



TAX  
RETURN

***[Chapter IX]***

*Edition 7*

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- Furnishing of Returns [S. 39]
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### S.37(1): Time Limit for furnishing details

- Every registered person other than-
  - an input service distributor
  - a non-resident taxable person
  - a person paying tax under composition levy
  - tax deduction at source or
  - tax collected at source
- shall furnish, electronically, in GSTR-1
- in such form and manner as may be prescribed, the details of outward supplies,
- on or before the 10<sup>th</sup> day of the next month and
- such details shall be communicated to the recipient in GSTR-2A

### First Proviso to S.37(1)

- Details of outward supplies is not allowed to be furnished
- from the 11<sup>th</sup> day to the 15<sup>th</sup> day of the month
- succeeding the tax period

### Second Proviso to S.37(1): Extension of Time Limit

- Commissioner may extend the time limit for furnishing details
- after recording reasons in writing

### Third Proviso to S.37(1): Deemed Extension

- If extension is notified by Commissioner of State tax, it shall be deemed by Commissioner of Central Tax

### S.37(2): Acceptance of details by supplier

- every registered person
- who has been communicated the details of supplies modified, deleted, or included by the recipient and furnished u/s. 38(2) [S. 38(3)] [GSTR-1A]
- the details pertaining to inward supplies of composition tax payer/ input service distributor,
- shall either accept or reject the details so communicated,
- on or before the 17<sup>th</sup> day of the month succeeding the tax period
- but not before the 15<sup>th</sup> day of the month
- the details of outward supplies furnished by him shall stand amended

### S.37(3) Rectification of errors

- any registered person,
- who has furnished the details of outward supplies for any tax period and
- which have remained unmatched, [S.42 & S.43]
- shall, upon discovery of any error,
- rectify such error or omission in the tax period during which such error or omission is noticed in such manner as may be prescribed, and
- shall pay the tax and interest, if any, in case there is a short payment of tax

### Proviso to S.37(3) Time limit for Rectification

- No rectification of error in respect of the details of outward supplies
- shall be allowed after furnishing of the return for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return whichever is earlier

*[Revenue having time upto 4 years-9 months/ 6 years-9 months]*

### Explanation to S.37

- Expression “details of outward supplies” shall include details of invoices, debit notes, credit notes and revised invoices issued in relation to outward supplies made during any tax period

### S.38(1): Validation of details by recipient

- Every registered person other than-
  - an input service distributor
  - a non-resident taxable person
  - a person paying tax under composition levy
  - tax deduction at source or
  - tax collected at source
- shall verify, validate, modify or delete, if required, the details relating to outward supplies and credit or debit notes communicated by supplier
- to prepare the details of his inward supplies and credit or debit notes and
- may include therein, the details of inward supplies and credit or debit notes received by him in respect of such supplies that have not been declared by the supplier

### S.38(2): Time limit for furnishing details

- every registered person (other than as above) shall furnish, electronically,
- details of inward supplies of **taxable** goods or services or both,
- including inward supplies of goods or services on which the tax is payable on reverse charge basis
- and inward supplies of goods or services or both taxable under the IGST Act, or
- **On which IGST is payable u/s. 3 of the Customs Tariff Act, 1975** and
- credit or debit notes received in respect of such supplies during a tax period in GSTR-2
- after the 10<sup>th</sup> but on or before the 15<sup>th</sup> day of the month succeeding the tax period

### Proviso to S.38(2): Extension of Time Limit

- Commissioner may extend the time limit for furnishing details
- For the reasons to be recorded in writing

### Third Proviso to S.38(2): Deemed Extension

- If extension is notified by Commissioner of State tax, it shall be deemed by Commissioner of Central Tax

### S.38(3): Communication to supplier (Change in details)

- The details of supplies modified, deleted or included by the recipient in details furnished under S.38(2)
- shall be communicated to the supplier concerned in the manner and within the time as may be prescribed in GSTR-1A

### S.38(4): Communication to supplier (Change in returns)

- The details of inward supplies modified, deleted or included by the **composition taxpayer and ISD** i.e. recipient in their return furnished under S.39(2) Composition & 39(4) ISD, respectively,
- shall be communicated to the supplier concerned in the manner and within the time as may be prescribed.

