

under Section 148 of the Companies Act, 2013; the income-tax audit report, if any, under Section 44AB of the Income-Tax Act, 1961; and any other relevant record.

(d) Rule 101 of the CGST Rules, 2017 prescribes the process and also the forms for notifying the registered taxpayer about the dates for conducting the Audit in the **FORM GST ADT-01** and for informing the findings of audit to the registered person in the **FORM GST ADT-02**.

Salient features of the Audit Process adopted by the department are:

- (a) Intimation to the Taxpayer regarding the conduct of audit in the form of a letter;
- (b) Reviewing the taxpayer data- the officer reviews the information contained in the data provided by the taxpayer to the department and conducting desk review in the office;
- (c) Preparing the audit plan based on the finding of Desk Review;
- (d) Carrying out audit verification as per the Audit Plan;
- (e) Conveying the preliminary findings of the audit to the taxpayer and recording his response;

- (f) Preparing the draft audit report for the Monitoring Committee Meeting (MCM) held by the Commissioner. Examining the audit paras in MCM;
- (g) Preparing the final audit report and communicating the final audit report to taxpayer in the **FORM GST ADT-02**;
- (h) Communicating to the Taxpayer the future course of action in case of contested paras.

Thus, GST audit is not only for reconciliation of tax liability and payment thereof but it also encompasses the verification of compliance with the provisions of the GST laws by a registered person and educating the taxpayer to be more compliant with the law and procedure.



GST Audit In GST Regime



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AUDIT IN GST REGIME

(Updated as on November 2023)



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Audit in GST Regime

The objective of audit of taxpayers is to measure the level of compliance of the taxpayer in the light of the provisions of the CGST Act, 2017 and the rules made there under. The activity of Audit by the department is to examine the records, returns and other documents maintained or furnished by the taxpayer in order to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of the CGST Act and rules made there-under.

Principles of audit by the department in GST regime:

The basic principles of audit are -

- (a) Conducting audit in a systematic and comprehensive manner;
- (b) Emphasis on the identified risk areas and scrutinizing the records maintained in the normal course of business;
- (c) Applying audit techniques on the basis of materiality i.e. degree of scrutiny and application of an audit tool depending upon the identified nature of risk factors;
- (d) Proper recording of all checks and findings made during the entire audit;
- (e) Identifying the unexplored compliance verification parameters;
- (f) Educating the taxpayer for voluntary compliance.

Rights and Benefit to the taxpayer in audit:

The taxpayer should get an intimation atleast fifteen days in advance intimating the date of audit. All audit findings are discussed with taxpayer by the auditor. Preliminary findings of audit are conveyed to the taxpayer and his views/comments are taken on record.

The taxpayer is conveyed in writing a choice to make the payment of tax short paid / not paid with waiver of show cause notice. The final audit findings are informed to the taxpayer within thirty days along with his rights and obligations and the reasons for such findings. The entire audit process is to be completed within a period of three months from the date of commencement. In case the audit cannot be completed, the period can be extended by further six months by the Commissioner of CGST.

After the implementation of GST w.e.f. 1st July, 2017 the audit of Taxpayers in GST was kept on hold to allow the taxpayers to get accustomed with the new Tax regime and also to make sure that database of taxpayers is available with the Department.

- (a) CBIC had decided that GST audits should commence from 1st July, 2019. The audits are conducted by the officers posted in the Audit Commissionerates and these officers have been advised that the audits should be conducted in such a manner so as to cause least inconvenience to the taxpayer.

There should not be any disruption in the conduct of business by the taxpayers. In view of the fact that some of the taxpayers

may be new to the concept of audit by this department for the reason that they were earlier registered with State authorities, special care would be taken of such taxpayers and the audit officers have been advised to minimize the litigation in case of any bonafide mistake noticed during audit.

- (b) In case of smaller category of taxpayers, the field formations have been advised not to visit the taxpayer's premises and conduct desk audit in the office based on documents/information made available by the taxpayer.
- (c) Most of the digital information of the taxpayers already available with the department is made available to the auditors, so that they do not ask the taxpayer to provide the same.

Legal Provisions:

- (a) Section 2(13) of CGST Act, 2017 defines 'Audit' as "the examination of records, returns and other documents maintained or furnished by the registered person under this Act or Rules made there-under or under any other law for the time being in force to verify, inter alia, the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or rules made there-under".

- (b) As per Section 65 of the CGST Act, 2017 the

officers are authorised by the Commissioner to conduct audit after prior intimation to the registered taxpayer, either at the business premises of the taxpayer or office. The audit needs to be completed within a period of three months from the date of commencement and can be extended for a further period of six months by the Commissioner.

On conclusion of audit, the registered taxpayer whose records were audited is informed within thirty days about the findings, his rights and obligations and the reasons for such findings.

- (c) Section 71 of CGST Act, 2017 provides for access to business premises and records of taxpayer for Audit, by the officers. The section also describes the major documents required to be submitted by the taxpayer such as trial balance or its equivalent; statements of annual financial accounts, duly audited, wherever required; cost audit report, if any,



- (g) The registered person whose registration has been cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.
- (h) In case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under Section 15, whichever is higher.
- (i) The cancellation of registration shall not affect the liability of the person to pay tax and other dues or to discharge any obligations under GST Act or Rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

Final Return:

When the registration of a registered person other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the composition scheme or TDS/TCS has been cancelled, the person has to file a final return within three months of the date of cancellation or date of order of cancellation, whichever is later, electronically in **FORM GSTR-10** through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

Revocation of Cancellation of Registration:

- (a) When the registration has been cancelled by the proper officer on his own motion and not on the basis of an application by the registered person, then the registered person, whose registration has been cancelled, can submit an application for revocation of cancellation of registration, in **FORM GST REG-21**, to the Proper Officer, within a period of ninety days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding one hundred and eighty days

- (b) However, if the registration has been cancelled for failure to furnish returns, application for revocation shall be filed, only after such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.
- (c) On examination of the application if the Proper Officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, then he shall revoke the cancellation of registration by an order in **FORM GST REG-22** within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.
- (d) However, if on examination of the application for revocation, if the Proper Officer is not satisfied then he will issue a notice in **FORM GST REG-23** requiring the applicant to show cause as to why the application submitted for revocation should not be rejected and the applicant has to furnish the reply within a period of seven working days from the date of the service of the notice in **FORM GST REG-24**.
- (e) Upon receipt of the information or clarification in **FORM GST REG-24**, the Proper Officer shall dispose of the application within a period of 30 days from the date of the receipt of such information or clarification from the applicant. In case the information or clarification provided is satisfactory, the Proper Officer shall dispose the application as per para (c) above. In case it is not satisfactory the applicant will be mandatorily given an opportunity of being heard, after which the Proper Officer after recording the reasons in writing may by an order in **FORM GST REG-05**, reject the application for revocation of cancellation of registration and communicate the same to the applicant.
- (f) The revocation of cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under CGST Act and vice versa.
- (g) All returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration.
- (h) Where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration.

- (i) Where the registration has been suspended under sub-Rule 21A(2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-Section (2) of and the registration has not already been cancelled under Section 29 by the proper officer, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.
- (j) The cancellation of registration shall not affect the liability of the person to pay tax and other dues or to discharge any obligations under GST Act or rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.



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Cancellation, Suspension and Revocation of cancellation of Registration

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS
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Cancellation, Suspension and Revocation of Registration in GST

Introduction:

The registration granted under GST can be cancelled for specified reasons. The cancellation can either be initiated by the department at its own motion or the registered person can apply for cancellation of their registration. In case of death of registered person, in case of proprietorship concern, the legal heirs can apply for cancellation. During pendency of the proceedings relating to cancellation of registration, the registration may be suspended for such period and in such manner as may be prescribed. In case the registration has been cancelled by the department there is a provision for revocation of the cancellation at the request of the taxpayer. On cancellation of the registration the person has to file a return which is called the final return. The final return has to be filed within three months of cancellation of GST registration.

Reason for cancellation:

The registration can be cancelled for the following reasons:

- (a) a person registered under any of the existing laws, but who is not liable to be registered under the GST Act;
- (b) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of;
- (c) there is any change in the constitution of the business;
- (d) the taxable person is no longer liable to be registered or intends to opt out of the voluntary registration;
- (e) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed, such as:
 - does not conduct any business from the declared place of business; or
 - issues invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder; or
 - violates the provisions of Section 171 of the Act or the Rules made thereunder; or
 - violates the provision of Rule 10A; or

- avails input tax credit in violation of the provisions of Section 16 of the Act or the Rules made thereunder; or
- furnishes the details of outward supplies in **FORM GSTR-1** under Section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return i.e. **FORM GSTR-3B** under Section 39 for the said tax periods; or
- violates the provision of Rule 86B; or
- a person paying tax under section 10 has not furnished the return for a financial year beyond three months from the due date of furnishing the said return
- any registered person, other than a person paying tax under Composition Levy, [being a registered person required to file return under subsection (1) of section 39 for each month or part thereof, has not furnished returns for a continuous period of six months; or being a registered person required to file return under proviso to subsection (1) of section 39 for each quarter or part thereof, has not furnished returns for a continuous period of two tax periods].
- any person who has taken voluntary registration under sub-Section (3) of Section 25 has not commenced business within six months from the date of registration; or
- registration has been obtained by means of fraud, willful misstatement or suppression of facts.

Suspension of registration:

- (a) Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.
- (b) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under Section 29, he may suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.
- (C) Where,-
 1. a comparison of the returns furnished by a registered person under section 39 with the details of outward supplies furnished in FORM GSTR-1 or the details of inward supplies derived based

2. there is a contravention of the provisions of rule 10A by the registered person, the registration of such person shall be suspended and the said person shall be intimated in FORM GST REG-31, electronically, on the common portal, or by sending a communication to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said differences, anomalies or non-compliances and asking him to explain, within a period of thirty days, as to why his registration shall not be cancelled.
- (d) A registered person, whose registration has been suspended shall not make any taxable supply (i.e. not issue a tax invoice and, accordingly, not charge tax on supplies made by him) during the period of suspension and shall not be required to furnish any return under Section 39.
 - (e) A registered person, whose registration has been suspended shall not be granted any refund during the period of suspension of his registration.
 - (f) The suspension of registration shall be deemed to be revoked upon completion of the proceedings for cancellation of registration by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect. However, the suspension of registration may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems. Provided further that where the registration has been suspended under sub-rule (2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29 and the registration has not already been cancelled by the proper officer under rule 22, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.
 - (g) Where any order having the effect of revocation of suspension of registration has been passed, the registered person has to issue a revised invoice within one month in respect of the supplies made during the period of suspension, and declare the same in the first return furnished by him after revocation of suspension of registration.

Procedure for cancellation:

- (a) A person desirous of cancellation of GST registration under the GST Act has to submit an application electronically in **FORM GST REG-16** on the common portal within a period of 30 days of the occurrence of the event warranting the cancellation. In such cases, the registration is deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration. The proper officer shall, after conducting such enquiry as deemed fit, cancel the said registration.
- (b) The cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a cancellation of registration under Central Goods and Services Tax Act and vice versa.
- (c) In the event, the proper officer has reasons to believe that the registration of a person is liable to be cancelled, a notice to such person in **FORM GST REG-17**, requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled will be issued.
- (d) The reply to the show cause notice issued has to be furnished by the registered person in **FORM REG-18** within a period of seven working days.
- (e) In case the reply to the show cause notice is found to be satisfactory, the proper officer will drop the proceedings and pass an order in **FORM GST REG -20**. Where the person instead of replying to the notice for contravention of the provisions contained in clause (b) or clause (c) of sub-Section (2) of Section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in **FORM GST-REG 20**.
- (f) However, when the person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer will issue an order in **FORM GST REG-19**, within a period of thirty days from the date of application or, as the case may be, the date of the reply to the show cause issued, cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty.

A casual taxable person has to make an advance deposit of tax of an amount equivalent to his estimated tax liability for the period for which the registration is sought. Such advance tax should be paid to the extent of the net tax liability i.e. after considering the due eligible ITC. [Ministry of Finance Circular No. 71/45/2018-GST dated 26.10.2018].

Registration:

A casual taxable person has to apply for registration at least five days prior to the commencement of business. There is no special form to register as a casual taxable person. The normal **FORM GST REG-01** which is used by other taxable persons can be used for obtaining registration by casual taxable person also. A casual taxable person, before applying for registration, declare his Permanent Account Number, mobile number, e-mail address, State or Union territory in **Part A of FORM GST REG-01** on the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

The Permanent Account Number is validated online by the common portal from the database maintained by the Central Board of Direct Taxes. The mobile number declared is verified through a one-time password sent to the said mobile number; and the e-mail address is verified through a separate one-time password sent to the said e-mail address. On successful verification of the Permanent Account Number, mobile number and e-mail address, a temporary reference number is generated and communicated to the applicant on the said mobile number and e-mail address.

Using this reference number generated, the applicant shall electronically submit an application in **Part B of FORM GST REG-01**, duly signed or verified through electronic verification code, along with the documents specified in the said Form at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

The applicant will be given a temporary reference number by the Common Portal for making the mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. The registration certificate is issued electronically only after the said deposit appears in his electronic cash ledger. The amount deposited is credited to the electronic cash ledger of casual taxable person. On depositing the amount, an acknowledgement is issued electronically to the applicant in **FORM GST REG-02**.

The casual taxable person can make taxable supplies only after the issuance of the certificate of registration. The certificate of registration is valid for the period

specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.

In case the casual taxable person intends to extend the period of registration indicated in his application of registration, an application in **FORM GST REG-11** shall be submitted electronically through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, before the end of the validity of registration granted to him. The validity period of ninety days can be extended by a further period not exceeding ninety days. The extension will be allowed only on payment of the amount of an additional amount of tax equivalent to the estimated tax liability for the period for which the extension is sought has been deposited.

Long running exhibitions:

In case of long running exhibitions (i.e. beyond 180 days), the taxable person must obtain normal registration and should not obtain registration as a casual taxable person. Copy of the allotment letter granting him permission to use the premises for exhibition is considered as proof of Place of Business. Once the exhibition is over, the registration can be surrendered. [Ministry of Finance Circular No. 71/45/2018-GST dated 26.10.2018].

Returns:

The casual taxable person is required to furnish the following returns electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

- FORM GSTR-1** giving the details of outward supplies of goods or services .
- FORM GSTR-3B** giving the summary of supplies along with payment of tax.

However, a casual taxable person shall not be required to file any annual return as required by a normal registered taxpayer.

Refund by Casual taxable person:

The casual taxable person is eligible for the refund of any balance of the advance tax deposited by him after adjusting his tax liability. The balance advance tax deposit can be refunded only after all the returns have been furnished, in respect of the entire period for which the certificate of registration was granted to him had remained in force.

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Casual taxable person

Introduction:

“Casual taxable person” means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.

