Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

L&S GST Update
No. 44 of 2017

- **Clarification on reconciliation of information in GSTR-1, GSTR-2 & GSTR-3B**

Circular No. 7/7/2017-GST dated 1st September, 2017

- The GST Policy Wing of CBEC has issued clarifications regarding system based reconciliation of information furnished in Form GSTR-1 (outward supply return) and Form GSTR-2 (inward supply return) with Form GSTR-3B.

- The information furnished in GSTR-3B and GSTR-1 for the month of July shall be auto-drafted in GSTR-2A for all corresponding recipients of supply.

- Based on the details communicated in GSTR-2A, the registered person shall prepare the statement of inward supplies in GSTR-2.

Preparation of GSTR-2

- Taxpayers will be required to be prepare GSTR-2 by:
  - Adding, deleting or modifying the invoice level details communicated in GSTR-2A.
  - Adding information pertaining to details that are required to be furnished in GSTR-2 but are not part of FORM GSTR-2A like details of imports, details of supplies attracting reverse charge that have been received by registered person.
  - Providing details of supplies received from composition suppliers and exempt, nil-rated & non GST inward supplies.
  - Providing details of reversal of input tax credit (As per Rules 37, 39, 42 and 43 of CGST Rules).
  - Providing HSN wise summary details of inward supplies.

Correction of details provided in GSTR-3B

- Correction of details provided in GSTR-3B through GSTR-1 or GSTR-2:

  - If outward supplies have been under reported or excess reported in GSTR-3B, the same may be correctly reported in GSTR-1.
  - If inward supplies have been reported less or more than what they should have been, the same may be correctly reported in GSTR-2.
  - This will get reflected in the revised output tax liability or eligible ITC.
  - Details furnished in GSTR-1 and GSTR-2 will be auto-populated and reflected in GSTR-3 for that particular month.

Reconciliation process

Situation	Effect
Tax payable as per GSTR-3 is more than what has been paid as per GSTR-3B	Payment of additional amount of tax along with interest on delayed payment of tax starting from 26.08.2017 till date of debit in cash/ credit ledger
Eligible ITC claimed in GSTR-2 is less than ITC claimed and utilised in GSTR-3B	Excess ITC availed added to output tax liability along with interest
Eligible ITC claimed in GSTR-3B is less than ITC eligible in GSTR-2	Additional ITC credited to ledger and may be used if there is an increase in output tax liability
Output tax liability as per GSTR-1 and GSTR-2 is less than output tax liability as per GSTR-3B and the same is (i) Not offset by decrease in eligible ITC (ii) Offset by a decrease in eligible ITC	Excess carried forward to the next month's return for offset against output tax liability. Decrease adjusted against the output tax liability and balance carried forward to next month's return for offset against output tax liability

GSTR-3B filed or not filed

- Where GSTR-3B submitted without payment of taxes (by debiting from electronic cash or credit ledger)
- Where GSTR-3B not submitted and taxes not paid

- Furnish GSTR-1 and GSTR-2, and sign and submit GSTR-3 along with payment of due taxes
- Payment of interest on delayed payment of tax starting from 26th August, 2017 till the date of debit from cash/ credit ledger
- No payment of late fee

Other important points

- Transitional credit as claimed in Form TRAN-1 and credit to ledger may be utilised for the payment of any additional tax liability.
- Matching of information in GSTR-1 and GSTR-2 will be carried out as if such returns have been submitted in the regular course (process of matching as per Sections 41 – 43 of CGST Act read with Rules 69 – 76 of CGST Rules).
- Amendment of GSTR-1 and GSTR-2 as per Sections 37(3) and 38(5) of the CGST Act, respectively.
- GSTR-3 to be considered a valid return when tax payable has been paid in full after which it shall be taken up for matching.

Lakshmikumaran & Sridharan attorneys

NEW DELHI
5 Link Road, Jangpura Extension,
Opp. Jangpura Metro Station,
New Delhi 110014
Phone : +91-11-4129 9800

B-6/10, Safdarjung Enclave
New Delhi - 110 029
Phone : +91-11-4129 9900
E-mail : lsdel@lakshmisri.com

MUMBAI
2nd floor, B&C Wing,
Cnergy IT Park,
Appa Saheb Marathe Marg, (Near Century Bazar)
Prabhadevi, Mumbai - 400025.
Phone : +91-22-2439 2500
E-mail : lsbom@lakshmisri.com

CHENNAI
2, Wallace Garden, 2nd Street
Chennai - 600 006
Phone : +91-44-2833 4700
E-mail : lsmds@lakshmisri.com

BENGALURU
4th floor, World Trade Center
Brigade Gateway Campus
26/1, Dr. Rajkumar Road,
Malleswaram West,
Bangalore-560 055.
Ph: +91-80-4933 1800
E-mail : lsblr@lakshmisri.com

HYDERABAD
'Hastigiri', 5-9-163, Chapel Road
Opp. Methodist Church, Nampally
Hyderabad - 500 001
Phone : +91-40-2323 4924
E-mail : lshyd@lakshmisri.com

AHMEDABAD
B-334, SAKAR-VII,
Nehru Bridge Corner,
Ashram Road,
Ahmedabad - 380 009
Phone : +91-79-4001 4500
E-mail : lsahd@lakshmisri.com

PUNE
607-609, Nucleus, 1 Church Road,
Camp, Pune – 411 001
Phone : +91-20-6680 1900
E-mail : lspune@lakshmisri.com

KOLKATA
2ND Floor, Kanak Building
41, Chowringhee Road,
Kolkatta-700071
Phone : +91-33-4005 5570
E-mail : lskolkata@lakshmisri.com

CHANDIGARH
1st Floor, SCO No. 59,
Sector 26,
Chandigarh - 160026
Phone : +91-172-492 1700
E-mail : lschd@lakshmisri.com

GURGAON
OS2 & OS3, 5th Floor, Corporate Office Tower, AMBIENCE Island, Sector 25-A,
Gurgaon - 122001
Phone : +91-124-477 1300
E-mail :lsgurgaon@lakshmisri.com

ALLAHABAD
3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg),
Allahabad -211001 (U.P.)
Phone no. : (0532) – 2421037, 2420359
Email: lsallahabad@lakshmisri.com

www.lakshmisri.com www.gst.lakshmisri.com