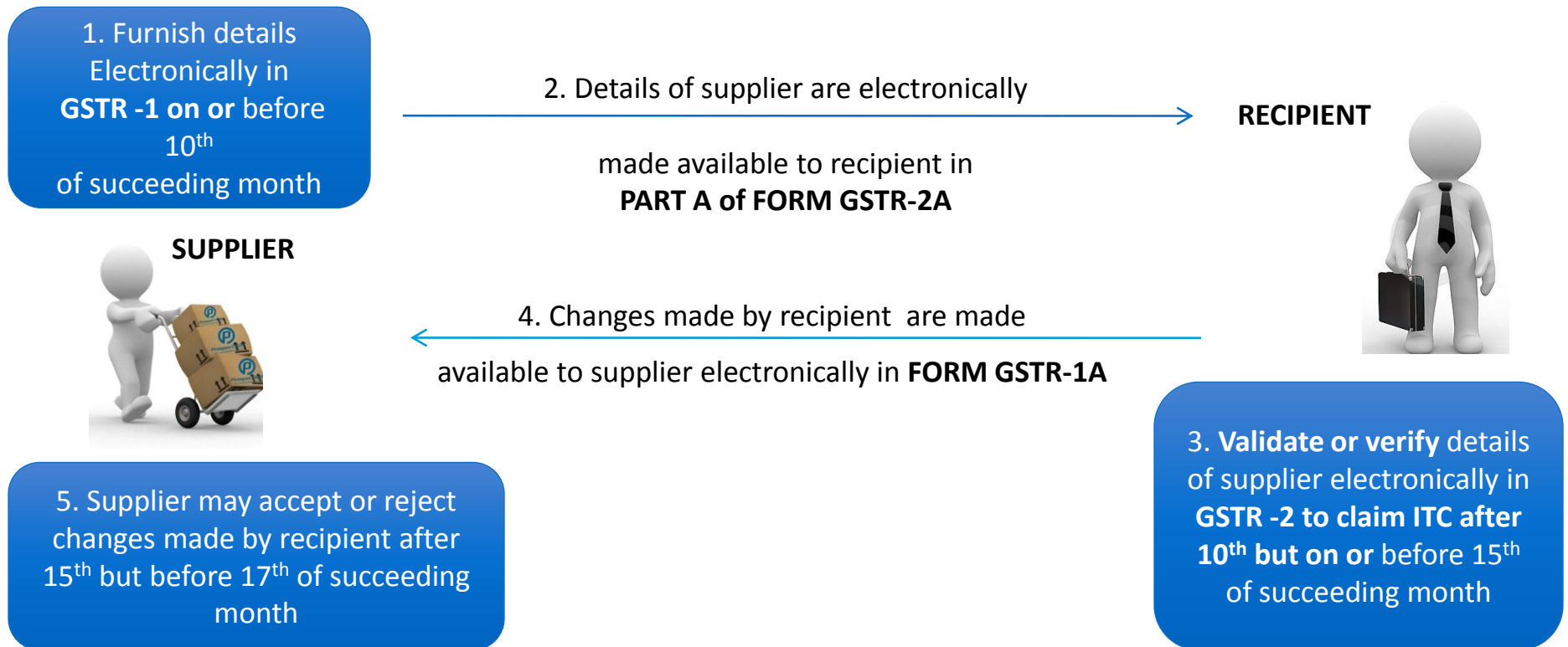
### S.38(5): Rectification of errors

- any registered person,
- who has furnished the details of inward supplies for any tax period and
- which have remained unmatched, [S.42 & S.43]
- shall, upon discovery of any error,
- rectify such error or omission in the tax period during which such error or omission is noticed in such manner as may be prescribed
- and shall pay the tax and interest, if any, in case there is a short payment of tax

### Proviso to S.38(5) Time limit for Rectification

- No rectification of error in respect of the details of inward supplies
- shall be allowed after furnishing of the return for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return whichever is earlier

[Revenue having time up to 4 years-9 months/ 6 years-9 months]



**\*These provisions shall not apply on ISD, Non-resident taxable person, Composition taxpayer, TDS and TCS**

### **GSTR-1: Details of outward supplies**

#### **Outward supplies**

- Exempted or non-taxable supplies are optional to mention in return
- Outward Supplies: Mention place of supply in case of-
  - B2B Transactions-All
  - B2C Transactions-Above-2.5 lacs

#### **HSN/ SAC Codes- Mandatory from 2nd year**

- If Gross turnover (previous year)
  - Below 1.5 Crores-Not necessary
  - Between 1.5 Crores to 5 Crores-2 digits
  - Above 5 Crores-4 digits
  - Exporters-8 digits

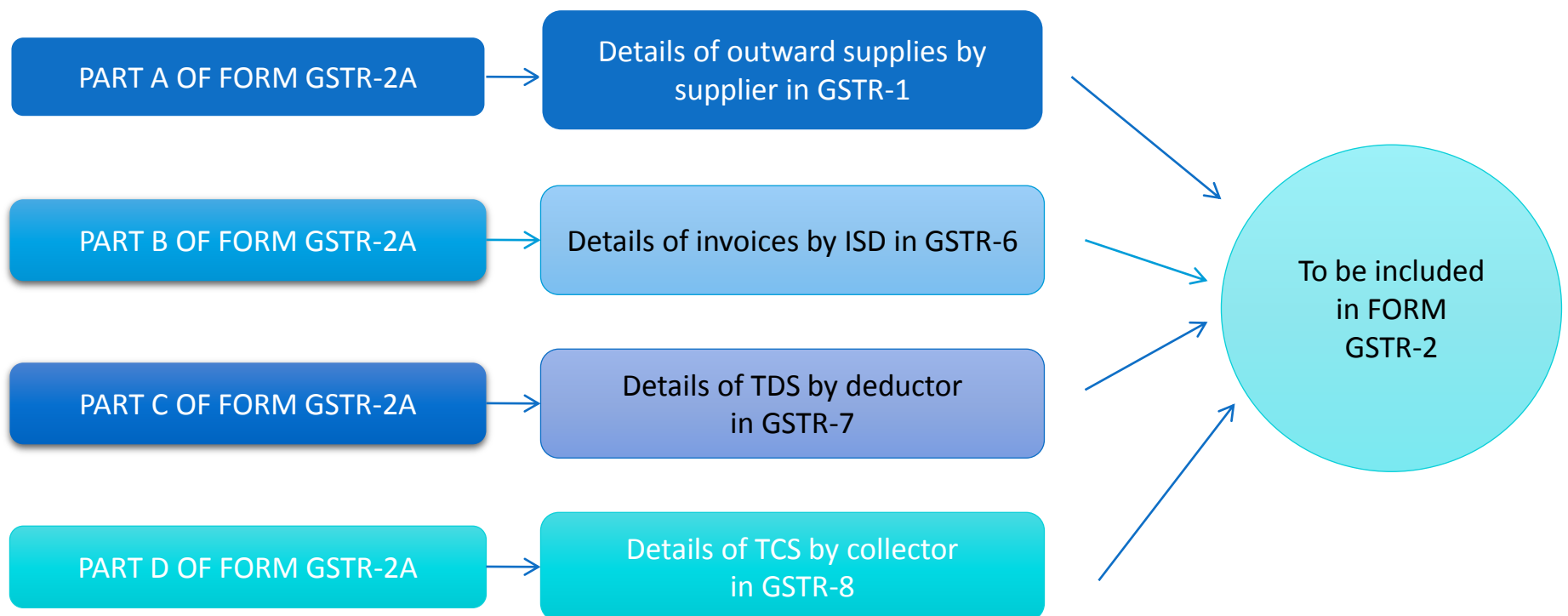


**Rule 2(3)**

- The recipient of supplies shall specify the inward supplies in respect of which he is not eligible, either fully or partially, for input tax credit in **Form GSTR-2** where such eligibility can be determined at the invoice level.