A casual taxable person (other than those making supply of specified handicraft goods) making taxable supply in India has to compulsorily take registration. There is no threshold limit for registration. Casual Taxable persons making supply of specified handicraft goods need to register if their aggregate turnover crosses ₹ 20 Lakh (₹ 10 Lakh for in case of Special Category States, other than the State of Jammu and Kashmir). A casual taxable person cannot exercise the option to pay tax under composition levy. He has to apply for registration at least five days prior to commencing his business in India. The specified handicraft goods are as under:

7.	4601 and 4602	Mats, matting and screens of vegetable material, basketwork, wickerwork and other articles of vegetable materials or other plaiting material, articles of loofah (including of bamboo, rattan, canes and other natural fibres, dry flowers (naturally dried), articles thereof, ringal, raambaan article, shola items, Kouna/ chumthang (water reeds) crafts, articles of Water hyacinth, korai mat]
8.	4823	Articles made of paper mache
9.	5607, 5609	Coir articles
10.	5609 00 20, 5609 00 90	Toran, Doorway Decoration made from cotton yarn or woollen yarn and aabhala (mirror) with or without hanging flaps
11.	57	Handmade carpets and other handmade textile floor coverings (including namda/gabba)
12.	5804 30 00	Handmade lace
13.	5805	Hand-woven tapestries
14.	5808 10	Hand-made braids and ornamental trimming in the piece
15.	5810	Hand embroidered articles
16.	6117, 6214	Handmade/hand embroidered shawls of sale value not exceeding ₹ 1000 per piece
17.	6117, 6214	Handmade/hand embroidered shawls of sale value exceeding ₹ 1000 per piece
18.	6802	Carved stone products (e.g., statues, statuettes, figures of animals, writing sets, ashtray, candle stand)
19.	6815 99 90	Stone art ware, stone inlay work
20.	6912 00 10 6912 00 20	Tableware and kitchenware of clay and terracotta, other clay articles
21.	6913 90 00	Statuettes & other ornamental ceramic articles (including blue potteries)
22.	7009 92 00	Ornamental framed mirrors
23.	7018 10	Bangles, beads and small ware
24.	7018 90 10	Glass statues [other than those of crystal]
25.	7020 00 90	Glass art ware [including pots, jars, votive, cask, cake cover, tulip bottle, vase]
26.	7113 11 10	Silver filigree work

27.	7117	Handmade imitation jewellery (including natural seeds, beads jewelry, cardamom garland)
28.	7326 90 99	Art ware of iron
29.	7419 80	Art ware of brass, copper/ copper alloys, electroplated with nickel/silver
30.	7616 99 90	Aluminium art ware
31.	8306	Bells, gongs and like, non-electric, of base metal; statuettes, and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal; (including Bidriware, Panchloga artware, idol, Swamimalai bronze icons, dhokra jaali)
32.	9405 10	Handcrafted lamps (including panchloga lamp)
33.	9401 50, 9403 80	Furniture of bamboo, rattan and cane
34.	9503	Dolls or other toys made of wood or metal or textile material [incl wooden toys of sawantwadi, Channapatna toys, Thanjavur doll]
35.	9504	Ganjifa card
36.	9601	Worked articles of ivory, bone, tortoise shell, horn, antlers, coral, mother of pearl, seashell other animal carving material
37.	9602	Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc., (including articles of lac, shellac)
38.	9701	Hand paintings drawings and pastels (including Mysore painting, Rajasthan painting, Tanjore painting, Palm leaf painting, basoli etc.)
39.	9703	Original sculptures and statuary, in metal, stone or any other material

TABLE B: Specified products as per Notification No. 56/2018-Central Tax dated 23.10.2018		
SI No.	HSN Code	Products
1.	4201, 4202, 4203	Leather articles (including bags, purses, saddlery, harness, garments)
2.	4415, 4416	Carved wood products (including boxes, inlay work, cases, casks)
3.	4419	Carved wood products (including table and kitchenware)

4.	4420	Carved wood products
5.	4421	Wood turning and lacquer ware
6.	46	Bamboo products [decorative and utility items]
7.	4601, 4602	Grass, leaf and reed and fibre products, mats, pouches, wallets
8.	4823	Paper mache articles
9.	including 50, 58, 62, 63	Textile (handloom products)
10.	50, 52, 54	Textiles hand printing
11.	5605	Zari thread
12.	57	Carpet, rugs and durries
13.	58	Textiles hand embroidery
14.	61, 62, 63	Theatre costumes
15.	5705, 9404	Coir products (including mats, mattresses)
16.	6403, 6405	Leather footwear
17.	6802	Carved stone products (including statues, statuettes, figures of animals, writing sets, ashtray, candle stand)
18.	68	Stones inlay work
19.	6901,6909, 6911, 6912, 6913, 6914	Pottery and clay products, including terracotta
20.	7418	Metal table and kitchen ware (copper, brass ware)
21.	8306	Metal statues, images/statues vases, urns and crosses of the type used for decoration of metals of Chapters 73 and 74
22.	8306	Metal bidriware
23.	92	Musical instruments
24.	96	Horn and bone products
25.	96	Conch shell crafts
26.	94	Bamboo furniture, cane/Rattan furniture
27.	9503	Dolls and toys
28.	97	Folk paintings, madhubani, patchitra, Rajasthani miniature

- (c) Every Composition taxpayer has to furnish a quarterly statement containing the details of payment of self-assessed tax in **FORM GST CMP-08**, till the 18th day of the month succeeding such quarter.
- (d) The taxpayer need to furnish a yearly return in **FORM GSTR-4**, till the 30th day of April following the end of such financial year.

Action for wrongly opting the scheme or for contravention of any provision of the scheme:

- (a) In the scenario, when the proper officer has reason to believe that the registered person has wrongly opted for the scheme or he has contravened the provisions of the scheme, then he will seek a reply by issuing a show cause notice to such person in the **FORM GST CMP-05**. This notice is to be replied within 15 days of receipt of the same. Thereafter within 30 days of receipt of reply, officer has to issue an order in **FORM GST CMP-07**, either accepting the reply or denying the option to pay tax under the scheme.
- (b) Subsequently the registered person who has been denied the option to pay tax under the scheme has to forward a statement in **FORM GST ITC-01** containing details of the stock of the inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is denied. The said statement has to be submitted on the common portal within 30 days from the date of denial order passed in the **FORM GST CMP-07**.
- (c) The delinquent taxpayer will be liable to pay the due tax and penalty. However, no adverse action will be taken without following the principles of natural justice.

Benefits under GST Composition Levy Scheme:

- (a) **Less Compliance:** Under the normal scenario, a taxpayer under GST has to file monthly / quarterly returns and yearly returns. Further, he has to upload details of invoices issued by him during the period. For small suppliers and business, it may be difficult. Whereas under Composition Levy scheme, quarterly payment of tax and yearly filing of return have been prescribed. This will ease the compliance burden for SMEs, and they can focus more on their business rather than getting occupied in compliance procedures.
- (b) **Reduce tax liability:** Another advantage of being registered with Composition Levy scheme is the rate structure. While most of the services fall under either 12% or 18% GST bracket, Composition service providers need to pay only 6% of supplies made by them.

- (c) **High Liquidity:** For normal taxpayers, most of the working capital is blocked as Input Tax Credit because the taxpayer can avail ITC only if his supplier has filed the return. The supplier has to pay tax at standard rate and the Credit of Input Tax will be availed only when his supplier files the return. In Composition Levy scheme, the taxpayer need not worry about his supplier filing return as he cannot take the credit and will pay tax at nominal rate.

Limitations of GST Composition Levy Scheme:

There are some limitations under GST Composition Levy scheme, which a taxpayer must be aware of before opting for the scheme. These are:

- (a) **No credit of Input Tax:** Any taxpayer registered under Composition Levy scheme will not be eligible to take Credit of Input Tax paid on purchases. Also, the buyer of taxpayer's supplies will not get the credit of taxes paid by taxpayer.
- (b) **No Inter-State business:** The major drawback of the scheme is that the taxpayer cannot deal in inter-state supplies or affect exports of goods and services. He is barred from performing such actions which limit his territory for expansion and can only conduct local or intra-State transactions.
- (c) **Pay tax from own pocket:** Since the taxpayer is not allowed to charge tax from his buyer, he has to pay tax out of his own pocket, despite the rate being low. He is not even allowed to issue a tax invoice, resulting in the burden on the taxpayer to pay tax.

Conclusion:

Goods and Services Tax has the potential to boost revenue for the government, lower the budget deficit, which means more funds will be generated to spend on the welfare of the society and people. There will always be a section of traders, dealers or taxpayers who will find it difficult to maintain books of accounts or fulfil the compliance requirements of tax laws. This may happen due to the small size of their business or due to the nature of their business. To give benefit to these businesses, Composition Levy scheme has been launched for such small taxpayers.

The scheme is quite beneficial to small suppliers and intra-state local suppliers as it prevents them from various procedural compliances and gives a hassle free working environment. In pre-GST era, to make compliances better for small businesses, States have provisions in their VAT law about the Composition Levy scheme. Similarly, even in GST, Composition Levy scheme has been introduced to safeguard the interests of small businesses.

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Composition Levy Scheme



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Composition Levy Scheme

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Composition Levy Scheme under GST law

The Composition Levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to prescribed limit. The objective of Composition Levy scheme is to bring simplicity, ease the compliance burden and reduce cost of compliance for the small taxpayers. The scheme is optional. It essentially provides for a turnover tax regime for such taxpayers, with facility for filing of return on annual basis along with quarterly payment of tax. Under this scheme, a registered taxable person, whose Aggregate Annual Turnover has not exceeded ₹ 1.50 Cr in case of goods (₹ 75 Lakh in case of Uttarakhand and 7 North Eastern States) in the previous financial year, may opt for this scheme.

Composition Levy scheme has been made available for suppliers of services (to those who are otherwise not eligible under Section 10(1) of the CGST Act) with a tax rate of 6% (3% CGST + 3% SGST) having an Aggregate Annual Turnover in the preceding FY up to ₹ 50 Lakh.

An eligible manufacturer / service provider registered under Composition Levy scheme has to pay an amount equal to certain percentage of his turnover in the State or Union Territory, as tax to the government. However, any other eligible supplier (e.g. trader) has to pay an amount equal to certain percentage of his turnover of **taxable supplies** of goods and services in the State or Union territory. This tax has to be paid on quarterly basis. Such taxpayer does not have to maintain elaborate records and instead of regular monthly returns, which a normal taxpayer has to file under GST, he has to file a simple annual return in **FORM GSTR-04**. However, upon opting for this scheme, he cannot issue taxable invoice under GST law and he can neither collect GST from his customers nor can claim Input Tax Credit on his purchases.

Method to calculate Aggregate Annual Turnover:

Aggregate Annual Turnover is computed on All India basis for a person having same Permanent Account Number (PAN). It is sum of value of all outward supplies falling in the following four categories:

- Taxable supplies;
- Exempt supplies;
- Exports of goods/services;
- Inter-state supplies;

but excludes:

- the value of inward supplies on which tax is payable by a person on reverse charge basis;
- taxes including cess paid under GST law;
- the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Registration and Intimation under the scheme:

- Registration under GST law is compulsory for opting for this scheme.
- A person who was not registered under existing law but applies for fresh registration may opt for the scheme by providing necessary information under **Part-B of FORM GST REG-01**.
- Any registered person who wants to opt for Composition Levy has to file an electronic intimation in the **FORM GST CMP-02** prior to the commencement of financial year for which the option to pay tax under Composition Levy is exercised and also has to furnish a statement in **FORM GST ITC-03** in accordance with the Rule 44(4) of CGST Rules, 2017, within 60 days from the commencement of the relevant financial year.
- There is no need to file intimation in **FORM GST CMP-02** every year. The intimation once filed would remain valid, as long as the taxpayer is eligible for Composition Levy scheme under GST.

Effective Date for Composition Levy:

- Effective date is the beginning of the financial year for registered taxpayer who intimates about opting for the scheme under **FORM GST CMP-02**.
- Effective date is the date of registration for a person who applies for new registration under Rule 8 (1) of CGST Rules, 2017 by providing necessary information under **Part-B of FORM GST REG-01**.

Persons who are not eligible for the scheme:

Barring few exceptions, all registered taxable persons whose Aggregate Annual Turnover has not exceeded the eligibility limit (as mentioned above) in the previous financial year are eligible to opt for this scheme. List of taxable persons who are not eligible for the scheme is as below:

- A casual taxable person i.e. a person who occasionally undertakes supplies in a State or Union Territory where he has no fixed place of business;
- A Non-Resident Taxable Person i.e. a person who occasionally undertakes supplies but has no fixed place of business or residence in India;
- A person engaged in providing inter-state supply of goods and services or both;
- A person engaged in supply of non-taxable goods i.e. goods which are not taxable under GST law;
- A person engaged in supply of goods through an Electronic Commerce Operator (ECO) who is required to collect Tax at source under Section 52 of the CGST Act;

- A person engaged in manufacturing of goods notified under Section 10 (2) (e) of the CGST Act 2017.

Rate of Tax under the scheme:

There are different rates prescribed for three different category of suppliers.

- An eligible manufacturer has to pay 1% (0.5% CGST + 0.5% SGST/UTGST) of turnover in a state or Union Territory, as the case may be.
- All eligible service providers (or goods and service suppliers) have to pay 6% (3% CGST + 3% SGST / UTGST) of turnover in a State or Union Territory, as the case may be.
- An eligible person engaged in making supplies mentioned in clause (b) of para 6 of Schedule II of the CGST Act (provider of restaurant Service) has to pay 5% (2.5% CGST + 2.5% SGST/UTGST) of turnover in a state or Union Territory, as the case may be.
- All other eligible suppliers (i.e. traders) have to pay 1% (0.5% CGST + 0.5% SGST/UTGST) of the taxable turnover in a State or Union Territory, as the case may be.

Bill of Supply:

A taxable person opting for the scheme has to issue bill of supply as he is not eligible to issue taxable invoice under GST. He has to mention the words “Composition Taxable Person not eligible to collect tax on supplies” at the top of every bill of supply issued by him.

Conditions & Restrictions under the scheme:

A person opting for the scheme has to adhere to the following conditions:

- Issue bill of supply in the prescribed manner;
- pay all taxes on purchases including taxes to be paid on reverse charge basis, if any;
- don't claim Input Tax Credit of purchases;
- mention the words “Composition Taxable Person” on every notice board or signboard displayed at the prominent place at his every place of business;
- withdraw from the scheme if not eligible.

Validity of the Composition Levy scheme:

A person opting for the Composition Levy scheme can continue to pay tax under the said scheme as long as he/she satisfies the eligibility criteria and conditions related to the scheme.

Conditions which may render a person ineligible for the scheme:

A person is ineligible for the scheme, if

- he wrongly opts for the scheme;
- his turnover exceeds the eligible limit for the scheme (as detailed above);
- he contravenes eligibility criteria or any of the conditions of the scheme.

Withdrawal from the Composition Levy scheme and procedure thereafter:

- A registered person who intends to withdraw from the scheme has to file an intimation for withdrawal from the scheme in the **FORM GST CMP-04**, before the date of such withdrawal.
- A registered person who ceases to satisfy any provision of the scheme has to file an intimation for withdrawal from the scheme in the **FORM GST CMP-04**, within 7 days of occurrence of such event.
- After opting out of the scheme, he has to pay tax as normal taxpayer and issue tax invoice for every taxable supply made thereafter.
- Subsequently he has to forward a statement in **FORM GST ITC-01** containing details of the stock of the inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn. The said statement has to be submitted on the common portal within 30 days from the date of withdrawal.
- He shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer under Section 9 of the CGST Act, 2017.

Filing of Intimation / Statement / Return:

- The eligible existing registrants can opt in Composition Levy scheme by submitting **FORM GST CMP 02** on common portal. The new registrant can opt in Composition Levy scheme for services at the time of submitting application for registration in **FORM GST REG 01** on common portal.
- At the time of opt in Composition Levy scheme by existing taxpayer, a statement in **FORM GST ITC 03** need to be filed by him for reversing the credit of input tax availed on inward supplies by the taxpayer.

under RCM), such invoices have to be reported by the notified person to IRP.

On the other hand, where supplies are received by notified person from (i) an unregistered person (attracting reverse charge under Section 9(4) of the CGST Act); or (ii) through import of services, e-invoicing is not applicable.

Invoice Registration Portal (IRP):

Invoice Registration Portal (IRP) is the website for uploading/ reporting of invoices by the notified persons. Vide Notification No. 69/2019-Central Tax dated 13.12.2019, ten portals were notified for the purpose of preparation of the invoice in terms of Rule 48(4) of the CGST Rules. The first Invoice Registration Portal (IRP) is active and can be accessed at: <https://einvoice1.gst.gov.in/>. More portals will be made available in due course.

Various modes for generation of e-Invoice:

Multiple modes are available so that taxpayer can use the best mode to generate IRN:

- (a) API-based
- (b) Offline Utility (freely downloadable from IRP)



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e-Invoice under GST

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e-Invoice under GST

Introduction:

As per Rule 48(4) of the CGST Rules, notified class of registered persons have to prepare invoice by uploading specified particulars of invoice (in **FORM GST INV-01**) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). After following above 'e-invoicing' process, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to buyer is commonly referred to as 'e-Invoice' in GST.

e-Invoice has many advantages for businesses such as auto-reporting of invoices into GST return, auto-generation of e-way bill (where required). e-Invoice facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties, improving payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency.

