payment of tax and without payment of tax
5	DE	Deemed Exports
6	REV	Inward supplies attracting reverse charge
7	IMPS	Import of services
8	IMPG	Import of goods
9	IMPGSEZ	Import of goods from SEZ units on a Bill of Entry
10	ECOM	Details of the supplies made through e-commerce operators liable to collect TCS under section 52

- i. In ‘**sheet B2C**’, the supplies made to the customers and un-registered persons are to be mentioned. The following data needs to be supplied:
- **Place of Supply:** Details are to be given in the specified format i.e. Two-digit State - Code (eg. 07-Delhi). Refer “**sheet Master**” for the place of supply.
  - **Differential percentage of Tax Rate:** The rate at which the supply is eligible to be taxed at a differential percentage of the existing rate of tax, as notified by the government.
  - **Supply Covered under section 7 of the IGST Act:** The details whether the supply is an inter state supply or not is to be given in either ‘Yes’ or ‘No’. **Section 7 of the IGST Act, 2017 “Inter-State Supply”** states that supply of goods where the location of the supplier and the place of supply are in two different states, two different union territories, or a state and a union territory, shall be treated as an inter state supply of goods.
  - **Rate, Taxable Value, Taxes, etc.:** The applicable rate, taxable value, CGST, SGST, IGST, UGST, cess, etc. are to be mentioned.
- ii. Apart from the columns seeking generic information, in “**sheet B2B**”, the supplies made to the registered persons other than those attracting reverse charge are to be mentioned. The following data needs to be supplied:
- **Document Type:** The description of the document i.e. whether it is credit note, invoice or debit note shall be given.
  - **HSN Code:** HSN Code as per the “**sheet Master**” shall be given.
- iii. In “**sheet REV**”, the details of the inward supplies attracting reverse charge are to be supplied. It should be noted that apart from the columns seeking general information, in the column “**Supply Type**”, nature of the supply whether inter state or intra state shall be mentioned.
- iv. The details in “**Sheet EXP**”, “**Sheet SEZ**”, “**Sheet DE**”, “**Sheet IMPS**”, “**Sheet IMPG**”, “**Sheet IMPGSEZ**”, “**Sheet ECOM**” shall be given in the specified formats.



**FORM GST ANX-2**

<b>S.No.</b>	<b>Table No.</b>	<b>Details to be supplied</b>
1	Table 1	GSTIN
2	Table 2	Other details that will be auto populated
3	Table 3	Inward supplies received from a registered person (other than the supplies attracting reverse charge)
4	Table 4	Summary of the Input Tax Credit

- i. The details in the GST ANX-2 shall be auto populated.
- ii. The details uploaded in GST ANX-1 will be made available in GST ANX-2 to recipient on near real time basis.
- iii. In GST ANX-2, the recipient has to take action to accept, reject or to keep pending on continuous basis after 10th of the following month in which such documents have been uploaded i.e. the details of the inward supplies uploaded by the supplier in GST ANX-1 have to be “accepted”, “rejected” or “marked as pending” before filing GST RET-1.
- iv. If no action is taken, then all the documents will be treated as deemed accepted by recipient for the purpose of availing Input Tax Credit (ITC).
- v. The documents can be uploaded any time during the month till filing of the return. The documents uploaded upto 10th of the following month for which the return is being filed shall be made available to the recipient in the next month for claiming the Input Tax Credit (ITC).
- vi. The documents uploaded shall be edited upto 10th of the following month provided these documents have not been accepted by the recipient and if in case these are accepted, the same shall be reset/unlocked by such recipient before it can be edited by the supplier.

## FORM GST RET-1

S.No.	Table No.	Details to be supplied
1	Table 1	GSTIN
2	Table 2	Other details that will be auto populated
3	Table 3	Summary of outward supplies, inward supplies attracting reverse charge, debit / credit notes, etc. and tax liability
4	Table 3A	Details of outward supplies
5	Table 3B	Details of inward supplies attracting reverse charge
6	Table 3C	Details of debit / credit notes issued, advances received / adjusted and other reduction in liabilities
7	Table 3D	Details of supplies having no liability
8	Table 4	Summary of inward supplies for claiming Input Tax Credit (ITC)
9	Table 4A	Details of ITC based on auto-population from FORM GST ANX-1, action taken in FORM GST ANX-2 and other claims
10	Table 4B	Details of reversals of credit
11	Table 4E	Net ITC available
12	Table 5	Amount of TDS and TCS credit received in electronic cash ledger
13	Table 6	Interest and late fee liability details
14	Table 7	Payment of tax
15	Table 8	Refund claimed from electronic cash ledger
16	Table 9	Verification

- i. "Table 1" and "Table 2" requires the basic data that would be auto populated.
- ii. In "Table 3A", apart from the data that will be auto populated, in "Bullet number 8" details of any other liabilities relating to the period prior to the introduction of current return filing system or any other liability to be paid i.e. any liabilities related to the prior period which have not been paid shall be mentioned.
- iii. In "Table 3C", apart from the data that will be auto populated details of any advances received, advances adjusted, etc. are to be provided.
- iv. The generic information as needed is to be provided in "Table 3D" of the GST return.
- v. In "Table 4A", apart from the cells in which data is auto populated details of any eligible credit that was not availed prior to the introduction of the return shall be supplied in "Bullet number 4".
- vi. In "Bullet number 10", details of the credit which is being taken in excess (i.e. Provisional Credit) restricted to 10 per cent of the total amount of eligible credit being reflected in GSTR-2A of the recipient.

- vii. In “Table 4B”, the relevant data shall be supplied:
- viii. In “Bullet number 2”, the details of the ineligible Input Tax Credit shall be provided (for e.g. Rent a cab on which RCM is paid but ITC cannot be availed, etc.)
- ix. In “Bullet number 3”, the details of the Input Tax Credit (i.e. the Provisional Credit) which has been claimed in the previous period but reflected in GSTR-2A in the current tax period.
- x. In “Bullet number 4”, any other reversal of Input Tax Credit as per the law shall be stated.
- xi. In “Table 4E”, Input Tax Credit on capital goods and Input Tax Credit on services shall be segregated.
- xii. Table 5, Table 6, Table 7 and Table 8 are applicable on case to case basis.
- xiii. In case of the said return, the documents cannot be uploaded between 18th to 20th of the month following the month for which the return has to be filed.