**Rule 2(4)**

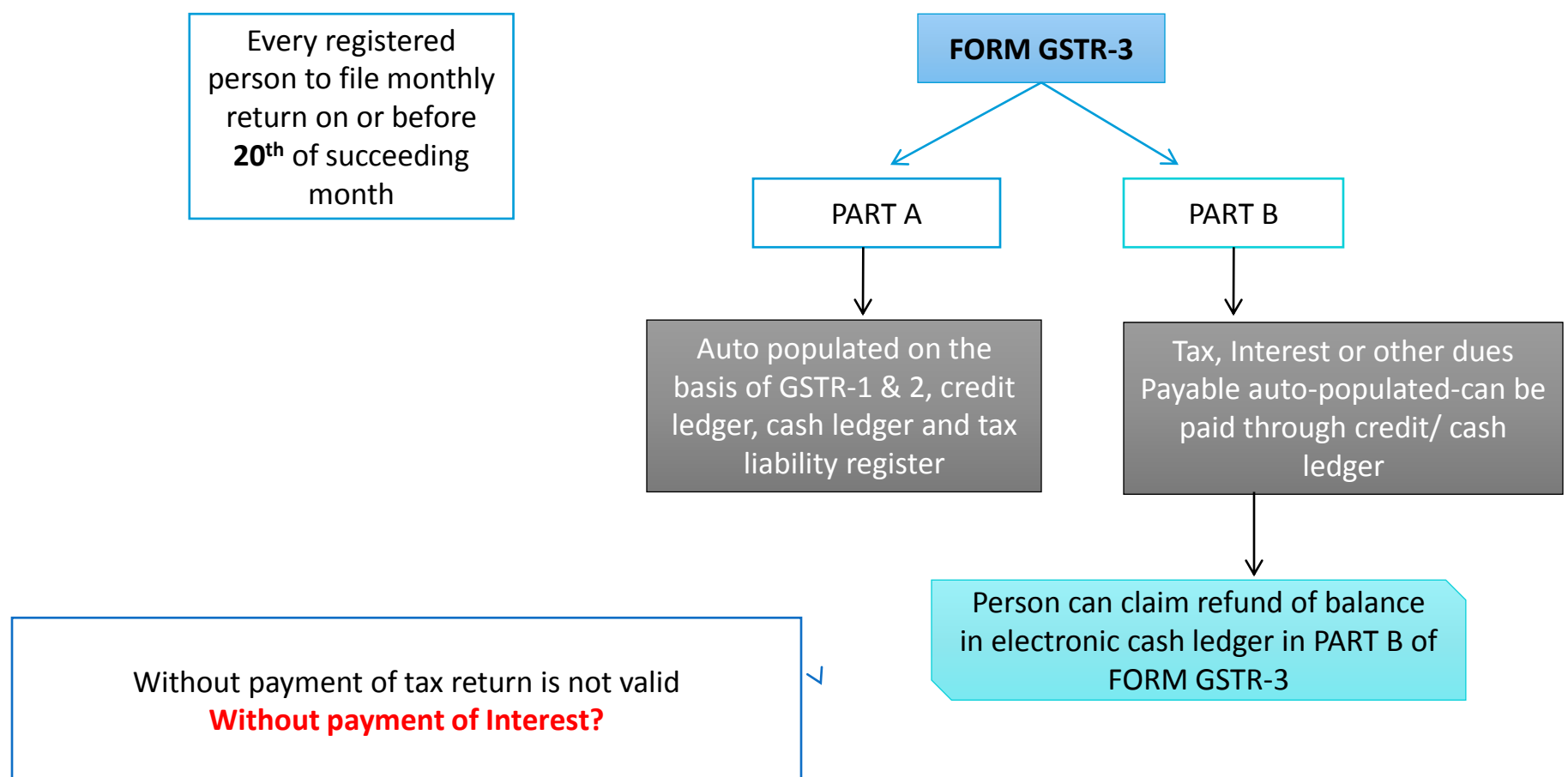
- The recipient of supplies shall declare the quantum of ineligible input tax credit on inward supplies which is relatable to non-taxable supplies or for purposes other than business and cannot be determined at the invoice level in **Form GSTR-2**

**Details included in form GSTR-2**

### S.39(1): Time limit for furnishing return

- every registered person, other than
  - an input service distributor or
  - a non-resident taxable person or
  - a person paying tax under composition levy,
  - tax deducted at source or
  - tax collected at source
- shall, for every calendar month or part thereof, furnish a return in FORM GSTR-3, electronically,
- of inward and outward supplies, input tax credit availed, tax payable, tax paid and other particulars
- on or before the 20<sup>th</sup> day of the month succeeding such calendar month or part thereof.