Process of generation of e-Invoice:

Registered persons will continue to create their GST invoices on their own Accounting/Billing/ERP Systems. These invoices will be reported to 'Invoice Registration Portal (IRP)'. On reporting, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' after digitally signing the e-invoice and adding a QR Code. Then, the invoice can be issued to the receiver (along with QR Code).

Applicability of e-Invoice:

For registered persons whose Aggregate Annual Turnover (based on PAN) in any preceding financial year from 2017-18 onwards, is more than prescribed limit (as per relevant notification), e-Invoicing is mandatory. Further, as per Rule 48(5) of the CGST Rules, any invoice issued by a notified person

in any manner other than the manner specified in Rule 48(4) of the CGST Rules, the same shall not be treated as an invoice.

Electronic invoicing system was introduced for taxpayers with Aggregate Annual Turnover of more than ₹ 500 Cr from 01st October, 2022 for B2B transactions and for export invoices vide Notification No. 13/2020-Central Tax dated 21.03.2020. The same was extended for taxpayers with Aggregate Annual Turnover of more than ₹ 100 Cr from 01st January, 2021 vide Notification No. 88/2020-Central Tax dated 10.11.2020. Further, vide Notification No. 05/2021-Central Tax dated 08.03.2021, the same has been extended for taxpayers with Aggregate Annual Turnover of more than ₹ 50 Cr from 01st April, 2021. The same has been extended for taxpayers with Aggregate Annual Turnover of more than ₹ 20 Cr from 01st April, 2022 vide Notification No. 01/2022-Central Tax dated 24.02.2022 and for taxpayers with Aggregate Annual Turnover of more than ₹ 10 Cr from 01st October, 2022 vide Notification No. 17/2022-Central Tax dated 01.08.2022. This threshold limit has been further reduced to ₹5 Cr with effect from 01.08.2023 vide Notification No. 10/2023-Central Tax dated 10.5.2023.

Documents covered under e-Invoice:

- (a) Invoices
- (b) Credit Notes
- (c) Debit Notes

when issued by notified class of taxpayers (to registered persons (B2B) or for the purpose of Exports).

Supplies presently covered under e-Invoice:

Supplies to registered persons (B2B), supplies to SEZs (with/without payment), exports (with/without payment), deemed exports, by notified class of taxpayers are currently covered under e-invoicing.

Entities/sectors for which e-Invoicing is not applicable/exempt:

- (a) Special Economic Zone Units
- (b) Insurers
- (c) Banking companies or financial institutions, including a Non-Banking Financial Company (NBFC)
- (d) Goods Transport Agency (GTA) supplying services in relation to transportation of goods by road in a goods carriage
- (e) Suppliers of passenger transportation service
- (f) Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens
- (g) Persons registered in terms of rule 14 of CGST Rules (OIDAR)
- (h) Government department
- (i) Local authority

Further, the exemption from e-invoicing is with respect to the entity and not with respect to the nature of supply/transaction.

Is e-Invoicing applicable for NIL-rated or wholly-exempt supplies?

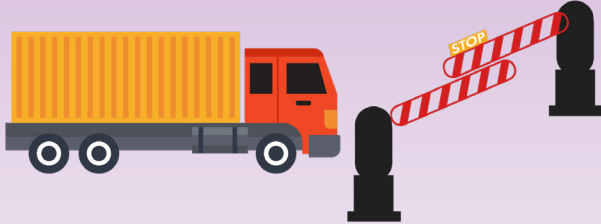
No, e-Invoice is not required for NIL-rated or wholly-exempt supplies. In those cases, a bill of supply is issued and not a tax invoice.

Applicability of e-Invoicing for supplies involving Reverse Charge:

If the invoice issued by notified person is in respect of supplies made by him but attracting reverse charge under Section 9(3) of the CGST Act, e-invoicing is applicable. For example, a taxpayer (say, a Firm of Advocates having Aggregate Annual Turnover in a FY is more than ₹ 500 Cr) is supplying services to a company (who will be discharging tax liability as recipient

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Electronic Way Bill



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Electronic Way Bill

Introduction:

A e-Way Bill is a document required for movement of goods and it includes details such as name of consignor, consignee, transporter, the point of origin of the movement of goods and its destination.

Electronic Way Bill (e-Way Bill) is basically a compliance mechanism wherein by way of a digital interface the person causing the movement of goods uploads the relevant information prior to the commencement of movement of goods and generates e-Way Bill on the GST portal.

Section 68 of the CGST Act mandates that the Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed. Rule 138 of the CGST Rules, 2017 provides for the e-Way Bill mechanism and in this context it is important to note that “*information is to be furnished prior to the commencement of movement of goods*” and “*is to be issued whether the movement is in relation to a supply or for reasons other than supply*”.

The e-Way Bill mechanism facilitates faster movement of goods, improves the turnaround time of trucks and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs. Furthermore, the physical interface paves way for digital interface resulting in elimination of state boundary check-posts. From department perspective, it helps to ensure that goods being transported comply with the GST Law, track movement of goods and check tax evasion.

The e-Way Bill provisions in respect of inter-state supplies of goods were implemented PAN India w.e.f 1st April, 2018. The different States had introduced e-Way Bill for intra-State movement of goods at different times. However, all States have introduced the e-Way Bill latest from 16th June, 2018.

e-Way Bill under GST:

e-Way Bill (**FORM GST EWB-01**) is an electronic document (available to supplier / recipient / transporter) generated on the common portal evidencing movement of goods of consignment value more than ₹ 50,000/-. It has two Components- Part A comprising of details of GSTIN of supplier & recipient, place of delivery (indicating PIN Code also), document (Tax invoice, Bill of Supply, Delivery Challan or Bill of Entry) number and date, value of goods, HSN code and reasons for transportation; and Part B comprising of transport details - transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and Vehicle number for road transportation.

Consignment Value: The consignment value of goods shall be the value, determined in accordance with the provisions of Section 15 of the CGST Act, 2017, declared in an invoice, a Bill of Supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes the central tax, State or Union territory tax, integrated tax and

penalty to the tune of ₹ 500/- each under Section 125 of the CGST Act and the respective State GST Act may be imposed (₹ 1,000/- under the IGST Act) in **FORM GST DRC-07** for every consignment.

Restriction on generation of E-Way Bill on or after 21st August, 2019:

As per Rule 138E of the CGST Rules, no person (including a consignor, consignee, transporter, an e-commerce operator or a courier) shall be allowed to generate e-Way Bill in respect of a registered person, whether as a supplier or a recipient, who—

- being a person paying tax under Section 10 or availing benefit of Notification No. 02/2019-Central Tax, dated 07.03.2019, has not furnished the statement in **FORM GST CMP-08** for two consecutive quarters; or
- being a person other than a person specified in clause (a), has not furnished the returns for a consecutive period of two tax periods;
- being a person other than a person specified in clause (a), has not furnished the statement of outward supplies for any two months or quarters, as the case may be;
- being a person, whose registration has been suspended.

The Commissioner or an officer authorised by him, however, has been authorised to permit generation of e-Way Bill even where the return / **FORM GST PMT-08** has not been furnished. The registered person need to apply in **FORM GST EWB-05** and order permitting / rejection the application would be issued in **FORM GST EWB-06**.

Blocking / Unblocking of e-Way Bills for non-furnishing of returns:

Blocking of e-WayBill generation facility means disabling taxpayer from generating e-Way Bill, (Rule 138E of CGST Rules, 2017). CBIC in Notification No. 15/2021-Central Tax dated 18.05.2021 has notified that the blocking of GSTINs for e-Way Bill generation is now considered only for the defaulting supplier's GSTIN and not for the defaulting recipient. Also, a suspended GSTIN cannot generate an e-Way Bill. However, a suspended GSTIN as a recipient can get a generated e-Way Bill.

Unblocking of e-Way Bill generation facility means restoring the facility of generation of e-Way Bill, in respect of such taxpayers GSTIN, in the event of filing of the return for the default period(s). Also, the Unblocking can be done by the jurisdictional officer online on the GST Portal, upon considering the manual representation received from such taxpayer.

Conclusion:

The e-Way Bill provisions aim to remove the ills of the erstwhile way Bill system prevailing under VAT in different states, which was a major contributor to the bottlenecks at the check posts. Moreover, different states had prescribed different e-Way Bill rules which made compliance difficult. The e-Way Bill provisions under GST have brought a uniform e-Way Bill Rule, applicable throughout the country. The physical interface paved way for digital interface which facilitates are faster movement of goods. It is bound to improve the turnaround time of vehicles and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs.

this Act or the Rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure.

Enforcement:

The Commissioner or an officer empowered by him in this behalf may authorise any officer to intercept any conveyance to verify the e-Way Bill or the e-Way Bill number for all inter-State and intra-State movement of goods.

The physical verification of conveyances may also be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf. Physical verification of a specific conveyance can also be carried out by any officer, on receipt of specific information on evasion of tax, after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part-A of FORM GST EWB-03** within 24 hours of inspection and the final report in **Part-B of FORM GST EWB-03** shall be recorded within three days of such inspection.

Once physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless a specific information relating to evasion of tax is made available subsequently.

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in **FORM GST EWB-04** on the common portal.

No confiscation in case of minor typographical mistakes:

As per Circular No. 64/38/2018 GST dated 14.09.2018, it is prescribed that, in case a consignment of goods is accompanied with an invoice or any other specified document and also an e-Way Bill, proceedings under Section 129 of the CGST Act may not be initiated, in the following situations:

- (a) Spelling mistakes in the name of the consignor or the consignee but the GSTIN, wherever applicable, is correct;
- (b) Error in the pin-code but the address of the consignor and the consignee mentioned is correct, subject to the condition that the error in the pin code should not have the effect of increasing the validity period of the e-Way Bill;
- (c) Error in the address of the consignee to the extent that the locality and other details of the consignee are correct;
- (d) Error in one or two digits of the document number mentioned in the e-Way Bill;
- (e) Error in 4 or 6-digit level of HSN where the first 2-digits of HSN are correct and the rate of tax mentioned is correct;
- (f) Error in one or two digits/characters of the vehicle number.

The circular further prescribes that in case of the above situations,

cess charged, if any, in the document, and **shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.**

As per Rule 138 of the CGST Rules, 2017, every registered person who causes movement of goods (which may not necessarily be on account of supply) of consignment value more than ₹ 50,000/- is required to furnish above mentioned information in Part-A of e-Way Bill. The Part-B containing transport details helps in generation of e-Way Bill. **It may be noted, however, that there is no restriction on generation of e-Way Bill even if the value of consignment is less than ₹ 50,000/-.**

Common Portal: The Common GST Electronic Portal for furnishing electronic Way Bill is different from the GST common portal being used for registration, payment, return filing etc. and same is www.ewaybillgst.gov.in. All the registered persons under GST need to register on the portal of e-Way Bill namely www.ewaybillgst.gov.in using GSTIN. Once GSTIN is entered, the system sends an OTP to registered mobile number, registered with GST Portal and after authenticating the same, the system enables the taxpayer to generate username and password for the e-Way Bill system. After generation of username and password of choice, the taxpayer may proceed to make entries to generate e-Way Bill. The transporters, who are not registered under the GST but cause movement of goods for their clients, need to enroll on the e-Way Bill portal and get 15-digit Unique Transporter ID.

Who should generate the e-Way Bill and Why?

e-Way Bill is to be generated by the consignor or consignee himself if the transportation is being done in own/hired conveyance or by railways, by air or by Vessel. If the goods are handed over to a transporter for transportation by road, e-Way Bill is to be generated by the transporter in as much as Part-B updation is done by transporter, whereas Part-A details need to be furnished by registered person. **Transporter can also generate Part-A after getting authorization from Consigner/ consignee for the same. Further, where the goods are transported for a distance upto 50 Km within the State or Union Territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier/recipient or transporter, as the case may be, may not furnish the details of conveyance in Part-B of FORM GST EWB-01.**

Further, it has been provided that where goods are sent by a principal located in one State to a job-worker located in any other State, the e-Way Bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment. Also, where handicraft goods are transported from one State to another by a person who has been exempted from the requirement of obtaining registration, the e-Way Bill shall be generated by the said person irrespective of the value of the consignment.

Also, where handicraft goods are transported from one State to another by a person who has been exempted from the requirement of obtaining registration, the e-Way Bill shall be generated by the said person irrespective of the value of the consignment.

How is it generated?

An e-Way Bill contains two parts- Part-A to be furnished by the person who is causing movement of goods of consignment value exceeding ₹ 50,000/- and Part-B (transport details) to be furnished by the person who is transporting the goods. Where the goods are transported by a

registered person-whether as consignor or recipient, the said person shall have to generate the e-Way Bill by furnishing information in Part- B on the GST e-Way portal. **The transporter, on an authorization received from the registered person, may furnish Part-A also.**

A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1** and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

In the above case, the registered person will not have to upload the information in Part-A of **FORM GST EWB-01** for generation of e-Way Bill and the same shall be auto-populated by the common portal on the basis of the information furnished in **FORM GST INV-1**.

Upon generation of the e-Way Bill on the common portal, a unique 12-digit e-Way Bill number (EBN) generated by the common portal, shall be made available to the supplier, the recipient and the transporter on the common portal.

The details of e-Way Bill generated shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-Way Bill. In case, the recipient does not communicate his rejection within seventy-two hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.

Validity of e-Way Bill: The validity of e-Way Bill depends on the distance to be travelled by the goods. In case of non Over Dimensional Cargo (ODC), for a distance of less than 200 Km the e-Way Bill will be valid for a day from the relevant date. For every 200 Km or part thereof, thereafter, the validity will be additional one day from the relevant date.

In case of ODC or multimodal shipment in which at least one leg involves transport by ship, for a distance of less than 20 Km, the validity of EWB will be valid for a day from the relevant day and for every 20Km or part thereof thereafter, the validity will be additional one day from the relevant date.

The “relevant date” shall mean the date on which the e-Way Bill has been generated and the period of validity shall be counted from the time the e-Way Bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-Way Bill.

Further, if under circumstances of an exceptional nature, including the transshipment, the goods cannot be transported within the validity period of the e-Way Bill, the transporter may extend the validity period after updating the details in Part-B of FORM GST EWB-01. Further, the e-Way Bill may be extended within eight hours from the time of its expiry.

Further, Commissioner may extend the validity period by way of issue of notification for certain categories of goods as specified in the said notification.

Exemptions from e-Way Bill:

e-Way Bill is not required to be generated in the following cases:

- (a) Transport of goods as specified in Annexure to Rule 138 (14) of the CGST Rules, 2017 which is reproduced below:

3	Bill To	In this field details of “C” are supposed to be filled
4	Ship To	In this field address of ”C” is supposed to be filled
5	Invoice Details	Details of Invoice-2 are supposed to be filled

Further, the mode of transport ‘Ship’ has now been updated to ‘Ship/Road cum Ship’ so that the user can enter a vehicle number where goods are initially moved by road and a Bill of lading number and date for movement by ship. This will help in availing the ODC benefits for movement using ships and facilitate the updating of vehicle details as and when moved on road.

e-Way Bill in respect to goods stored in transporter’s godown:

- (a) In case the consignee/ recipient taxpayer stores his goods in the godown of the transporter, then the transporter’s godown may be declared as an additional place of business by the recipient taxpayer. In such cases, mere declaration by the recipient taxpayer to this effect with the concurrence of the transporter in the said declaration will suffice. Where the transporter’s godown has been declared as the additional place of business by the recipient taxpayer, the transportation under the e-Way Bill shall be deemed to be concluded once the goods have reached the transporter’s godown (recipient taxpayer’s additional place of business). Hence, e-Way Bill validity in such cases will not be required to be extended for the time period when goods are stored in the godown of transporter.
- (b) Whenever the goods move from the transporter’s godown (i.e. recipient taxpayer’s additional place of business) to the recipient taxpayer’s place of business, a valid e-Way Bill shall be required subject to any exemption if any under, as per the extant State-specific e-Way Bill Rules.

No delivery by railways if e-Way Bill is not produced to them:

- (a) The railways shall not deliver the goods unless the e-Way Bill is produced at the time of delivery in view of Rule 138(2A) of CCGST Rule
- (b) e-Way Bill requirement in respect of inter-State movement but intra-State supply.
- (c) e-Way Bill is required even in case where the movement of goods commences and terminates in the same State and just transits through another State.

