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Body

GST Circular No. 1/2022, F.17 (134-Pt.-II) ACCT/GST/2017/7730, Dated 05th April, 2022

Subject:- Regarding correct submission of return(s) under GST.

The Section 53 of CGST Act/SGST Act and Section 17, 18 of the IGST Act read with the Goods and Services Tax Settlement of Funds Rules, 2017 provides for the manner of cross utilization of IGST or may be of SGST and apportionment of IGST between Centre, States and within State for the purpose of settlement or transfer of funds from the Centre to State or vice versa.

The transfer of funds as prescribed under the law rests upon the correct disclosure of Input Tax Credit (ITC) of IGST on the account of interstate inward supplies or import supplies of goods or services. The incorrect disclosure of the same may result in short settlement of transfer of funds to the state. The fund transfer and apportionment is mainly based on the information provided by the taxpayer in GSTR-3B returns on the GSTN Portal and therefore, the importance of correctness of information/data of GSTR-3B cannot be undermined.

It has come to the notice that in some instances, the taxpayers have not disclosed ineligible ITC in GSTR-3B on account of IGST paid on inward interstate supply and import supplies which might have culminated in short transfer of IGST funds to the state. The taxpayers are required to declare the ITC correctly in the monthly return GSTR-3B. The eligible ITC is auto populated in Table 4 of GSTR-3B which can be edited by the taxpayer. In this context, attention is drawn towards the provisions of Rule 42 or as the case may be Rule 43 wherein the taxpayers have to report the reversal of ITC in Table 4(B)(1) and any other reversal or reversal as per the provisions of rule 37 shall be reported in Table 4(B)(2). Moreover the ineligible ITC as per the provisions of Section 17(5) has to be reported in Table 4(D)(1) whereas the Table 4(D)(2) shall include the ineligible/blocked credit as per the provisions of Section 17(4) of the CGST/SGST Act read with Rule 38 and shall also include other ineligible ITC like ITC availed wrongly in the previous period etc.

In light of the above, all the taxpayers who have not furnished details of ineligible ITC or have furnished the details of ineligible ITC partially or have not reported the reversal of ITC fully or partially in the returns filed for the F.Y 2021-22 shall report it in the annual return to be filed in GSTR-9 whereas for the F.Y 2022-23 onwards, the details of ineligible ITC or partial details of ineligible ITC or reversal of ITC which has not been reported fully or partially shall be reported in the subsequent GSTR-3B to be filed by giving net effect in that return.

Therefore the taxpayers must ensure that they follow the guidelines of the circular precisely and file the subsequent periodic returns in GSTR-3B correctly.

(Ravi Jain)
Chief Commissioner
State Tax,
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