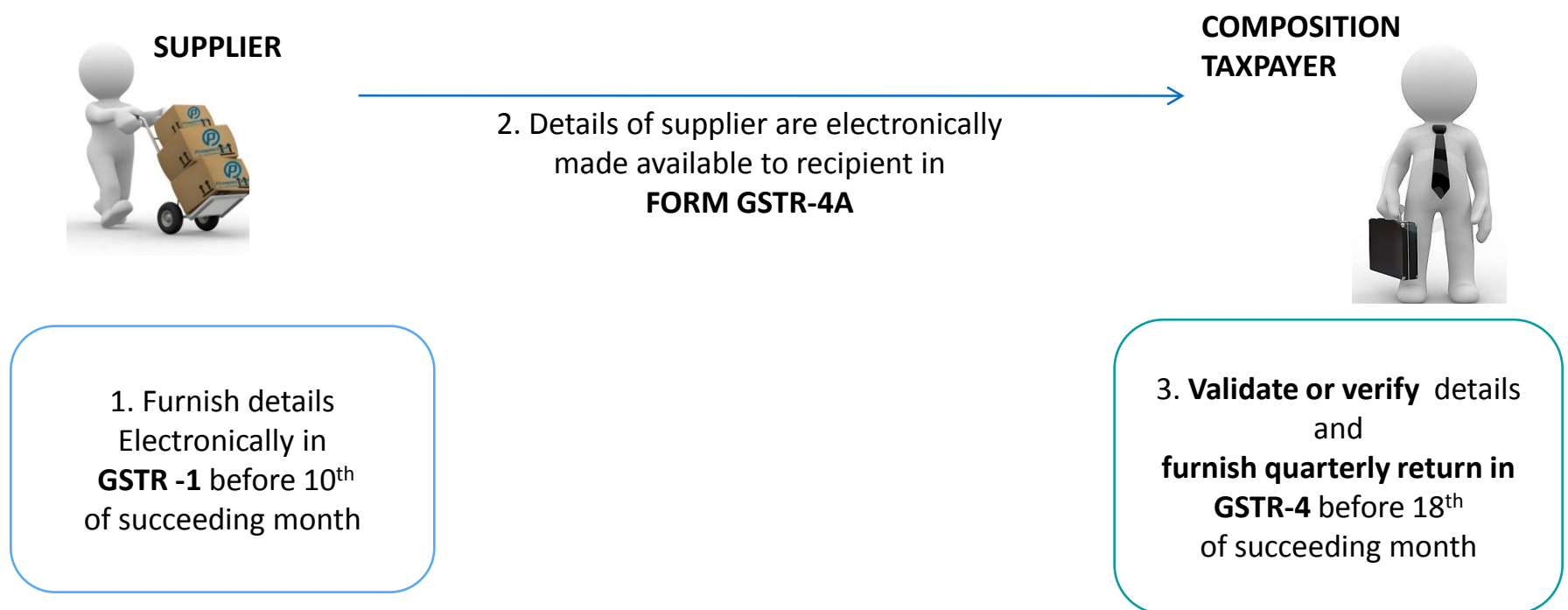
### Monthly Return: Rule 3 read with S.39



### S.39(2): Time limit for Composition Taxpayer

- A registered person paying tax under composition levy
- shall, for each **quarter** or part thereof,
- **after adding, correcting or deleting the details contained in FORM GSTR-4A, (Rule 4)**
- furnish a quarterly return in **FORM GSTR-4** electronically, of turnover in a State or Union Territory
- of **inward supplies** of goods or services, tax payable and tax paid **within 18 days** after the end of such quarter.

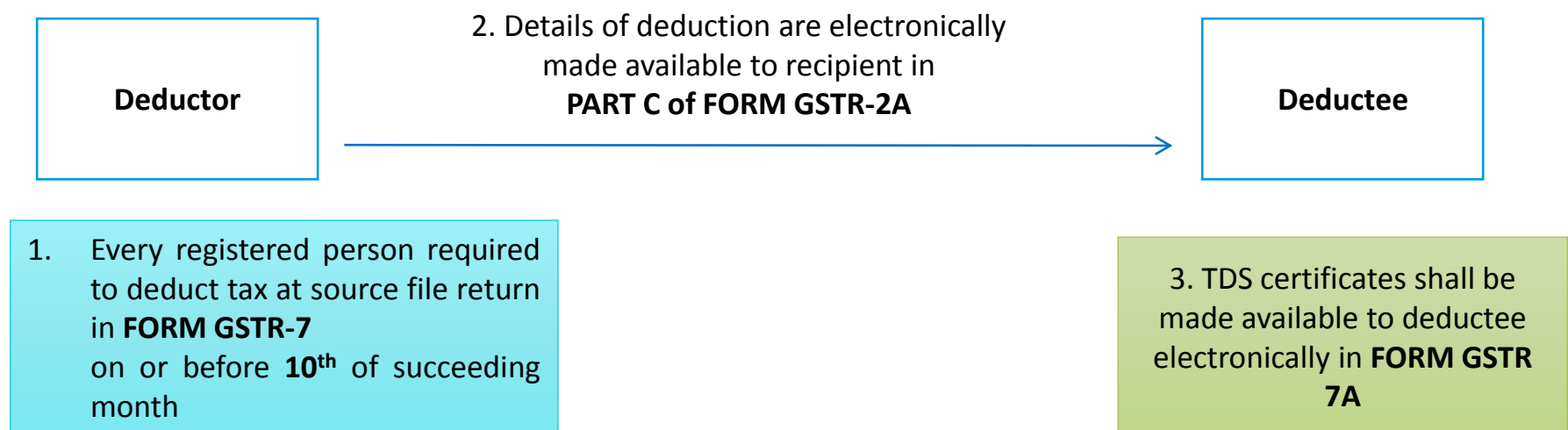
### Returns by Composition Taxpayer: Rule-4 read with S.39(2)



Since composition dealer cannot take ITC, he shall pay tax and other dues from **Electronic cash ledger**

