

kcmFlash

Goods & Service Tax

September 14, 2023

Introducing Electronic Credit Reversal and Reclaimed Statement

Snapshot

GSTN has issued an advisory for introducing of 'Electronic Credit and Re-claimed Statement ledger' on the GST portal to help the taxpayers in tracking of their ITC that has been reversed in Table 4B(2) and thereafter re-claimed in Table 4D(1) and 4A(5) in GSTR-3B, for each return period, starting w.e.f. August return.

Background

With reference to Notification 14/2022 and Circular 170/02/2022, CBIC has notified certain changes in table 4 of GSTR-3B to enable taxpayers reporting correct information related to ITC availed, ITC reversal, ITC reclaimed and ineligible ITC. Accordingly, the reclaimable ITC earlier reversed in Table.

4(B)2 may be subsequently claimed in Table 4(A)5 on fulfilment of necessary conditions. Such reclaimed ITC in Table 4(A)5 also needs to be explicitly reported in Table 4D (1).

Changes with effect from return to be filed for the month of August 2023

A new ledger called **"Electronic Credit and Re-claimed Statement"** is being introduced on the GST portal to assist taxpayers in correctly and accurately report ITC reversal and ITC reclaim, to help them in tracking of their ITC reversed in Table 4 B (2) and re-claim in Table 4 D (1) and 4 A (5) for each return starting from August 2023.

Taxpayers are being provided a facility to report their cumulative ITC reversal as opening balance for Electronic Credit and Re-claimed Statement.

Following procedure has been prescribed for the same-

Login >> Report ITC Reversal Opening Balance. or

Services >> Ledger >> Electronic Credit Reversal and Re-claimed Statement >> Report ITC Reversal Opening Balance

Guidelines

Navigate to Reporting ITC Reversal Opening Balance:	Opening Balance:
1. Monthly Filing Frequency Taxpayers (Till July 2023)	1. ITC reversal done until the return period of July 2023.
2. Quarterly Filing Frequency Taxpayers (Till Q1 of FY 2023-24)	2. ITC reversal made until the April-June 2023 return period.
Reporting Deadline (for opening balance)	Till 30th November 2023
Amendment Opportunities	Three opportunities till 31st December 2023

The portal will maintain a record of reversal and re-claimed amounts on a return period basis. A validation mechanism is incorporated into the GSTR-3B form to prevent taxpayers from claiming excess ITC in table 4D (1) than the available ITC reversal balance in the statement along with ITC reversal made in the current return period in Table 4B (2). If a taxpayer attempts to claim excess ITC, a warning message will appear.

KCM Comment:

Taxpayers are advised to report an accurate opening balance to avoid further litigation and not to reclaim ITC exceeding the closing balance of the "Electronic Credit Reversal and Re-claimed Statement".

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

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