Consequences of non-conformance to e-Way Bill rules:

If e-Way Bills, wherever required, are not issued in accordance with the provisions contained in Rule 138 of the CGST Rules, 2017, the same will be considered as contravention of Rules. As per Section 122 of the CGST Act, 2017, a taxable person who transports any taxable goods without the cover of specified documents (e-Way Bill is one of the specified documents) shall be liable to a penalty of ₹ 10,000/- or tax sought to be evaded (whichever is applicable) whichever is greater. As per Section 129 of CGST Act, 2017, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of

www.cbic.gov.in/resources/htdocs-cbec/press-release/23042018_PRESS_RELEASE_FOR_BILL_TO_SHIP_TO.pdf

In a typical “Bill To-Ship To” model of supply, there are three persons involved in a transaction, namely:

- (a) “A” is the person who has ordered “B” to send goods directly to “C”.
- (b) “B” is the person who is sending goods directly to “C” on behalf of “A”.
- (c) “C” is the recipient of goods.

In this complete scenario two supplies are involved and accordingly two tax invoices are required to be issued:

- (a) Invoice -1, which would be issued by “B” to “A”.
- (b) Invoice -2 which would be issued by “A” to “C”.

The movement of goods which is taking place from “B” to “C” on behalf of “A”. It is clarified that as per the CGST Rules, 2017 either “A” or “B” can generate the e-Way Bill but it may be noted that only one e-Way Bill is required to be generated as per the following procedure:

Case -1: Where e-Way Bill is generated by “B”, the following fields shall be filled in **Part-A of GST FORM EWB-01**:

1	Bill From	In this field details of “B” are supposed to be filled
2	Dispatch From	This is the place from where goods are actually dispatched. It may be the principal or additional place of business of B
3	Bill To	In this field details of “A” are supposed to be filled
4	Ship To	In this field address of “C” is supposed to be filled
5	Invoice Details	Details of Invoice-1 are supposed to be filled

Case -2: Where e-Way Bill is generated by “A”, the following fields shall be filled in **Part-A of GST FORM EWB-01**

1	Bill From	In this field details of “A” are supposed to be filled
2	Dispatch From	This is the place from where goods are actually dispatched. It may be the principal or additional place of business of B

S/No.	Description of Goods
1	Liquefied petroleum gas for supply to household and non-domestic exempted category (NDEC) customers
2	Kerosene oil sold under PDS
3	Postal baggage transported by Department of Posts
4	Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
5	Jewellery, goldsmiths’ and silversmiths’ wares and other articles (Chapter 71)
6	Currency
7	Used personal and household effects
8	Coral, unworked (0508) and worked coral (9601)

- (b) goods being transported by a non-motorised conveyance;
- (c) goods being transported from the port, airport, air cargo complex and land Customs station to an inland container depot or a container freight station for clearance by Customs;
- (d) in respect of movement of goods within such areas as are notified under Rule 138(14) (d) of the SGST Rules, 2017 of the concerned State;
- (e) where the goods, other than de-oiled cake, being transported are specified in the Schedule appended to Notification No. 2/2017-Central tax (Rate) dated the 28.06.2017, as amended;
- (f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel;
- (g) where the goods being transported are treated as no supply under Schedule III of the Act;
- (h) where the goods are being transported— (i) under Customs bond from an inland container depot or a container freight station to a Customs port, airport, air cargo complex and land Customs station, or from one Customs station or Customs port to another Customs station or Customs port, or (ii) under Customs supervision or under Customs seal;
- (i) where the goods being transported are transit cargo from or to Nepal or Bhutan;
- (j) where the goods being transported are exempt from tax under Notifications No. 07/2017-Central Tax (Rate), dated 28.06.2017, as amended from time to time, and Notification No. 26/2017- Central Tax (Rate), dated 21.09.2017, as amended from time to time;

- (k) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee;
- (l) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail;
- (m) where empty cargo containers are being transported;
- (n) where the goods are being transported up to a distance of 20km from the place of the business of the consignor to a weigh bridge for weighing or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with Rule 55;
- (o) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

Thus, no e-Way Bill is required to be generated in respect of exempt goods and entries under Rule 138(14). For instance, movement of goods exempted under Notification 02/2017-Central Tax (Rate) dated 28.06.2017 except de-oiled cake does not require e-Way Bill. Movement of goods exempted underlisted in Rule 138(14) of SGST/UTGST Rules will also be exempted under the CGST Rules. The SGST/UTGST Rules are basically in respect of intra-State movement and the CGST Rules are in respect of inter-State movement. EWB is not required even when there's supply without any movement of goods. It may also be noted that EWB is required for every inter-State movement of goods even in cases where the supply is intra-State.

Cancellation of e-Way Bill:

Where an e-Way Bill has been generated under this Rule, but goods are either not transported or are not transported as per the details furnished in the e-Way Bill, the e-Way Bill may be cancelled electronically on the common portal, within 24 hours of generation of the e-Way Bill. However, an e-Way Bill cannot be cancelled if it has been verified in transit in accordance with the provisions of Rule 138B of the CGST Rules, 2017.

The facility of generation and cancellation of e-Way Bill will also be made available through SMS, Android App, Application Process Interface (API), etc.

Finer Points:

An e-Way Bill has to be prepared for every consignment where the value of the consignment exceeds ₹ 50,000/-. Where multiple consignments of varying values (per consignment) are carried in a single vehicle, e-Way Bill needs to be mandatorily generated only for those consignments whose value exceeds ₹ 50,000/-. This does not however preclude the consignor/consignee/transporter to generate e-Way Bills even for individual consignments whose value is less than ₹ 50,000/- per consignment. For multiple consignments being carried in the same vehicle, the transporter would prepare a consolidated e-Way Bill by indicating serial number of each e-Way Bill, on the common portal prior to commencement of transport of goods.

There is always a possibility that multiple vehicles are used for carrying the same consignment to its destination or unforeseen exigencies may require the consignments to be carried in a different conveyance than the original one. For such situations, the rules provide that any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods, update the details of the conveyance in the e-Way Bill on the common portal in **Part-B of FORM GST EWB-01**.

The person in charge of a conveyance has to carry the invoice or Bill of Supply or delivery challan, as the case may be; and a copy of the e-Way Bill or the e-Way Bill number, either physically or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner. However, where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-Way Bill:

- (a) tax invoice or Bill of Supply or Bill of Entry (in case of imported goods); or
- (b) a delivery challan, where the goods are transported for reasons other than by way of supply.

It is also to be noted that the Commissioner may, by notification, require a class of transporters to obtain a unique Radio Frequency Identification Device (RFID) and get the said device embedded on to the conveyance and map the e-Way Bill to the RFID prior to the movement of goods.

e-Way Bill to be issued whether for supply or otherwise:

e-Way Bill is to be issued irrespective of whether the movement of goods is caused by reasons of supply or otherwise. In respect of transportation for reasons other than supply, movement could be in view of export/import, job-work, SKD or CKD, recipient not known, line sales, sales returns, exhibition or fairs, for own use, sale on approval basis etc.

'Bill to-Ship to' Transactions:

Following fields are available in **Part-A** of the **FORM EWB-01** to tackle the issue of raising e-Way Bill in Bill to-Ship to transactions:

- (a) **Place of Dispatch:** This includes the address of the place from where the goods are dispatched for the movement to the recipient.
- (b) **Bill To:** This includes the details of the Bill to party on whose option the goods are to be transported at the place of Ship to party.
- (c) **Ship To:** This allows the registered person to enter the address of Ship To party i.e. address where goods are destined.
- (d) **Place of Delivery:** This includes the address of the place where the goods need to be delivered, this address may be different from the address captured under ship-to address.

Thus, e-Way Bill can be generated for "Bill To-Ship To" transactions by providing the above details in **Part-A** of the **FORM EWB-01**. CBIC has also released a press release on 23rd April, 2018 which can be accessed at <http://>

Table 7: Details of inward supplies on which tax is payable on reverse charge (net of credit / debit note) for the financial year

Table 8: Details of other inward supplies for the financial year

Part III: Details of tax paid as declared in returns filed during the financial year

Table 9: Details of tax paid as declared in returns filed during the financial year

Part IV: Particulars of the transactions for the previous FY declared in returns of April to September of current FY or up to date of filing of Annual Return of previous FY, whichever is earlier

Table 10: Supplies / tax declared through amendments (+) (net of debit notes)

Table 11: Inward supplies liable to reverse charge declared through amendments (+) (net of debit notes)

Table 12: Supplies / tax reduced through amendments (-) (net of credit notes)

Table 13: Inward supplies liable to reverse charge reduced through amendments (-) (net of credit notes)

Table 14: Differential tax paid on account of declaration made in Table 10, 11, 12 & 13

Part V: Other Information

Table 15: Particulars of demands and refunds

Table 16: Details of credit reversed or availed

Table 17: Late fee payable and paid

Note: Towards the end of the return, taxpayer is given an option to pay any additional liability declared in this form, through **Form DRC-03**. Taxpayer has to select “Annual Return” in the drop down provided in **Form DRC-03**.

Details / Format of Form GSTR-9C (Reconciliation Statement):

The reconciliation statement in **FORM GSTR-9C** has been divided into five parts containing 17 tables.

It is mandatory to file all **FORM GSTR-1**, **FORM GSTR-3B** and **FORM GSTR-9** for the current financial year before filing this return. The reconciliation statement is to be filed for every GSTIN separately.

The reference to current financial year in this statement is the financial year for which the reconciliation statement is being filed for.

The structure of **FORM GSTR-9C** is detailed as given under:

Part I: Basic Details

Table 1: Financial Year

Table 2: GSTIN

Table 3A: Legal Name

Table 3B: Trade Name (if any)

Table 4: Are you liable to audit under any Act?

Part II: Reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR-9):

Table 5: Reconciliation of gross turnover

Table 6: Reasons for un-reconciled difference in annual gross turnover

Table 7: Reconciliation of taxable turnover

Table 8: Reasons for un-reconciled difference in taxable turnover

Part III: Reconciliation of tax paid

Table 9: Reconciliation of rate wise liability and amount payable thereon

Table 10: Reasons for un-reconciled payment of amount

Table 11: Additional amount payable but not paid (due to reasons specified in Table 6, 8 and 10 above)

Part IV: Reconciliation of Input Tax Credit (ITC)

Table 12: Reconciliation of net Input Tax Credit (ITC)

Table 13: Reasons for un-reconciled difference in ITC

Table 14: Reconciliation of ITC declared in Annual Return (**FORM GSTR9**) with ITC availed on expenses as per audited Annual Financial Statement or books of accounts

Table 15: Reasons for un-reconciled difference in ITC

Table 16: Tax payable on un-reconciled difference in ITC (due to reasons specified in Table 13 and 15 above)

Part V: Additional liability due to non – reconciliation

Table 17: Additional liability due to non – reconciliation

Note: Towards the end of the return, taxpayer is given an option to pay any additional liability declared in this form, through **FORM DRC-03**. Taxpayer has to select “Reconciliation Statement” in the drop down provided in **FORM DRC-03**.

GST Annual Returns

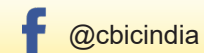


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GST GOODS AND SERVICES TAX

GST Annual Returns

(Updated as on November 2023)



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GST Annual Returns

Introduction:

GST has been implemented in India from 1st July 2017. Under the new GST regime, more than ₹ 1.32 Cr businesses in India have been registered and issued GST registration. Barring few exceptions, all entities having GST registration are required to file GST annual return, irrespective of business activity or sales or profitability during the return filing period.

GST registrants who obtained or held registration anytime during a given financial year are required to file annual return for the said financial year. The annual return is a compilation return which includes all business transactions corresponding to a particular financial year. It consolidates the information furnished by a taxpayer in monthly / quarterly returns filed during the particular financial year.

Persons liable for filing Annual Return:

As per Section 44 of CGST Act 2017, every registered person is required to file Annual Return except the following:

- (a) An Input Service Distributor;
- (b) A person paying tax under Section 51 (i.e. TDS deductor);
- (c) A person paying tax under Section 52 (i.e. TCS collector);
- (d) A Casual Taxable Person; and
- (e) A Non Residential Taxable Person.

Types of Annual Return:

As per Rule 80 of CGST Rules, 2017 following types of Annual Return have been prescribed:

- (a) **FORM GSTR-9:** This annual return is to be filed by all regular taxpayers (i.e. taxpayers who file regular returns in FORM GSTR-3B, GSTR-1, etc.).
- (b) **FORM GSTR-9A:** This annual return is to be filed by all taxpayers who pay tax under Section 10 (i.e. taxpayers who file return in FORM GSTR-4). In other words, annual return in FORM GSTR-9A is to be filed by all composition taxpayers. IT may be noted that FORM GSTR 9A is not required to be filled w.e.f. financial year 2019-20 due to introduction of Annual FORM GSTR4.
- (c) **FORM GSTR-9B:** This annual return is to be filed by all E-commerce operators required to collect tax at source under Section 52 (i.e. taxpayers who file regular returns in FORM GSTR-8).

- (d) **FORM GSTR-9C:** This annual return is to be filed by every registered taxpayer whose Aggregate Annual Turnover during a financial year exceeds R 5 Cr. This is a reconciliation statement which is now required to be self-certified by the registered person.

Last date of filing Annual Return:

As per Rule 80 of the CGST Rules, 2017, every registered person liable to file Annual Return for every financial year is required to file the same on or before the 31st December of next financial year. Accordingly, the last date of filing Annual Return for FY 2022-23 is 31st December, 2023. It may be noted that the last date of filing Annual Return for FY 2017-18 was extended upto 05th-07th February, 2020; for FY 2018-19 upto 31st December, 2020 and for FY 2019-20 upto 31st March, 2021 and for FY 2020-21 upto 28th February, 2022.

Levy of late fee:

As per Section 47(2) of CGST Act, 2017, any registered person who fails to furnish Annual Return by the due date shall be liable to pay a late fee of ₹ 100/- per day subject to maximum of 0.25% of his turnover in the State or Union Territory. Similar provision exist in respective SGST Acts, also. Therefore, effectively the late fee for delay in filing Annual Return by the due date is ₹ 200/- per day subject to a maximum of an amount calculated at 0.50% of his turnover in the State or Union Territory for the financial year 2022-23 onwards-

- (i) for Registered persons having an aggregate turnover of upto five crore rupees in the relevant financial year, late fee in excess of Twenty-five rupees perday has been waived off, subject to a maximum of an amount calculated at 0.02percent.of turnover in the State or Union territory
- (ii) for Registered persons having an aggregate turnover of more than five crores rupees and upto twenty crore rupees in the relevant financial year, late fee in excess of 50 rupees per day has been waived off, subject to a maximum of an amount calculated at 0.02percent of turnover in the State or Union territory.

It may be noted that equal amount of late fee is applicable under SGST /UTGST Acts as well.

Annual Returns made optional for small taxpayers:

- (a) The filing of annual return in FORM GSTR-9 has been made optional for taxpayers having Aggregate Annual Turnover less than ₹ 2 Cr for the financial years 2017-18, 2018-19, 2019- 20, 2020-21 and 2021-22 further, the registered person whose aggregate turnover in the financial year 2022-23 is upto two crore rupees, have been exempted from filing an ual return for the said financial year;
- (b) The filing of annual return in FORM GSTR-9A by composition dealers has been made optional for the financial years 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23;

- (c) The threshold of Aggregate Annual Turnover for filing of reconciliation statement in FORM GSTR-9C for the financial year has been increased form ₹ 2 Cr to ₹ 5 Cr.

Annual Return for the financial year 2022-23:

For the financial year 2022-23, the Annual return forms have been notified vide Notification No. 38/2023-central tax dated 04.08.2023.

Details / Format of FORM GSTR-9 (Annual return for regular taxpayers):

The Annual Return FORM GSTR-9 has been divided into six parts containing 19 tables. It is mandatory to file all FORM GSTR-1 and FORM GSTR-3B for the financial year for which the return is to be filed for before filing this return.

It may be noted that additional liability for the FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22 and 2022-23, as the case may be, not declared in FORM GSTR-1 or FORM GSTR-3B may be declared in this return. However, taxpayers cannot claim Input Tax Credit through this return.