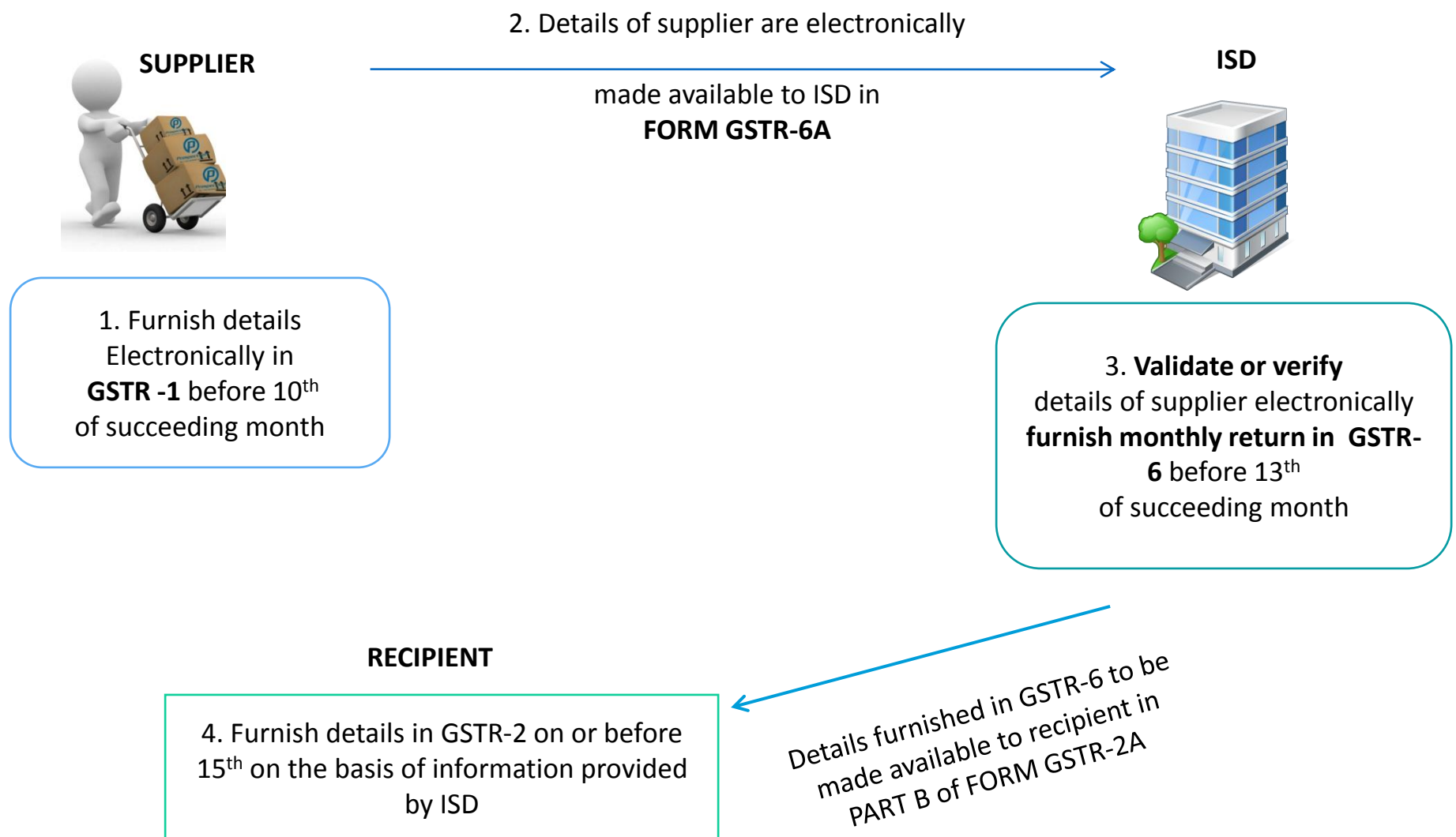
**S.39(3): Time limit for TDS Deductor**

- Every registered person required to deduct tax at source
- shall furnish,
- a return in GSTR-7, electronically, for the month in which such deductions have been made
- along with the payment of tax so deducted
- within 10 days after the end of such month.

***TDS returns: rule-7 read with s.39(3)***

**S.39(4): Time limit for ISD**

- Every person registered as an Input Service Distributor shall,
- for every calendar month or part thereof, furnish,
- in such form and in such manner as may be prescribed,
- return, in GSTR-6 electronically,
- within 13 days after the end of such month.

**Returns by ISD: Rule-6 read with 39(4)**



**S.39(5): Time limit for non-resident taxable person**

- every registered non-resident taxable person
- shall, for every calendar month or part thereof,
- furnish a return in GSTR-5, electronically,
- within 20 days after the end of a calendar month
- or within 7 days after the last day of the period of registration, whichever is earlier.

**Returns by non-resident taxable person****Rule-5 read with 39(5)****FORM GSTR-5**

Every **registered non-resident** taxable person file return in GSTR-5

1. Within 20 days after end of calendar month
- Or
2. Within 7 days after last day of period of registration

*Whichever is earlier*

**S.39(6) Extension of time limit**

- Commissioner may, by notification, extend the time limit for furnishing the returns
- Reasons to be recorded in writing

**Third Proviso to S.39(6) deemed extension**

- If extension is notified by Commissioner of State tax, it shall be deemed by Commissioner of Central Tax

**S.39(7) Payment of tax within due date of filing of the return**

- every registered person, who is required to furnish a return
- Under 39(1), (2), (3) and (5) **[ISD not included]**
- shall pay to the account of the appropriate Government
- the tax due as per such return
- not later than the last date on which he is required to furnish such return.

**S.39(8): NIL return**

- Every registered person who is required to furnish a return under 39(1) and (2) [Monthly and quarterly return]
- shall furnish a return for every tax period
- whether or not any supplies of goods or services have been effected during such tax period.

**S.39(9): Rectification of mistakes**

- Subject to the provisions of sections 37 and 38
- if any registered person after furnishing a return
- discovers any omission or incorrect particulars therein,
- other than as a result of-
  - scrutiny,
  - audit,
  - inspection or
  - enforcement activity
  - by the tax authorities

**S.39(9): Rectification of mistakes**

- he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter,
- during which such omission or incorrect particulars are noticed,
- subject to payment of interest

**Proviso to S.39(9) Time limit for Rectification**

- No rectification of error in respect of any omission and incorrect particulars
- shall be allowed after furnishing of the return for the month of September or second quarter following the end of the financial year, or actual date of furnishing of the relevant annual return
- whichever is earlier  
[Revenue having time upto 4 years-9 months/ 6 years-9 months]

**S.39(10)**

- A registered person
- shall not be allowed to furnish a return for a tax period
- if the return for any of the previous tax periods has not been furnished by him.

