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Goods & Service Tax

February 21, 2023

GSTN advisory regarding Introduction of Negative Values in Table 4 of GSTR-3B

Snapshot

GSTN has issued an advisory related to changes in disclosure of Input Tax Credit (ITC) in Table 4 of GSTR3B. The impact of Credit notes/Debit notes and their amendments which used to be auto-populated from GSTR2B in Table 4(B) will now be auto-populated in Table 4(A).

Hence, taxpayers will now be allowed to enter negative values in Table 4. These changes have been made available and shall be applicable from tax period January 2023.

Background

All regular taxpayers are required to report the amount of ITC in their monthly returns in Form GSTR3B. In Table 4, summary of Eligible ITC, Ineligible ITC and ITC reversal for the specific period is required to be disclosed.

As per notification dated 5th July 2022, the form was amended to provide the details such as ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period, Ineligible ITC under section 16(4) of CGST Act and ITC restricted due to PoS (Place of Supply) provisions.

Changes with effect from January 2023

- The government vide Notification no.14/2022 – Central Tax dated 05th July 2022 had notified few changes in Table 4 of GSTR3B for enabling the taxpayers to report correct information regarding ITC availed, ITC reversal and Ineligible ITC in Table 4 of GSTR3B. According to the changes, the Net ITC available is to be reported in Table 4(A) and ITC to be reversed should be reported in Table 4(B) in GSTR3B.
- Currently in GSTR3B, the credit notes and Debit notes are being auto populated in Table 4B (2) as ITC reversal. As per the current update, the impact of credit notes is to be reflected in Table 4A (5) of GSTR3B only.
- Accordingly, following changes have been made available in GST portal and shall be applicable from tax period January 2023 onwards-

- i. The impact of credit note & their amendments will now be auto-populated in Table 4(A) instead of Table 4(B) of GSTR-3B. In case the value of credit notes becomes higher than sum of invoices and debit notes put together, then the net ITC would become negative, and the taxpayers will be allowed to report negative values in Table-4A. Also, taxpayers can now enter negative values in Table 4D(2) of GSTR-3B.
 - ii. Consequent updates/ modification in the advisory, messages, instructions, and help-text in form GSTR-2B, without any structural changes in form GSTR-2B summary or tables have also been done in GSTR-2B.
 - iii. The calculation logic of Comparison Report has now been changed accordingly.
- Taxpayers are advised to go through instructions/ help text carefully in GSTR2B and system generated GSTR3B pdf before filing of GSTR3B.

KCM Comments

Henceforth, taxpayers will also require to prepare the reconciliation statement of their accounted debit notes in the books with GSTR-2B credit note to avail the proper ITC in GSTR-3B on monthly basis.

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For further analysis and discussion, you may please reach out to us.

Locations

Ahmedabad

Arpit Jain

Level 11, Tower B,
Ratnaakar Nine Square,
Vastrapur,
Ahmedabad - 380 015

Phone: +91 79 4910 2200
arpit.jain@kcmehta.com

Bengaluru

Dhaval Trivedi

19/4, Between 7th & 8th
Cross, Malleswaram,
Bengaluru - 560 003

Phone: +91 80 2356 1880
dhaval.trivedi@kcmehta.com

Mumbai

Bhadresh Vyas

315, The Summit Business Bay,
Nr. WEH Metro Station,
Gundavali, Andheri East,
Mumbai - 400069

Phone: +91 22 2612 5834
bhadresh.vyas@kcmehta.com

Vadodara

Milin Mehta

Meghdhanush,
Race Course,
Vadodara - 390 007

Phone: +91 265 2440400
milin.mehta@kcmehta.com