The structure of FORM GSTR-9 is detailed as given under:

Part I: Basic Details

Table 1: Financial Year

Table 2: GSTIN

Table 3A: Legal Name

Table 3B: Trade Name (if any)

Part II: Details of Outward and Inward supplies made during the financial year

Table 4: Details of advances, inward and outward supplies made during the financial year on which tax is payable

Table 5: Details of advances, inward and outward supplies made during the financial year on which tax is NOT payable

Part III: Details of ITC for the financial year

Table 6: Details of ITC availed during the financial year

Table 7: Details of ITC reversed and ineligible ITC for the financial year

Table 8: Other ITC related information

Part IV: Details of tax paid as declared in returns filed during the financial year

Table 9: Details of tax paid as declared in returns filed during the financial year

Part V: Particulars of the transactions for the financial year declared in returns of the next financial year till the specified period

Table 10: Supplies / tax declared through amendments (+) (net of debit notes)

Table 11: Supplies / tax reduced through amendments (-) (net of credit notes)

Table 12: Reversal of ITC availed during the previous financial year

Table 13: ITC availed for the previous financial year

Table 14: Differential tax paid on account of declaration in table 10 and 11 above

Part VI: Other Information

Table 15: Particulars of demands and refunds

Table 16: Information on supplies received from composition taxpayers, deemed supply under Section 143 and goods sent on approval basis

Table 17: HSN wise summary of outward supplies

Table 18: HSN wise summary of inward supplies

Table 19: Late fee payable and paid

Note: Towards the end of the return, taxpayer is given an option to pay any additional liability declared in this form, through FORM DRC-03. Taxpayer has to select “Annual Return” in the drop down provided in FORM DRC-03.

Details / Format of Form GSTR-9A (Annual return for composition taxpayers):

The Annual Return FORM GSTR-9A has been divided into five parts containing 17 tables.

The structure of FORM GSTR-9A is detailed as given under:

Part I: Basic Details

Table 1: Financial Year

Table 2: GSTIN

Table 3A: Legal Name

Table 3B: Trade Name (if any)

Table 4: Period of composition scheme during the financial year

Table 5: Aggregate Annual Turnover of the previous financial year

Part II: Details of Outward and Inward supplies made during the financial year

Table 6: Details of outward supplies made during the financial year

Benefits of GST

GST is largely technology driven. The interface of the taxpayer with the tax authorities is through the common portal (GSTN). There are simplified and automated procedures for various processes such as registration, returns, refunds, tax payments, etc. All processes, be it of applying for registration, filing of returns, payment of taxes, filing of refund claims etc., are online through GSTN. The input tax credit is verified online. Electronic matching of input tax credit across India makes the process more transparent and accountable. This encourages a culture of compliance. This has greatly reduced the human interface between the taxpayer and the tax administration leading to speedy decisions. The measures like e-Invoice and auto populated returns has eased the compliance for the registered taxable person.

Average tax burden on trade and industry has come down, which has resulted in reduction in prices of goods and services. This has resulted in more consumption, which in turn means more production and thereby boosting the growth of the industries. The removal of cascading of taxes and increased transparency has made the citizens more informed about the taxes they pay while purchasing goods or services. GST has boosted domestic demand, creating more opportunities for domestic business and more job creation. GST might not be the panacea for all the ills of indirect tax system but is also not far from that.

*One Nation, One Tax,
One Market*



Industry



Government



Citizens

GST BRINGS BENEFITS FOR ALL

GST Benefits of GST



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GST

GOODS AND SERVICES TAX

BENEFITS

(Updated as on November 2023)



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GST stands for Goods and Services Tax which is levied on the supply of goods or services or both in India. The GST, which was implemented on 01st July, 2017, has subsumed a number of indirect taxes that were levied by the Centre and State Governments including Central Excise duty, Service Tax, VAT, Purchase Tax, Central Sales Tax, Entry Tax, Local Body Taxes, Octroi, Luxury Tax, etc. from that day.

The unifying of all taxes has brought benefits to all the stakeholders viz. the business and commerce including industries, governments and the citizens. It is aimed at lowering the cost of goods and services, boost the economy and make our products and services globally competitive. GST aims to make India a common national market with uniform tax rates and procedures. It removed the economic barriers, thereby paving the way for an integrated economy at the national level. By subsuming most of the Central and State indirect taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, GST mitigates all the ill effects of cascading and thereby improves competitiveness in the markets, in India and across globe .

GST is a destination based consumption tax. It has been designed in such a manner that tax is collected at every stage, with the credit of tax paid at the previous stage available to set off against the tax to be paid at the stage of transaction, thereby eliminating cascading effect of taxes on prices of goods and services. This eradicates **tax on tax** and allows cross utilization of input tax credit which benefit the business and commerce by making the entire supply chain tax neutral.

GST has given a major boost to the **'Make in India'** initiative of the Government by making goods or services produced or provided in India competitive in the national and international markets. Further,

all imported goods are being charged integrated tax (IGST) which is more or less equivalent to Central GST + State GST. This brings parity in taxation on local and imported goods or services.

Under the GST regime, unlike the earlier system, exports are zero rated in entirety where refund of some taxes was not allowed due to fragmented nature of indirect taxes between the Centre and the States. All taxes paid on the goods or services exported or on the inputs or input services used in the supply of such export goods or services are refunded. The principle of exporting only the cost of goods or services and not taxes is followed. This has boosted Indian exports, thereby improving the balance of payments position. Exporters are facilitated by grant of provisional refund of 90% of their claims within seven days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows. All refund claims and supporting documents are furnished only online and there is no need for the registered person to visit the office for the above purpose.

GST has brought buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.

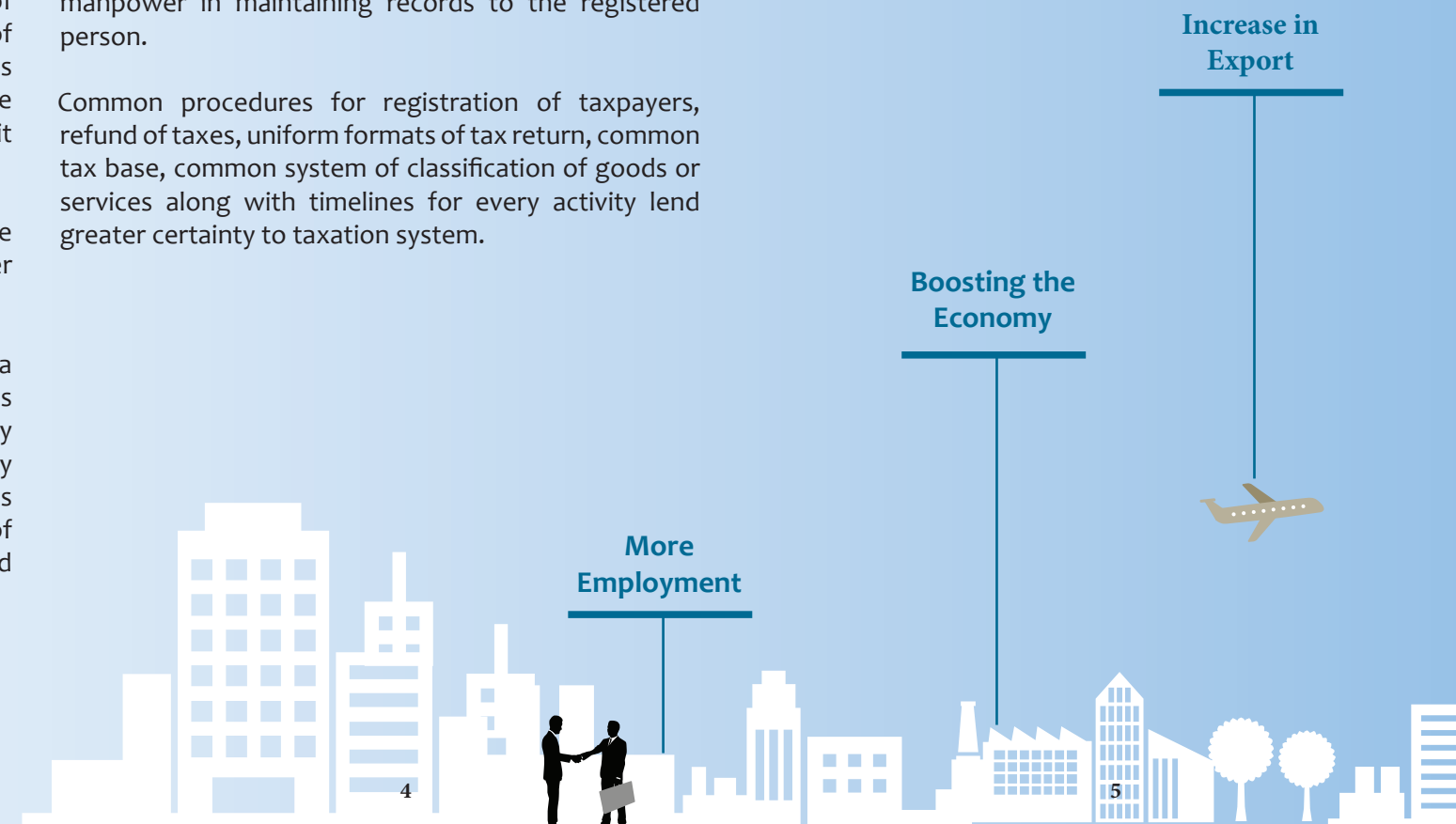
GST prevents cascading of taxes by providing a comprehensive input tax credit mechanism across the entire supply chain. Such a seamless availability of Input Tax Credit across goods or services at every stage of supply has enabled streamlining of business operations. The national e-way bill for movement of goods anywhere in India without any barrier has unified the all India supply chain mechanism.

Uniform GST rates for goods and services have reduced the incentive for evasion by eliminating rate arbitrage between neighbouring States and that between intra and inter-State sales.

Harmonization of laws, procedures and rates of tax has made compliance easier and simple. There are common definitions, common forms/ formats, common interface through common portal (GSTN) resulting in efficiencies and synergies across the board. This also has removed instances of multiple taxes on the same transaction and eliminated inter-State disputes like the one on entry tax and e-commerce taxation existed earlier. All this has also helped in reduction in compliance costs, alleviate the need for multiple record keeping for a variety of taxes leading to lesser investment of resources and manpower in maintaining records to the registered person.

Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods or services along with timelines for every activity lend greater certainty to taxation system.

One tax change bringing in...



- The law lays down a stringent criteria and procedure to be followed for arresting a person. A person can be arrested only if the criteria stipulated under the law for this purpose is satisfied i.e. if he has committed specified offences (not any offence) and the tax amount is exceeding ₹ 200 Lakh. However, the monetary limit shall not be applicable if the offences are committed again even after being convicted earlier i.e. repeat offender of the specified offences can be arrested irrespective of the tax amount involved in the case.
- Further, even though a person can be arrested for specified offences involving tax amount exceeding ₹ 200 Lakh, however, where the tax involved is less than ₹ 500 Lakh, the offences are classified as non-cognizable and bailable and all such arrested persons shall be released on Bail by Deputy/ Assistant Commissioner. But in case of arrests for specified offences where the tax amount involved is more than ₹ 500 Lakh, the offences are classified as cognizable and non-bailable and in such cases the arrested person has to be produced within 24 hours and the bail application can be considered by a Magistrate only.



GST

Inspection, Search, Seizure and Arrest



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GOODS AND SERVICES TAX

INSPECTION, SEARCH, SEIZURE AND ARREST

(Updated as on November 2023)



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Inspection, Search, Seizure and Arrest

1. In any tax administration the provisions for Inspection, Search, Seizure and Arrest are provided to protect the interest of genuine tax payers (as the tax evaders, by evading the tax, get an unfair advantage over the genuine tax payers) and as a deterrent for tax evasion. These provisions are also required to safeguard Government's legitimate dues. Thus, these provisions act as a deterrent and by checking evasion provide a level playing field to genuine tax payers.
2. It may be mentioned that the options of Inspection, Search, Seizure and Arrest are exercised, only in exceptional circumstances and as a last resort, to protect the Government Revenue. Therefore, to ensure that these provisions are used properly and effectively and the rights of taxpayers are also protected, it is stipulated that Inspection, Search or Seizure can only be carried out when an officer, of the rank of Joint Commissioner or above, **has reason to believe** the existence of such exceptional circumstances. In such cases, the proper officer, not below the rank of the Joint Commissioner may authorise, in writing, any other officer to cause inspection, search and seizure. However, in case of arrests the same can be carried out only where the person is accused of offences specified for this purpose and the tax amount involved is more than specified limit. Further, the arrests under GST Act can be made only under authorisation from the Commissioner.
3. The circumstances which may warrant exercise of these options are as follows:

(a) Inspection

'Inspection' is a softer provision than search which enables officers to access any place of business or of a person engaged in transporting goods or who is an owner or an operator of a warehouse or godown. As discussed above the inspection can be carried out by an officer of CGST/SGST only upon a written authorization given by an officer of the rank of Joint Commissioner or

above. A Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that the person concerned has done one of the following actions:

- suppression of any transaction relating to supply of goods or services or stock in hand;
- claimed excess Input Tax Credit;
- contravention of any provisions of the Act or the Rules to evade tax;
- transporting or keeping goods which escaped payment of tax or manipulating accounts or stocks which may cause evasion of tax.

Inspection can also be done of the conveyance, carrying a consignment of value exceeding specified limit. The person in charge of the conveyance has to produce documents/devices for verification and allow inspection.

(b) Inspection in movement

- Any inter-state consignment, value of which is exceeding ₹ 50,000/-, may be stopped at any place for verification of the documents /devices prescribed for movement of such consignments (monetary limits for intra-state consignments are different-as fixed by State Governments).
- If on verification of the consignment, during transit, it is found that the goods were removed without prescribed document or the same are being supplied in contravention of any provisions of the Act, then the same can be detained or seized and may be subjected to penalties as prescribed.
- To ensure transparency and minimise hardships to the trade, the law provides that if during verification, in

transit, a consignment is held up beyond 30 minutes the transporter can feed details on the portal. This will ensure accountability and transparency for all such verifications. Moreover, for verification during movement of consignment will also be done through digital interface and therefore the physical intervention will be minimum and as has already been mentioned that in case of a delay beyond 30 minutes the transporter can feed the details on the portal.

(c) Search & Seizure

The provisions of search and seizure also provides enough safeguards and the GST Law stipulates that search of any place of business etc. can be carried out only under authorisation from a proper officer, not below the rank of Joint Commissioner and if he has a reason to believe that:

- goods liable to confiscation or any documents /books/ record/things, which may be useful for or relevant to any proceedings, are secreted in any place then all such places can be searched;
- all such goods/documents/books/record/things may be seized, however, if it is not practicable to seize any such goods then the same may be detained. The person from whom these are seized shall be entitled to take copies/extracts of seized records;
- the seized documents/books/things shall be retained only till the time the same are required for examination /enquiry/proceedings and if these are not relied on for the case then the same shall be returned within 30 days from the issuance of show cause notice;
- the seized goods shall be provisionally released on execution of bond and furnishing a security or on payment of applicable tax, interest and penalty;
- in case of seizure of goods, a notice has to be issued within six months, if no notice is issued within a period of six months then all such goods shall be returned.

However, this period of six months can be extended by Commissioner for another six months on sufficient cause;

- an inventory of the seized goods/documents/ records is required to be made by the officer and the person, from whom the same are seized, shall be given a copy of the same.
- to ensure that the provisions for search and seizure are implemented in a proper and transparent manner, the Act stipulates that the searches and seizures shall be carried out in accordance with the provisions of Criminal Procedure Code, 1973. It ensures that any search or seizure should be made in the presence of two or more independent witnesses, a record of entire proceedings is made and forwarded to the Commissioner forthwith.

(d) Arrests

In the administration of taxation the provisions for arrests are created to tackle the situations created by some unscrupulous tax evaders. To some, these may appear very harsh but these are necessary for efficient tax administration and also act as a deterrent and instil a sense of discipline. The provisions for arrests under GST Law have sufficient inbuilt safeguards to ensure that these are used only under authorisation from the Commissioner, under reasonable belief that a person has committed the specified offences. Besides this, the GST Law also stipulates that arrests can be made only in those cases where the person is involved in offences specified for the purposes of arrest and the tax amount involved in such offence is more than the specified limit. The salient points of these provisions are:

- Provisions for arrests are used in exceptional circumstance and only with prior authorisation from the Commissioner.