S.40: First return

- Every registered person
- who has made outward supplies in the period
- between the date on which he became liable to registration till the date on which registration has been granted
- shall declare the same in the first return filed by him after grant of registration.

S.41: Claim of input tax credit and provisional acceptance thereof

S.41(1)

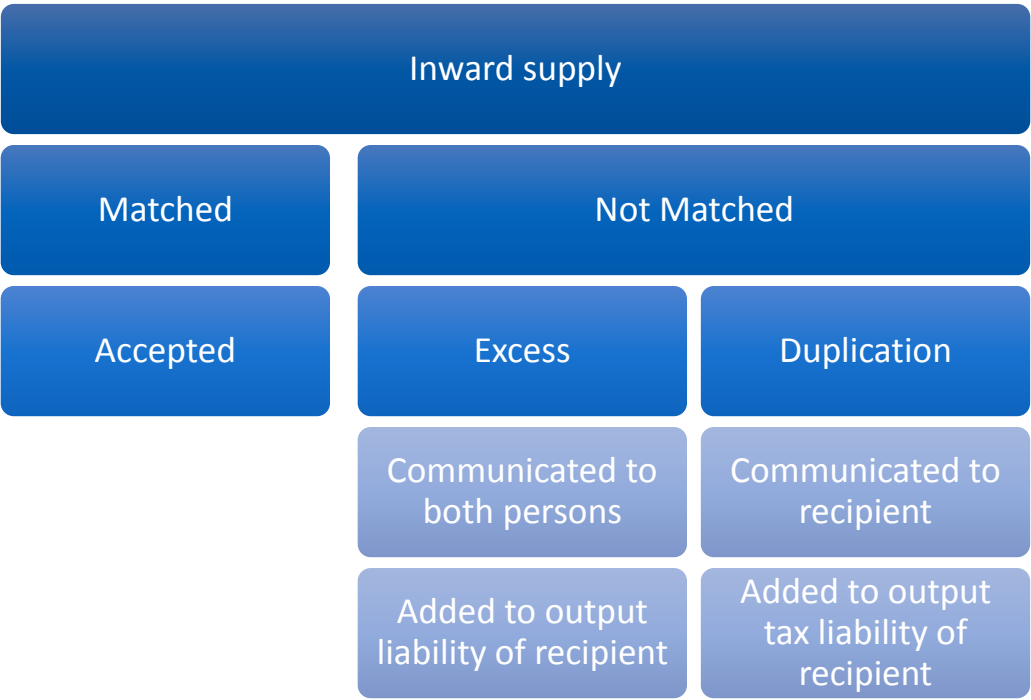
Every registered person shall-

- be entitled to take credit of eligible input tax
- as self-assessed in his return and such amount shall be credited, on a provisional basis,
- to his electronic credit ledger

S.41(2)

Credit referred to in section 36(1) shall be utilized only for payment of self-assessed output tax liability as per return

Concept of matching of ITC



**S.42(1) read with R.10**

**S.42(1): Matching**

- Details of every inward supply furnished by registered person i.e. recipient shall be matched-
  - Corresponding details of outward supply furnished by supplier
  - IGST paid under S.3 of Custom Tariff Act, 1975 in respect of imported goods
  - Duplication of claims of ITC
- After due date for furnishing GSTR-3

**Deemed matching: Rule 10**

- Claim of ITC in invoices and debit notes in GSTR-2
  - that were accepted by recipient in GSTR-2A
  - without amendment
  - shall be treated as matched
  - if supplier has furnished valid return
- Claim of ITC considered as matched
  - if amount of ITC claimed is equal to or less than
  - output tax paid by corresponding supplier

**S.42(2) read with R.11**

**S.42(2): Acceptance**

- Claim of input tax credit
- in respect of invoices and/ or debit notes
- relating to inward supply that match with the details of corresponding outward supply or with the IGST paid under CTA, 1975 shall be
- finally accepted and such acceptance shall be communicated to the recipient in **FORM GST ITC-1 (R.11)**

**S.42(3) read with R.12**

- where the input tax credit claimed by a recipient
- in respect of an inward supply
- is in excess of the tax declared by the supplier for the same supply
- or the outward supply is not declared by the supplier in his valid returns,
- The discrepancy shall be communicated to both such persons in **GST ITC-1** on or before the last date of month in which matching has been carried out. (R.12)

**S.42(4): Duplication of claims**

- Duplication of claims of ITC shall be communicated to recipient
- In GST ITC-1

**S.42(5): Liability of Recipient**

- If mistake is not rectified by supplier in valid return
- It shall be added to output tax liability of recipient in his return
- for the month succeeding the month in which discrepancy is communicated

**S.42(6): Liability of Recipient**

- Duplication of claims of ITC shall be added to output tax liability of recipient in his return
- For the month in which duplication is communicated

**S.42(7): Reduction in liability of recipient**

- If mistake is rectified by supplier in valid return within time specified in 34(9) i.e. furnishing of the return for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier
- Recipient shall be eligible to reduce his output tax liability

