

Activities to be done before the end of September 2021 and Annual Compliances for the FY 2020-21

Snapshot

The time limit to carry out following activities in respect of transactions pertaining to the FY 2020-21 is the date of filing the return for September 2021:

- Carry out amendments in the GST returns to rectify errors/omissions in the invoices raised
- Issuance of credit notes pertaining to the supplies made during the FY 2020-21
- Availing ITC missed out in the returns filed for the FY 2020-21
- Reversal of ITC in case used for exempted or non-business purpose

Given the above, it becomes necessary for the taxpayers to perform the following activities to be able to rectify the errors / issue credit notes / claim missed out ITC

- Reconciliation of outward supply declared in returns vs the turnover as per books

- Reconciliation of outward supply declared in GSTR 3B vs GSTR 1
- Reconciliations of ITC as per books vs GSTR 3B as well as GSTR 2A/GSTR 2B

Other activities, although do not have any time limit, may be undertaken as a part of the year end reconciliation activity

- Reversal of ITC in case of non-payment to suppliers within 180 days
- GST to be payable if goods sent to job worker not received back within the specified time limit

Filing of GSTR 9 and 9C has commenced on the GSTN portal. The due date for filing the returns is December 31, 2021

The due date for renewal of RCMC Certificate for the FY 2021-22 is September 30, 2021

Carrying out amendments to rectify errors/omissions in the invoices raised during FY 2020-21

Any amendments to rectify errors or omissions pertaining to the invoices raised during the FY 2020-21 shall have to be done before or at the time of filing GSTR-1 for the month of September 2021.

No amendments / reporting of any omitted invoices with respect to invoices raised in FY 2020-21 shall be allowed after filing the GSTR-1 for the month of September 2021.

Issuance of credit notes pertaining to the supplies made during the FY 2020-21

Credit notes required to be issued for adjusting GST pertaining to supplies made during the FY 2020-21 shall also have to be issued and reported before filing GSTR 3B for the month of September 2021.

Post filing GSTR 3B for the month of September 2021, adjustments to GST by way of credit notes shall not be allowed.

Reconciliation of outward supply declared in returns vs the turnover as per books

Reconciliation of outward supply declared in returns vs the turnover as per books for the FY 2020-21 shall have to be carried out to:

- report any missed out outward supplies in GSTR returns
- make the necessary adjustments in the financial statements, if not yet finalised

Further, it is advisable to reconcile the consolidate GSTR 1 and GSTR 3B to identify gaps, if any, and carrying out the necessary rectifications.

While this reconciliation can be carried out at the time of filing GSTR 9, considering the time limit provided for amendments, it is recommended that the reconciliation exercise is completed by the end of September 2021 so that necessary adjustments can be done in the return for the month of September 2021 filed in October 2021.

Reconciliations of ITC as per books vs GSTR 3B as well as GSTR 2A/GSTR 2B

Reconciliation of ITC as per books of accounts vs GSTR 2A/GSTR 2B for the FY 2020-21 should be carried so that:

- ITC as per books and the ITC claimed in GSTR 3B is matched and the difference, if any, can be resolved.
- ITC pertaining to the FY 2020-21, if any missed out, can be claimed before filing GSTR-3B for the month of September 2021. Availment of ITC pertaining to the FY 2020-21 shall not be allowed thereafter.
- To ensure that the ITC claimed during the FY 2020-21 in the GSTR 3B does not exceed more

than the limits prescribed in Rule 36(4) of the CGST Rules, 2017.

- Wherever expenses are booked in books of accounts, but ITC is not appearing in GSTR 2A, such cases should be identified so that follow-up can be done with the suppliers to carry out necessary amendments.

Reversal of ITC in case used for exempted or non-business purpose

In the case where inputs, input services or capital goods are partly used for the purposes of business and partly for non-business purposes or partly used for exempted supplies and partly used for taxable and zero-rated supplies, the annual calculation for reversal of common ITC is required to be done before filing GSTR 3B for the month of September 2021.

If the total ITC to be claimed as per annual calculation is less than the total ITC already claimed during FY 2020-21 then excess ITC claimed shall have to be reversed before filing GSTR 3B for the month of September 2021.

Similarly, if the total ITC to be claimed as per annual calculation is more than the total ITC already claimed during FY 2020-21 then additional ITC can be claimed before filing GSTR 3B for the month of September 2021.

Certain other points to be considered as a part of the annual compliance

Reversal of ITC in case of non-payment to suppliers within 180 days

The GST law prescribes reversal of ITC in the case where full or part value of invoice has not been paid to the suppliers within 180 days from the date of issue of the invoice.

While this activity must be done every month and whenever the payment to the supplies is outstanding for a period of more than 180 days, the necessary reversal should be made in the returns of the relevant period, in case this activity has not been done during the previous FY, the taxpayers may check the creditor's aging report and carry out the reversal of ITC, wherever required during or before filing the return for September 2021.

GST to be paid if goods sent to job worker are not received back within the specified time limit

Inputs and capital goods sent to job workers are to be received back within 1 year and 3 years respectively, if not received, a registered person shall be liable to pay GST on the said transaction from the date of sending such goods. While this activity is also required to be done on continuing

basis, if not done during the previous FY, taxpayers should identify if there are any cases where inputs or capital goods sent to job workers are lying with them for a period of more than 1 year or 3 years as the case may be and take appropriate action i.e. discharge GST on such transactions.

Annual compliances for the FY 2020-21

Filing of annual return in form GSTR 9 and reconciliation statement in form GSTR 9C has commenced on the GSTN portal. The due date for filing the said returns is December 31, 2021.

The due date for renewal of RCMC Certificate for the FY 2021-22

RCMC certificates issued for the FY 2020-21 and expired on March 31, 2021 are required to be renewed before September 30, 2021, if not already renewed.

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

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