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Refund related measures:

- (a) A new functionality has been made available on the common portal which allows unregistered persons to take a temporary registration and apply for refund. Also, the manner and procedure for filing of refund applications by unregistered persons in certain circumstances has been prescribed vide Circular no. 188/20/2022-GST dated 27.12.2022.
- (b) Manner for processing and sanction of such IGST refunds, which were withheld on account of exporters being flagged as risky on the basis of risk parameters and data analytics, was prescribed vide Instruction No.04/2022-GST dated 28.11.2022.

Registration Related Measures:

- (a) A proviso (3rd proviso) has been inserted in rule 21A (4) to provide for automatic revocation of such system-based suspension upon compliance with provisions of rule 10A.
- (b) Amendment has been made in rule 9 and rule 25 of CGST Rules, 2017 to do away with the requirement of the presence of the applicant for the physical verification of business premises and also to provide for physical verification in high risk cases even where

Act 2017 and IGST Act 2017 vide Central Goods and Services Tax (Amendment) Act, 2023 and the Integrated Goods and Services Tax (Amendment) Act, 2023 with effect from 01.10.2023 to provide clarity on the taxation of supplies in casinos, horse racing and online gaming. These amendments inter alia provide level playing field to the suppliers of online money gaming based in India vis-à-vis the suppliers of online money gaming located outside India supplying online money gaming to the recipients in India. Registration has been made mandatory for such overseas suppliers of online money gaming and provisions have been made for punitive action against such suppliers, including blocking of their websites, in case of contravention of provisions under GST law.



taxability of internally generated services provided by one distinct person to another distinct person.

- (h) Vide Circular No. 202/14/2023-GST dated 27.10.2023, clarification relating to export of services – sub-clause (iv) of the Section 2 (6) of the IGST Act 2017 has been issued.
- (i) Vide Circular No. 203/15/2023-GST dated 27.10.2023, clarification regarding determination of place of supply in various cases has been issued.
- (j) Vide Circular No. 204/16/2023-GST dated 27.10.2023, clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST has been issued.

Mera Bill Mera Adhikaar Scheme launched:

- **Mera Bill Mera Adhikaar Scheme** has been launched as a pilot project in select States/ UTs providing for rewards to the persons uploading B2C invoices on the Mera Bill Mera Adhikaar Application to encourage consumers to demand GST invoices for their purchases, fostering transparency and accountability in commercial transactions.

CGST & IGST Amendment Act notified:

- (a) On recommendation of GST Council, certain amendments have been made in the CGST

Aadhaar has been authenticated.

- (c) Vide Notification No. 03/2023-CT dated 31.03.2023, for such registrations which were cancelled for non-filing of returns on or before 31.12.2022 and application for revocation was not filed or appeal has been rejected or appeal is pending within the specified time, the time limit for filing of application for revocation of cancellation of registration, was extended till 30.06.2023. Further, vide Notification No. 23/2023-CT dated 17.07.2023, the time limit for filing of application for revocation of such cancellation of registration, was extended till 31.08.2023.
- (d) Vide Notification No. 33/2023-CT dated 31.07.2023, “Account Aggregator” has been notified as the systems with which information may be shared by the common portal based on consent provided by the registered person/taxpayer. This will help MSMEs in getting credit/business loan based on their GST registration.

Other facilitation measures:

- (a) In order to simplify and decriminalize certain provisions of the GST Act, based on the recommendation of GST Council, amendments have been made in provisions of CGST Act, 2017.
- (b) Provision for automatic restoration of provisionally attached property after completion of one year: An amendment

- in sub-rule (2) of Rule 159 of CGST Rules, 2017 and FORM GST DRC-22 has been made to provide that the order for provisional attachment in FORM GST DRC-22 shall not be valid after expiry of one year from the date of the said order. This will facilitate release of provisionally attached properties after expiry of period of one year, without need for separate specific written order from the Commissioner.
- (c) Vide notification no. 26/2022- Central Tax dated 26.12.2022, Rule 109C and FORM GST APL-01/03W has been inserted in the CGST Rules, 2017 w.e.f. 26.12.2022 to provide for the facility for withdrawal of an application of appeal up to certain specified stage.
- (d) Measure for improving cash flow: Provision has been made to provide for transfer of balance in electronic cash ledger of a registered person to electronic cash ledger of a distinct person. This provision would help taxpayer in easily transferring unutilized balance in cash ledger between the registered persons having same PAN, without need for filing refund claim with tax officers. This would provide ease of doing business and would improve liquidity and cash flows of such taxpayers.
- (e) This threshold limit for E-invoicing has been further reduced to annual aggregate turnover of Rs 5 crore with effect from 01.08.2023 vide notification no. 10/2023-Central Tax dated 10.05.2023.
- difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for the period 01.04.2019 to 31.12.2021 has been issued.
- (c) Vide Circular No. 194/06/2023-GST dated 17.07.2023, clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction has been issued.
- (d) Vide Circular No. 195/07/2023-GST dated 17.07.2023, clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period has been issued.
- (e) Vide Circular No. 196/08/2023-GST dated 17.07.2023, clarification on taxability of share capital held in subsidiary company by the parent company has been issued.
- (f) Vide Circular No. 197/09/2023-GST dated 17.07.2023, clarification on refund-related issues and vide Circular No. 198/10/2023-GST dated 17.07.2023, clarification on issue pertaining to e-invoice have been issued.
- (g) Vide Circular No. 199/11/2023-GST dated 17.07.2023, it has been clarified that Input Services Distributor (ISD) mechanism is not mandatory for distribution of input tax credit of common input services procured from third parties to the distinct persons as per the present provisions of GST law, and also to clarify issues regarding

said order was rejected solely on the grounds that the said appeal was not filed within the time period specified in sub-section (1) of section 107. In all such cases, filing of appeal by the taxpayers will be allowed against such orders upto 31st January 2024, subject to the condition of payment of an amount of pre-deposit of 12.5% of the tax under dispute, out of which at least 20% (i.e. 2.5% of the tax under dispute) should be debited from Electronic Cash Ledger. This will facilitate a large number of taxpayers, who could not file appeal in the past within the specified time period.

Annual Return related measure:

(a) Vide Notification No. 32/2023-CT dated 31.07.2023 the registered person, whose aggregate turnover in the financial year 2022-23 is up to two crore rupees, has been exempted from filing annual return for the said financial year.

Clarification issued on various issues to facilitate trade:

(a) Vide Circular No. 192/04/2023-GST dated 17.07.2023, clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof has been issued.

(b) Vide Circular No. 193/05/2023-GST dated 17.07.2023, clarification to deal with

(f) Sub-rule (3) of rule 108 and rule 109 of the CGST Rules, 2017 have been amended w.e.f. 26.12.2022 to provide clarity on the requirement of submission of certified copy of the order appealed against and the issuance of final acknowledgment by the appellate authority.

(g) Vide notification no.18/2022-Central Tax dated 28.09.2022, w.e.f. 01.10.2022, amendments have been brought in the CGST Act to extend the time period for rectification/amendment of returns/ issuance of credit notes and for availment of input tax credit upto 30th day of November following the end of the financial year to which such details pertain. Earlier it was allowed up to the due date for furnishing of return for the month of September. This provides additional time to the taxpayers for rectification/amendment of returns. Issuance of credit notes and for availment of input tax credit.

(h) Rule 37A has been inserted in CGST Rules, 2017 vide notification no. 26/2022- Central Tax dated 26.12.2022 w.e.f 26.12.2022 to prescribe the mechanism for reversal and re-availment of input tax credit in the case of non-payment of tax by the supplier. The said rule provides that in cases where return in FORM GSTR-3B for a certain tax period has not been furnished by the supplier till the 30th day of September following the end of financial year and recipient has availed input tax credit in respect of such invoice or debit note as filed in supplier's GSTR-1 for that period, the said

amount of input tax credit is required to be reversed by the recipient while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year. This facilitates and eases compliance of Section 16 (2) (c) of CGST Act for the taxpayers.

- (i) The requisite amendments in the GST Act have been made by Finance Act, 2023 for allowing unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs), subject to certain conditions. These amendments have been notified w.e.f. 01.10.2023 vide Notification No. 34/2023-CT dated 31.07.2023. Lakhs of small taxpayers would be benefited from the waiver of requirement of mandatory registration. This would open the huge e-commerce market for them to sell their goods without getting mandatory registration upto threshold turnover of registration. Extension of the benefit of making intra-state supply of goods through an E-commerce Operator (ECO) to the composition taxpayers shows government's commitment to support small businesses.

Various Amnesty Schemes to provide relief to taxpayers:

- (a) As a relief to the taxpayers from high late fees, vide Notification No. 07/23-CT dated 31.03.2023, late fee payable for delayed filing of FORM GSTR-9 / GSTR-9C for FY 2017-18 to

FY 2021-22 was capped to maximum of Rs. 20,000/- (Rs. 10,000/- + Rs. 10,000/-) if filed between 01.04.23 to 30.06.23 and the due date was further extended till 31.08.2023 vide Notification No. 25/2023-CT dated 17.07.2023. Further, vide Notification No. 08/23-CT dated 31.03.2023, late fee payable for delayed furnishing of final return in FORM GSTR-10 was capped to maximum of Rs. 1,000/- (Rs. 500/- + Rs. 500/-) if filed between 01.04.23 to 30.06.23 and the due date was further extended till 31.08.2023 vide Notification No. 26/2023-CT dated 17.07.2023.

- (b) Vide Notification No. 06/2023-CT dated 31.03.2023, a conditional amnesty scheme was provided for deemed withdrawal of best judgement assessment orders issued under Section 62, in the cases where a valid return was not furnished within 30 days from the date of service of such assessment order issued on or before 28.02.2023, if the pending return is filed on or before 30.06.2023. Further, such date for filing of pending return was extended till 31.08.2023 vide Notification No. 24/2023-CT dated 17.07.2023.

- (c) Amnesty Scheme for filing of appeals against demand orders in cases where appeal could not be filed within the allowable time period: The Council has recommended providing an amnesty scheme for taxable persons, who could not file an appeal under section 107 of the CGST Act, 2017 against the demand order passed on or before the 31st day of March, 2023, or whose appeal against the

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Non-Resident Taxable Person



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Non-Resident Taxable Person

Introduction:

Under GST law, “Non-resident Taxable Person” means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

A non-resident taxable person making taxable supply in India has to compulsorily take registration. There is no threshold limit for registration. A non-resident taxable person cannot exercise the option to pay tax under composition levy. He has to apply for registration at least five days prior to commencing his business in India using a valid passport (and need not have a PAN number in India).

Registration: A non-resident taxable person has to apply for registration in **Form GST REG-09** for taking registration. He is not required to apply in normal application for registration being filed by other taxpayers. A non-resident taxable person has to electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through EVC, in **FORM GST REG-09**, at least five days prior to the commencement of business at the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

In case the non-resident taxable person is a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

The application for registration made by a non-resident taxable person has to be signed or verified through electronic verification code by his authorized signatory who shall be a person resident in India having a valid PAN. On successful verification of PAN, mobile number and e-mail address the person applying for registration as a non-resident taxable person will be given a temporary reference number by the Common Portal for making the mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. The registration certificate shall be issued electronically only after the said deposit appears in his

electronic cash ledger. The amount deposited shall be credited to the electronic cash ledger of the non-resident taxable person.

The non-resident taxable person can make taxable supplies only after the issuance of the certificate of registration. The certificate of registration shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.

In case the non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in **FORM GST REG-11** shall be submitted electronically through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, before the end of the validity of registration granted to him. The validity period of ninety days can be extended by a further period not exceeding ninety days. The extension will be allowed only on payment of the amount of an additional amount of tax equivalent to the estimated tax liability for the period for which the extension is sought has to be deposited.

Input Tax Credit: Input tax credit shall not be available in respect of goods or services or both received by a non-resident taxable person except on goods imported by him. The taxes paid by a non-resident taxable person shall be available as credit to the respective recipients.

Returns: The non-resident taxable person shall furnish a return in **FORM GSTR-5** electronically through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, including therein the details of outward supplies and inward supplies and shall pay the tax, interest, penalty, fees or any other amount payable under the Act or these rules within thirteen days after the end of a calendar month or within seven days after the last day of the validity period of registration, whichever is earlier.

Refund: The amount of advance tax deposited by a non-resident taxable person, will be refunded only after the person has furnished all the returns required in respect of the entire period for which the certificate of registration granted to him had remained in force.

years. Refund is granted within 60 days from the date of receipt of complete application. Interest is payable if refund is not sanctioned within the stipulated period of 60 days. If the refund claim is less than ₹ 2 lakh, there is no need for the claimant to furnish any documentary evidence to prove that he has not passed on the incidence of tax to any other person. Refund of input tax credit is allowed in case of exports or where the credit accumulation is on account of inverted duty structure (i.e. where the tax rate on output is higher than that on inputs), barring few exceptions.

6. Demands

A new concept of sunset clause for tax disputes has been introduced in GST. It provides that Adjudication Order shall be issued within 3 years of due date of filing of annual return in normal cases and the time limit is 5 years (from the due date of filing of annual return) in fraud/suppression cases. Show Cause Notice will have to be issued at least 3 months prior to the time limit prescribed for issue of adjudication order in normal cases and at least 6 months prior to the time limit prescribed for issue of adjudication order in cases involving fraud/suppression etc. Penalty is Nil or minimal if the tax short paid / non-paid is deposited along with interest at the stage of audit/investigation.

7. Alternate Dispute Resolution mechanism - Advance Rulings

Advance Ruling mechanism has been continued under the GST law. The salient features are as under:

- Advance Ruling can be sought on more subjects than allowed under the earlier laws. The subjects on which Advance Ruling can be sought are: classification of goods/or services, time and value of supply, rate of tax, admissibility of input tax credit, liability to pay tax, liability to take registration and whether a particular transaction amounts to a supply under GST law.
- Advance Ruling can be sought not only for new activities but also for existing activities.** The facility of appeal, which was not there under the earlier Central laws, has been provided in the GST Law.
- The applicants or the Department, if aggrieved by the Advance Ruling, would henceforth get the opportunity

to file an appeal before the Appellate Authority of Advance Ruling. Advance Ruling can be obtained more easily as there will be one Advance Ruling Authority (as also the Appellate Authority) in every State.

8. Other provisions of GST

The provisions worth mentioning here are:

- Electronic invoicing system has been introduced for taxpayers with Aggregate Annual Turnover of more than ₹ 500 Cr from 01st October, 2020 for B2B transactions and for export invoices. The same was extended for taxpayers with Aggregate Annual Turnover of more than ₹ 100 Cr from 01st January, 2021. Further, the same has been extended for taxpayers with Aggregate Annual Turnover of more than ₹ 50 Cr from 01st April, 2021, and for taxpayers with Aggregate Annual Turnover of more than ₹ 20 Cr from 01st April, 2022 and for taxpayers with Aggregate Annual Turnover of more than ₹ 10 Cr from 01st October, 2022, and for taxpayers with Aggregate Annual Turnover of more than 5 Cr from 01st August, 2023.
- e-Commerce companies are required to collect tax at source in relation to any supplies made through their online platforms, under fulfillment model, at the rate of 2% on the net value of taxable supplies made through it where the consideration in respect of such supplies is collected by operator.
- An anti-profiteering measure has been incorporated in the GST law to ensure that any benefits on account of reduction in tax rates or benefit of input tax credit results in commensurate reduction in prices of such goods/services.