**S.42(8): Interest liability**

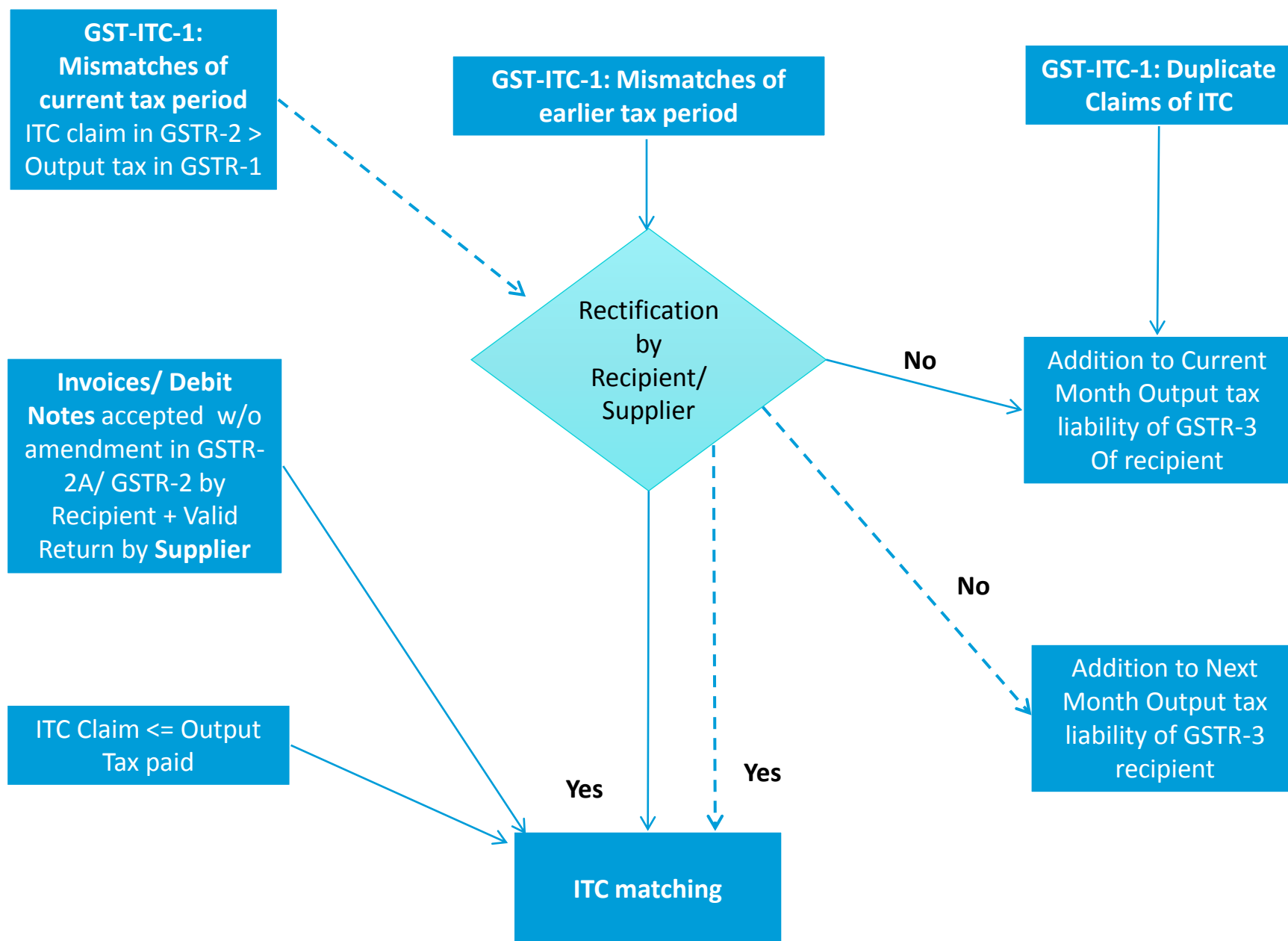
- Recipient shall be liable to pay interest on the amount so added from the date of availing of credit till the corresponding additions are made by supplier

**S.42(9): Refund to recipient**

- Where reduction in output tax liability is accepted, the interest paid shall be refunded to the recipient by credit in electronic cash ledger in GST PMT-3
- Amount of interest refunded shall not exceed the amount of interest paid by supplier

**S.42(10): Reduction found incorrect**

- If amount reduced found to be in contravention of S.42(7) then it shall be added to the output tax liability of recipient in the month in which contravention takes place
- Such recipient shall pay interest on the amount so added





### REDUCTION IN OUTWARD TAX LIABILITY

Matched

Not Matched

Accepted

Excess

Duplication

Communicated to both persons

Communicated to supplier

Added to output liability of supplier

Added to output tax liability of supplier

### S.43(1): Matching

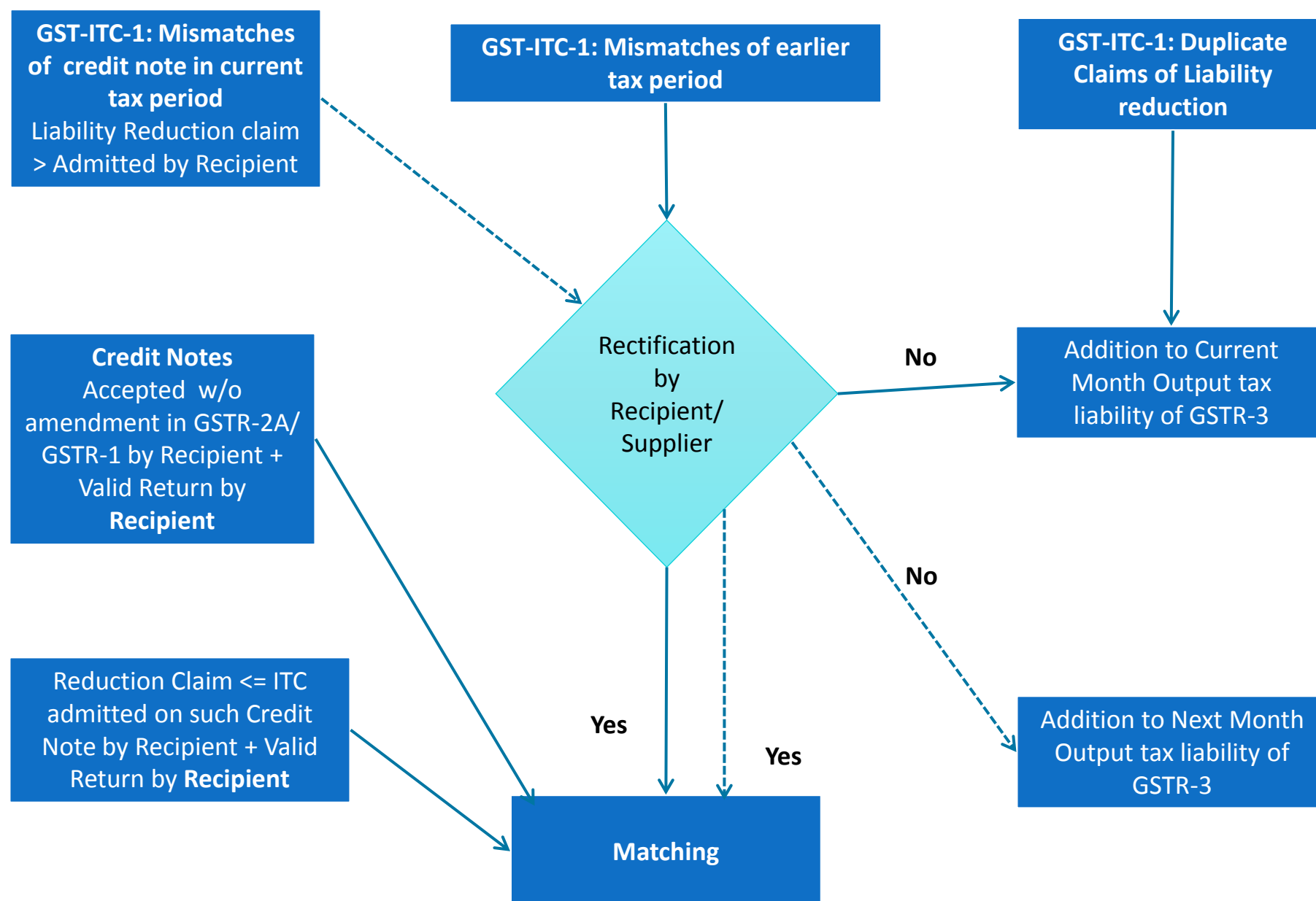
- Details of every CREDIT NOTE relating to outward supply furnished by registered person i.e. supplier shall be matched-
  - Corresponding reduction in claim of ITC by recipient
  - Duplication of claims for reduction in outward tax liability
- After due date for furnishing GSTR-3

### Procedure In Short (Same As In S.42)

- Acceptance of matching to be communicated in GST ITC-1
- Discrepancies to be communicated to both parties
- Rectification of discrepancies by supplier or recipient
- If not rectified to be added to output liability of supplier-Interest to be paid
- Duplication of claims to be communicated to supplier and added to his liability along with interest
- If recipient rectifies mistake-Reduction in output tax liability-Refund of Interest
- Liability to be added again if reduction is in contravention







**S.44(1)**

- Every registered person, other than
  - an input service distributor
  - Person paying tax under TDS/ TCS
  - a casual taxable person and
  - a non-resident taxable person
- shall furnish an annual return in GSTR-9 for every financial year electronically
- on or before the 31<sup>st</sup> day of December following the end of such financial year.
- Taxable person paying tax under composition levy shall furnish the annual return in GSTR-9A

**S.44(2)**

- Registered person
- Who is required to get his accounts audited under S.35(5)
- shall get his accounts audited and
- furnish annual return along with a copy of audited annual accounts and a reconciliation statement in **FORM GSTR-9B**

**S.45: Final return read with R.22****S.45(2)**

- Every registered person
- Who is required to furnish return under S.39(1) **and** whose registration has been cancelled
- shall furnish a final return in GSTR-10
- within three months of the date of cancellation or date of cancellation order, whichever is later

**Notice to return defaulters [s.46] read with r.9****S.46 (Notice to defaulters)**

Where a registered person fails to furnish monthly returns, annual return or final return, a notice shall be issued within 15 days in **GSTR-3A** requiring him to furnish such returns.

**Levy of late fees [s.47]****S.47(1) Fails to furnish returns**

Any registered person who fails to furnish the details of **outward or inward supplies or monthly returns or final return** by the due date shall be liable to a **late fee of Rs. 100/- for every day** during which such failure continues subject to a **maximum of Rs. 5,000/-**

**S.47(2) Fails to furnish Annual Return**

Any registered person who fails to furnish the **annual return** by the due date shall be liable to a **late fee of rupees 100/-** for every day during which such failure continues subject to a **maximum** of an amount calculated at a **quarter percent of turnover in a State or UT**

**S.48 GST Practitioners (Rule 24 & 25)****S.48(1) & (2)**

- Registered person may authorize an approved GST Practitioner
- to furnish details of outward and inward supplies (S.37 and 38), monthly returns (S.39), annual return (S.44) or Final Return (S.45)
- However, reasonability for correctness shall rest with registered person

## About Us

### Who We Are:

We are a team of distinguished chartered accountant, corporate financial advisors and tax consultants in India. Our firm of chartered accountants represents a coalition of specialized skills that is geared to offer sound financial solutions and advices. The organization is a congregation of professionally qualified and experienced persons who are committed to add value and optimize the benefits accruing to clients.

### Our Focus:

To provide high quality services to our clients and believe in upholding high standards of honesty and integrity in what we do.

### Our Clientele:

We have been providing services to a proud mix of Multinational companies, Indian companies, High Net Worth Individuals amongst others. Our multinational client-set includes companies belonging to Japan, US, Singapore, China, Taiwan, Hong Kong, and many others. We advise & also hand-hold foreign companies set-up operations in India & cater to their compliance requirements right from inception to regular day-to-day operations.



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Book-keeping, Preparation and Compilation of financial statements, Accounting reconciliations and Consolidations, Accounting system implementation, Development of Accounting policies and Procedures Manual, Forecasting and Projections, Financial analysis of reports, Cash flow management.

#### Audit / Assurance

Audit, Review of financial statements, Internal control reviews, Reporting requirements, Drafting of Management

#### Regulatory

Advice on Regulatory matters, Assistance in obtaining Clarifications and Approvals from Reserve Bank of India (RBI) and other Statutory Authorities, Company Law Compliance, Compliance with Exchange Control Regulations and Import-Export Code norms.

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