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Overview of GST

1. The salient features of GST are as under:

- (a) **GST is applicable on the supply of goods or services** as against the earlier concepts of tax on the manufacture or sale of goods or provision of services. It is a **destination-based consumption tax**. This means that tax would accrue to the State or the Union Territory where the consumption takes place.
- (b) **GST applies to all goods other than alcoholic liquor for human consumption and five petroleum products**, viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.
- (c) **Threshold Exemption:** Threshold limits of Aggregate Annual Turnover for exemption from registration and payment of GST for the suppliers of goods is ₹ 40 Lakh and ₹ 20 Lakh (in case of States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand) with effect from 01st April, 2019. Threshold limit of Aggregate Annual Turnover for exemption from registration and payment of GST for suppliers of services is ₹ 20 Lakh and ₹ 10 Lakh (in case of States of Manipur, Mizoram, Nagaland and Tripura).
- (d) **Composition levy:**
 - **Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services.** Under the scheme, person with Aggregate Annual Turnover up to ₹ 1.5 Cr (₹ 75 Lakh in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% to 5% on his Aggregate Annual Turnover and needs to file his returns annually with quarterly payment from FY 2019-20.

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- **Composition scheme has been made available for suppliers of services** (to those who are not eligible for the Composition Scheme mentioned in (a) above) with a tax rate of 6% (3% CGST + 3% SGST) having an Aggregate Annual Turnover in the preceding FY up to ₹ 50 Lakh. They would be liable to file one Annual Return with quarterly payment of taxes. This has been made effective from 01st April, 2019.
 - A taxpayer opting for composition levy is **not** allowed to collect any tax from his customers nor is he entitled to claim any input tax credit. The **composition scheme is optional**. Taxpayers making inter-State supplies are not eligible for composition scheme. The benefit of Composition Scheme is not available to manufacturers of Ice-cream, Pan Masala and Tobacco and Manufactured Tobacco Substitutes, Fly ash bricks or fly ash aggregate with 90% or more fly ash content, Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks and Earthen or roofing tiles.
- (e) The Integrated tax (IGST) is levied and collected on inter-State supply of goods and services.
 - (f) **Use of Input Tax Credit:** Taxpayers are allowed to take credit of taxes paid on inputs (input tax credit) and utilize the same for payment of output tax. However, no input tax credit on account of CGST is allowed to be utilized towards payment of SGST/UTGST and vice versa. Input tax credit on account of IGST shall first be utilised towards payment of IGST, and the amount remaining, if any, may be utilised towards the payment of CGST and SGST or UTGST, as the case may be, in any order. Further, input tax credit on account of CGST, SGST or UTGST shall be utilised towards payment of IGST, CGST, SGST or UTGST, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully.
 - (g) GST is largely technology-driven. It reduces the

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human interface to a great extent and this would lead to speedy decisions.

- (h) GST has given a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the National as well as International market. Also, all imported goods are charged Integrated Tax (IGST) which is equivalent to Central GST + State GST. This brings equality with taxation on domestic products.
- (i) Under the GST regime, Exports and supplies to SEZ are treated as zero-rated supplies. This ensures boosting of Indian exports in the international market thus improving the balance of payments position. The exporter has the option to either pay integrated tax and claim its refund or export under LUT/bond without tax and claim refund of Input Tax Credit.

2. GST Council

The mechanism of GST Council has been created in terms of the provisions of the Constitution (101st Amendment) Act, 2016 to ensure harmonization on different aspects of GST between the Centre and the States as well as among States. As provided for in Article 279A of the Constitution, the Goods and Services Tax Council (the Council) was notified with effect from 12.09.2016. The Council is comprised of the Union Finance Minister (who is the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members. It makes recommendations to the Union and the States on almost all issues related to GST and all major decisions as regards policy, changes in law, rules, rates, etc. are taken on the recommendation of GST Council.

3. Minimal Interface

The **physical interface between the taxpayer and the tax authorities is minimal under GST**. Certain important provisions in this regard are as under:

- (a) There is cross-empowerment of officers belonging to Central and State Governments. Officer of CGST have been empowered to act as proper officer of

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SGST and vice versa. The taxpayer has to interact with only one authority.

- (b) Registration is granted online and shall be deemed to have been granted if no deficiency is communicated to the applicant within seven working days by the tax administration which has been allotted the examination of the application. If Aadhaar authentication is not done by the applicant or if the authentication fails, registration would be granted after physical verification of business premises within 30 days.
- (c) Taxable person shall himself assess the taxes payable (self-assessment) and credit it to the account of the Government. The return filed by the tax payer would be treated as self-assessed.
- (d) Payment of tax is to be made electronically through internet banking, through the modes of Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) or Immediate Payment Service (IMPS) or Unified Payments Interface (UPI). Smaller taxpayers are allowed to pay tax over the bank counter.
- (e) Taxpayers are allowed to keep and maintain accounts and other records in electronic form.

4. Input tax credit

Taxpayer is allowed to take credit of taxes paid on inputs (input tax credit), as self-assessed, in his return. Taxpayer can take credit of taxes paid on all goods and services, other than a few items in the negative list, Credit of taxes paid on inputs can be taken where the inputs are used for business purposes or for making taxable supplies. Unutilized input tax credit has been allowed to be carried forward. The facility of distribution of input tax credit for services amongst group companies has been provided for through the mechanism of Input Service Distributor (ISD).

5. Refund

Time limit for claiming online refund has been kept at **two**

5

- Stock of Goods
- Transportation of Goods
- Other documents as may be prescribed

Q6. What is the indicative list of documents, other than as available on GSTN, required to be furnished by the taxpayer?

The Taxpayer will be required to furnish:

- Copies of Balance Sheet, Profit & Loss Accounts with all complete schedules
- Annual returns submitted to the Registrar of Companies
- Income Tax Returns along with the Annexures and Income Tax audit report, if any, under Section 44AB of the Income-tax Act, 1961
- Directors/Auditors Report
- Cost audit report, if any, under Section 148 of the Companies Act, 2013
- Form 26 AS
- Details of Anti-Evasion/ Preventive/ DGGSTI cases booked, if any and copy of SCN issued thereof
- Copy of VAT annual return
- List of major input supplies with specific mention of HSN Code and applicable rate of GST

The taxable person will be also required to provide necessary facility and give information /assistance for timely completion of audit.

Q7. What is the purpose of Audit under GST?

To verify the correctness of –

- Turnover declared
- Taxes assessed & paid
- Refund claimed
- Input Tax Credit availed, and
- To assess compliance with the provisions of the GST Acts or the rules made thereunder

Q8. What are the frequent issues detected during audit?

- Non-payment/ short payment of Tax
- Wrong classification of Goods/Services
- Short/Excess payment of Tax due to improper calculation/ accounting
- Collecting Tax from the customers but not paying the same to the Government
- Wrong availment of ITC on ineligible document
- Tax not paid on advance in case of services
- Reverse Charge Mechanism liability



Q9. Some useful tips for taxpayers

- Conduct timely reconciliation of records
- Compare e-Way Bills with respect to data in GSTR-1
- Compare GSTR-3B Returns filed, with GSTR-2B and GSTR-1, and ensure that all data matches
- To have clear understanding of the provisions of CGST Act and Rules made thereunder
- Timely filing of GSTR-9/9C return (whichever is applicable)

Q10. What are the Audit findings?

On conclusion of an Audit, the officer will inform the taxable person within 30 days:

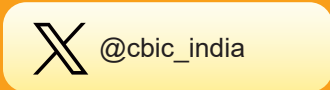
- Findings in FORM ADT-02
- Reason thereof

If the audit results in the detection of unpaid/short paid tax or wrong refund or wrong input tax credit availed, and the amount indicated by the auditor is not paid by the taxpayers, then demand and recovery actions will be initiated as per law.

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GST AUDIT PATH TO COMPLIANCE

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS
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GST Holds the Key

In a revolutionary step, Goods and Services Tax (GST) was introduced to unite India's markets and simplify the complex web of State and Central Taxation Laws. GST paved the way to a uniform structure in taxation of goods and services across the nation, ensuring uniformity in terms of taxable event, tax rates, point of levy, provisions for registration, return filing, tax payment, refunds, audit, adjudication, appeals etc.

GST Audit: Navigating the Maze

Audit under GST is an important compliance verification tool to measure the level of compliance of a taxpayer in the light of the provisions of the CGST Act, 2017 and the Rules made there under. The whole edifice of GST eco-system is built on Self-assessment/self-compliance by GST Taxpayers. It is aimed to bring transparency, deter tax evasion, and guide towards compliance accuracy in businesses.

GST Audit in Action

GST Audit is mandated to do a meticulous scrutiny of taxpayer's transactions to validate the accuracy of the reported GST liability. The activity of Audit by the department is to,

- examine the records, returns and other documents maintained or furnished by the taxpayer
- verify the correctness of turnover declared, taxes paid, refund claimed, and input tax credit availed, and
- assess taxpayer's compliance with the provisions of the CGST Act, 2017 and the Rules made there-under.

Principles of GST Audit

- **Risk-Based Selection:** The audit process begins with Risk-based selection of taxpayers to be audited. The primary objective of GST Audit is to translate the identified risk parameters into a meaningful review and an Audit Plan to ensure efficiency;
- **Systematized and Comprehensive:** GST Audits follow a methodical and all-encompassing approach, ensuring a meaningful and efficient audit;
- **Technique based on materiality:** Degree of scrutiny and application of an audit tool is applied depending upon the identified nature of risk factors;
- **Record Every Detail:** Proper recording of all checks and findings made during the entire audit;
- **Exploring the Uncharted:** Identify the unexplored compliance verification parameters;
- **Educating Taxpayers:** Taxpayers are educated for tax awareness and better compliance.



The GST Audit Process

The GST Audit process includes the following steps:

- The auditee is formally notified of an upcoming audit through the prescribed format (FORM GST ADT-01) at least 15 working days prior to the conduct of audit.
- FORM GST ADT-01 also enlists the documents and data to be submitted to the Auditor for a preliminary review. A period of 15 days is prescribed for submission of the documents.
- The audit will officially commence when the auditor accepts the documents submitted by the auditee or initiates verification of the business premises, whichever is later.
- During the audit, the authorized officer may request access to verify the books of accounts or other necessary documents. Auditee/taxpayer's cooperation is crucial for a timely completion of audit.
- On completion of the audit verification, Auditee/taxpayer receives the preliminary findings, and his views/comments are recorded to finalize the observations.
- On finalization of observations, the results are sent to the Auditee/taxpayer in the form of Final Audit Report (Form GST ADT-02) within 30 days.
- The Auditee/taxpayer is given the option to make the payment of tax short paid / not paid with waiver of show cause notice. The final audit findings are informed to the Auditee/taxpayer within 30 days along with his rights and obligations and the reasons for such findings.
- The entire audit process is to be completed within 3 months from the date of commencement, with the provision of further 6-month extension if necessary.
- The Auditee/taxpayer is not required to provide most of the digital information, as this data is already available with the department.
- Audits verification may be conducted at the place of business of the registered taxpayer or at the office of the authorized officer.
- The emphasis of the audit is on trade facilitation and providing non-intrusive environment to taxpayers.

Benefits of Audit to Taxpayers

Participating in GST Audits offers several benefits for the tax compliant auditee:

- **Enhanced Compliance:** Taxpayer gain a better understanding of tax laws and procedures, making compliance smoother.
- **Precision in Returns:** Taxpayer's GST returns and Self-assessments are prepared accurately, with a sharper focus on correctness and completeness.
- **Improved Accounting:** Audits can help taxpayers in spotting and rectifying deficiencies in your accounting and internal control systems.

- **Fewer Hassles:** With thorough audits, the chances of disputes and legal proceedings decrease significantly.

GST Audit is not only for reconciliation of tax liability and payment thereof, but it also encompasses the verification of compliance with the provisions of the GST laws by a registered person and educating the taxpayers to be more complaint with the law and procedure.



FAQs on Audit under Section 65 of the CGST Act, 2017

Q1. What is Audit under CGST?

- An Audit under CGST involves the examination of records, returns, and documents related to Input Tax Credit (ITC) and Refunds. Its purpose is to validate tax payments and compliance by the taxpayers.

Q2. Which records, returns and other documents are examined during Audit by departmental officers?

- Documents which are maintained by the registered person, or
- Documents furnished by the registered person under GST or any other law for the time being in force

Q3. Where can Audit of a taxpayer be conducted?

Audit of records can be carried out either at the jurisdictional office premises of the tax authority (desk-based audit) or the business premises of the taxpayer as decided by the jurisdictional Commissioner CGST, Audit. Desk-based audit is mandated for small category taxpayers as a trade facilitation measure.

Q4. What are the timelines prescribed for Audit?

- A notice is sent to the auditee at least 15 days prior to Audit. (ADT-01)
- The entire audit process is to be completed within 3 months from the date of commencement of the audit.
- The jurisdictional Commissioner CGST, Audit can extend the audit period for a further 6 months with reasons recorded in writing.

Q5. What documents are required to be furnished by the auditee for Audit?

The Auditee is required to submit the following documents for the Audit:

- Inward and outward supply of Goods & Services or both
- Goods Produced or Manufactured
- Input Tax Credit availed
- Output Tax Payable & Paid



GST

Refunds in GST



Timely Refunds Mechanism



Years of GST

One Nation, One Tax, One Market

6 years of GST

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GST

GOODS AND SERVICES TAX

Refunds under GST

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS

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Introduction:

Timely refund mechanism is essential in tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business.

The provisions pertaining to refund contained in the GST law aim to streamline and standardise the refund procedures under GST regime. Thus, under the GST regime there is a standardised form for making any claim for refunds. The claim and sanctioning procedure are completely online and time bound which is a marked departure from the erstwhile time consuming and cumbersome procedure.

Situations leading to refund claims:

The relevant date provision embodied in Section 54 of the CGST Act, 2017, provision contained in Section 77 of the CGST Act, 2017 and the requirement of submission of relevant documents as listed in Rule 89(2) of CGST Rules, 2017 is an indicator of the various situations that may necessitate a refund claim. A claim for refund may arise on account of:

- (a) export of goods or services;
- (b) supplies to SEZs units and developers;
- (c) supply of goods regarded as Deemed Exports;
- (d) refund of taxes on purchase made by UN or embassies etc. under Section 55 of CGST Act, 2017;
- (e) refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court;
- (f) refund of accumulated Input Tax Credit on account of inverted rate structure;
- (g) finalisation of provisional assessment;
- (h) refund of pre-deposit;
- (i) tax paid in excess/by mistake;
- (j) Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India (not notified yet);
- (k) refund of tax paid in wrong head under Section 77 of CGST Act, 2017 & Section 19 of IGST Act, 2017 (treating the supply as intra-State supply which is subsequently held as inter-State supply and vice versa);
- (l) refund on account of any other reasons.

Thus, practically every situation is covered. The GST law requires that every claim for refund is to be filed within 2 years from the relevant date.

Treatment for Zero Rated Supplies:

One of the categories under which claim for refund may arise would be on account of exports. All exports (whether of goods or services) as well as supplies to SEZs have been categorised as Zero Rated Supplies in the IGST Act, 2017. “Zero Rated Supply” under Section 16 of the IGST Act, 2017 means any of the following supplies of goods or services or both, namely:

- (a) export of goods or services or both; or
- (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

On account of zero rating of supplies, the supplier is entitled to claim Input Tax Credit in respect of goods or services or both used for such supplies even though they might be non-taxable or even exempt supplies. Every person making claim of refund on account of zero rated supplies has to export under

- CBIC vide Circular No. 159/15/2021 dated 20.09.2021 has been issued clarifying the doubts related to scope of intermediary. Further, Circular No. 161/17/2021 dated 20.09.2021 has been issued clarifying the issue related export of services with respect to condition no. (v) of Section 2(6) of IGST Act, 2017. Further vide entry at sl. No. 3 of the table under Circular No. 160/16/2021-GST dated 20.09.2021, the term subjected to export duty as mentioned in second proviso to Section 54(3) of the CGST Act, 2017 has been clarified to include only those goods which are actually subjected to export duty i.e. on which some export duty has to be paid at the time of export thereby excluding the goods on which the export duty is Nil or which are fully exempt from the export duty. Further, a Circular No. 173/05/2022-GST dated 06.07.2022 has been issued for clarifying the issue relating to refund under inverted duty structure where the supplier is supplying goods under some concessional notification.
- The time period from 01.03.2020 to 28.02.2022 would be excluded for computation of period of limitation for filing refund application under Section 54 or section 55 of the CGST Act, 2017.
- Also, a Circular No. 174/06/2022-GST dated 06.07.2022 has been issued prescribing the manner of re-credit in electronic credit ledger using **FORM GST PMT-03A** on account of deposit of erroneous refund of unutilised ITC and refund of IGST obtained in contravention of sub-Rule (10) of Rule 96 of the CGST Rules, 2017.

Power with the Commissioner to withhold refund in certain cases:

GST law provides that where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under GST Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund in **Part A of Form GST RFD-07** till such time as he may determine. Further, once the reasons for withholding refund no more exist, such withheld refunds may be released by passing an order in **Part-B of Form GST RFD-07**.

Circular No. 188/20/2022-GST dated 27.12.2022 has been issued prescribing manner of claiming refund by unregistered persons. Circular No. 197/09/2023-GST dated 17.07.2023 has been issued to clarify that Refund of accumulated input tax credit under Section 54(3) shall be given on the basis of that available as per FORM GSTR 2B. Circular No. 202/14/2023-GST dated 27.10.2023 has been issued to provide clarification regarding admissibility of export remittances received in Special INR Vostro account, as permitted by RBI, for the purpose of consideration of supply of services to qualify as export of services.

Conclusion:

In sum, the law envisages a simplified, time bound and technology driven refund procedure with minimal human interface between the taxpayer and tax authorities.

05.07.2022 by way of insertion of clause (ba) in sub-rule (2) of Rule 89 and Statement 3B in **FORM GST RFD-01** to provide for filing of an application of refund of unutilised ITC by an exporter of electricity. Further, Circular No. 175/07/2022-GST dated 06.07.2022 has been issued to prescribe procedure for filing and processing of refund of unutilised ITC on account of export of electricity.

Single disbursement authority:

Refund amount sanctioned whether under IGST, CGST, SGST and Cess shall be disbursed either by proper officer of central tax or proper officer of state tax to whom the tax payer is assigned. The taxpayer need not approach the central/state authority for disbursement of IGST, CGST & Cess or SGST post sanction of refund by the tax authority to whom taxpayer is assigned. Where any amount claimed as refund is rejected under Rule 92 of the CGST Rules, 2017, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in **FORM GST PMT-03**

Excess payment of tax to be refunded in cash and as re-credit of ITC:

Rule 92 of the CGST Rules, 2017 has been amended vide Notification No. 16/2020-Central Tax dated 23.03.2020 by inserting sub-Rule (1A) to provide for payment of refund under category excess payment of tax in cash and re-credit of ITC in electronic credit ledger in the same proportion in which the outward tax liability was discharged utilising the cash and ITC during the relevant period.

Withdrawal of refund:

Rule 90 of the CGST Rules, 2017 has been amended by insertion of sub-rule (5) & (6) vide Notification No. 15/2021-Central Tax dated 18.05.2021 to provide for withdrawal of an application for refund even after issuance of acknowledgement provided that no further action such as issuance of provisional/ final refund sanction order or notice for rejection of refund has been taken on the subject refund claim by the proper officer. On submission of application for withdrawal of refund claim, the amount debited by the applicant would be re-credited to the ledger from which the amount was debited while filing the refund claim.

Disbursal of refund amount after sanction:

Section 56 of the CGST Act, 2017 clearly states that if any tax ordered to be refunded is not refunded within 60 days of the date of receipt of application, interest at the rate of 6% (notified vide Notification No. 13/2017-Central Tax dated 28.06.2017) on the refund amount starting shall have to be paid to the claimant. It may be noted that any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the claimant. Therefore, interest will be calculated starting from the date immediately after the expiry of sixty days from the date of receipt of the application till the date on which the amount is credited to the bank account of the claimant. Accordingly, all tax authorities excluding the period of delay as mentioned above have been advised to issue the final sanction order in **FORM GST RFD-06** within 45 days of the date of generation of (ARN).

Latest Clarification on Refunds issued by Board:

Bond/LUT and claim refund of accumulated Input Tax Credit. Further, he may export on payment of integrated tax and claim refund thereof as per the provisions of Section 54 of CGST Act, 2017. Thus, the GST law allows the exporter (which will include the supplier making supplies to SEZ) to claim refund subject to provisions of Section 16(4) of IGST Act, 2017 on export without payment of tax by executing a Bond/LUT.

Grant of provisional refund in case of zero rated supplies:

GST law also provides for grant of provisional refund of 90% of the total refund claim, in case the claim relates for refund arising on account of zero rated supplies. The provisional refund would be paid within 7 days after giving the acknowledgement. The acknowledgement of refund application is normally issued within a period of 15 days. The provisional refund would not be granted to such supplier who was, during any period of five years immediately preceding the refund period, was prosecuted where the amount of tax evaded exceeds ₹ 250 Lakh.

Payment of wrong tax:

Under GST it might happen that the taxable person may pay integrated tax instead of central tax plus state tax and vice versa because of incorrect application of the place of supply provisions. In such cases, while making the appropriate payment of tax, interest will not be charged and the refund claim of the wrong tax paid is provided. Accordingly, Rule 89(1A) has been inserted in CGST Rules, 2017 vide Notification No. 35/2021-Central Tax dated 24.09.2021 to prescribe the manner and time period for filing such claim. Further, a Circular No. 162/18/2021-GST dated 25.09.2021 has been issued clarifying the issues pertaining to refund of tax paid in wrong head under Section 77 of CGST Act, 2017 and Section 19 of IGST Act, 2017.

Claim by a person who has borne the incidence of tax:

Any tax collected by the taxable person more than the tax due on such supplies must be credited to the Government account. The law makes explicit provision for the person who has borne the incidence of tax to file refund claim in accordance with the provisions of Section 54 of CGST Act, 2017.

Refunds to casual/non-resident Taxable Persons:

A casual/Non-resident Taxable Person has to pay tax in advance at the time of registration. Refund may become due to such persons at the end of the registration period because the tax paid in advance may be more than the actual tax liability on the supplies made by them during the period of validity of registration period. The law envisages refund to such categories of taxable persons also. But the amount of excess advance tax shall not be refunded unless such person has filed all the returns due during the time their registration was effective. It is only after such compliance that refund will be granted.

Refunds to unregistered persons:

Procedure has been prescribed for claim of refund of tax borne by the unregistered buyers in cases where the contract/agreement for supply of services, like construction of flat/house and long-term insurance policy, is

cancelled and the time period of issuance of credit note by the concerned supplier is over.

Refund to United Nations (UN) bodies and other notified agencies:

Section 55 of the CGST Act, 2017 provides for refund of tax paid on notified supplies received by UN bodies and embassies and other international organisations, notified by the Government, on recommendation of GST Council. Refund under Section 55 of the IGST Act, 2017 has been provided on the basis of reciprocity. A taxable person making supplies to such bodies, notified under Section 55, of the IGST Act, 2017 would charge the tax due and remit the same to government account. However, the UN bodies and other entities notified under Section 55 of the CGST Act, 2017 can claim refund of the taxes paid by them on their purchases. The claim has to be made before the expiry of two years from the last day of the quarter in which such supply was received. It may be noted that refund would be granted by central government as facility of a single UIN has been made available to such agencies. CBIC has issued instructions vide Circular No. F. No. 349/48/2017-GST dated 13.03.2018, F. No. 349/48/2017-GST dated 13.04.2008 and F. No. 349/48/2017-GST dated 14.09.2018.

In addition, Canteen Store Departments (CSDs) have been notified under Section 55 of the CGST Act, 2017 vide Notification No. 6/2017- Central Tax (Rate) dated 28.06.2017 for refund of 50% of applicable central tax paid by it on all inward supplies of goods received by it for the purposes of subsequent supply of such goods to the Unit Run Canteens of the CSD or to the authorized customers of the CSD. Accordingly, a Circular No. 60/34/2018-GST dated 04.09.2018 has been issued regarding processing of refund applications filed by CSDs.

Refund to international tourist:

An enabling mechanism has been introduced in Section 15 of the IGST Act, 2017 whereby an international tourist procuring goods in India, may while leaving the country seek refund of integrated tax paid by them. The term, “tourist” has been defined and refers to any person who is not normally resident in India and who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes. However, the said provision has not been notified yet.

Unjust enrichment:

Talking about unjust enrichment, a presumption is always drawn that the businessman will shift the incidence of tax to the final consumer. This is because GST is an indirect tax whose incidence is to be borne by the consumer. It is for this reason that every claim of refund (barring specified exceptions) need to pass the test of unjust enrichment. And every such claim, if sanctioned, is first transferred to the Consumer Welfare Fund. The GST law makes this test inapplicable in case of refund of accumulated ITC, refund on account of exports, refund of payment of wrong tax (integrated tax instead of central tax plus state tax and vice versa), refund of tax paid on a supply which is not provided or which refund voucher is issued or if the applicant shows that he has not passed on the incidence of tax to any other person. In all other cases the test of unjust enrichment needs to be satisfied for the claim to be paid to the applicant. For crossing the bar of unjust enrichment, if

been notified as deemed export. Further, the third proviso to Rule 89(1) of the CGST Rules, 2017 allows the recipient or the supplier to apply for refund of tax paid on such deemed export supplies. In case such refund is sought by the supplier of deemed export supplies, the documentary evidences as specified in Notification No. 49/2017-Central Tax dated 18.10.2017 are also required to be furnished which includes an acknowledgment by the jurisdictional Tax officer of the AA holder or Export Promotion Capital Goods (EPCG) Authorisation holder, as the case may be, that the said deemed export supplies have been received or a copy of the tax invoice under which such supplies have been made by the supplier, duly signed by the recipient Export Oriented Unit (EOU) that said deemed export supplies have been received by it, an undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and that no input tax credit on such supplies has been availed of by him. The undertaking from the recipient should be submitted by the supplier along with his application for refund claim. Similarly, in case the refund is filed by the recipient of deemed export supplies, an undertaking by the supplier of deemed export supplies that he shall not claim the refund in respect of such supplies is also required to be furnished. The procedure regarding procurement of supplies of goods from DTA by Export Oriented Unit (EOU) / Electronic Hardware Technology Park (EHTP) Unit / Software Technology Park (STP) Unit / Bio-Technology Parks (BTP) Unit under deemed export as laid down in Circular no. 14/14/2017-GST dated 06.11.2017 needs to be complied with. Further, as per the provisions of Rule 89(2)(g) of the CGST Rules, 2017, the statement 5B of **FORM GST RFD-01** is required to be furnished for claiming refund on supplies declared as deemed exports.

It may be noted that Rule 89(4A) has been inserted, w.e.f. 23.10.2017 in CGST Rules, 2017, vide Notification No. 3/2018-Central Tax dated 23.01.2018 which provides for refund of ITC availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, where the supplier has availed benefit of Notification No. 48/2017-Central Tax dated 18.10.2017. Further, Rule 89(4B) has been inserted, w.e.f. 23.10.2017, vide Notification No. 3/2018-Central Tax dated 23.01.2018 and amended vide 54/2018-Central Tax dated 09.10.2018 so as to provide that refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, when the exporter has received supplies on which supplier has availed benefit of under Notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017, or when the exporter has himself availed the benefit of duty/tax free procurement under the Notification No. 78/2017-Customs dated 13.10.2017 or Notification No. 79/2017-Customs dated 13.10.2017.

Refund of unutilised ITC on account of Export of electricity:

CGST Rules, 2017 has been amended vide Notification No. 14/2022-CT dated

submitted stating that the claim for sanction of refund has been made to only one of the authorities. A taxpayer who remains unallocated to the Central or State Tax Authority will necessarily have to submit the refund application physically. It is reiterated that the Central Tax officers shall facilitate the processing of the refund claims of all registered persons whether or not such person was registered with the Central Government in the earlier regime.

Electronic filing and processing of refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger:

The applications / documents / forms pertaining to refund claims on account of inverted duty structure (including supplies in terms of Notification Nos. 40/2017-Central Tax (Rate) and 41/2017-Integrated Tax (Rate) both dated 23.10.2017), deemed exports and excess balance in electronic cash ledger shall be filed and processed online:

- (a) refund of unutilized input tax credit where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies) of goods or services or both except those supplies which are notified by the Government on the recommendations of the Council (section 54(3) of the CGST Act, 2017 refers);
- (b) refund of tax on the supply of goods regarded as deemed exports; and
- (c) refund of balance in the electronic cash ledger.

Refund claims in respect of inverted duty structure:

Refund claims on account of inverted duty structure shall be filed for a tax period or by clubbing tax periods in **FORM GST RFD-01**. However, the registered persons having Aggregate Annual Turnover of up to ₹ 1.5 Cr in the preceding financial year or the current financial year and opting to file **FORM GSTR-1** on quarterly basis shall apply for refund on a quarterly basis or by clubbing quarters. Further, the refund claim for a tax period may be filed only after filing the details in **FORM GSTR-1** for the said tax period. It is also to be ensured that a valid return in **FORM GSTR-3B** has been filed for the last tax period before the one in which the refund application is being filed.

Circular No.79/53/2018 (rescinded vide Circular No. 125/44/2019-GST dated 18.11.2019) has issued further clarifications in respect of refund claim of inverted rate structure as under:

- (a) Refund of unutilized ITC in case of inverted tax structure, as provided in Section 54(3) of the CGST Act, 2017 is available where ITC remains unutilized even after setting off of available ITC for the payment of output tax liability. Where there are multiple inputs attracting different rates of tax, in the formula provided in Rule 89(5) of the CGST Rules, 2017 the term “Net ITC” covers the ITC availed on all inputs in the relevant period, irrespective of their rate of tax.

Refund claims in respect of Deemed Exports:

Notification No. 48/2017-Central Tax dated 18.10.2017 has been issued under Section 147 of the CGST Act, 2017 wherein certain supplies of goods have

the refund claim is less than ₹ 2 Lakhs, then a self-declaration of the applicant to the effect that the incidence of tax has not been passed to any other person will suffice to process the refund claim. For refund claims exceeding ₹ 2 Lakh, a certificate from a Chartered Accountant/Cost Accountant has to be given.

Standardisation of procedure:

The GST laws contains standardised provisions for making a refund claim. Every claim, except for claim on account of integrated tax paid on export of goods and refund under section 55 of the CGST Act, 2017, has to be filed online in **FORM GST RFD-01**. The application will be assigned by the system to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in all terms, an acknowledgement in **FORM GST RFD-02** is made available to the applicant through the common portal electronically. The proper officer has to convey deficiencies, if any, in the refund claimed within 15 days and in such cases the claim will be sent back to the applicant along with the notified deficiencies. The refund claim filed post rectification of deficiencies shall be treated as fresh refund claim. The time period from the date of filing of refund claim to the date of issuance of deficiency memo in Form **GST RFD-03** would be excluded for computation of time period of 2 years for filing of refund claim under sub-section (1) of section 54 of the CGST Act, 2017. The claim, if in order, is sanctioned in **FORM GST RFD-06** within a period of 60 days from the date of receipt of the application if claim is complete in all respects. If this mandatory period is exceeded, interest at the rate of 6% (9% in case of refund made on order passed by an adjudicating authority or Appellate Tribunal or court which has attained finality) then subject to Rule 94 (2) of CGST Rules, 2017, becomes payable along with refund from the expiry of 60 days till the date of payment of refund. However, if the refund claim is on account of pre-deposit made before any appellate authority, the interest becomes payable from the date of making such payment.

Documentation:

The applicant need not file elaborate documents along with the refund claim. Standardised and easy to understand documents have been prescribed. Thus, for every claim the main document prescribed is a statement of relevant invoices (NOT THE INVOICES ITSELF) pertaining to the claim. In case refund is on account of export of services, apart from the statement of invoices, the relevant bank realisation certificates or Foreign Inward Remittance Certificate (FIRC) evidencing receipt of payment in foreign currency is also required to be submitted. If it is a claim made by the supplier to the SEZ unit, an endorsement from the proper officer evidencing receipt of such goods/ services in the SEZ also needs to be submitted. Further, a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer is required to be submitted. If the claim is for refund of accumulated ITC on account of inverted rate structure, only a statement containing the number and the date of the invoices received and issued during a tax period needs to be given. In case of claim of refund on account of any order or judgment of appellate authority or court, the reference number of the order giving rise to refund should also be given. For crossing the bar of unjust enrichment, if the refund claim is less than ₹ 2 Lakh, then a self-declaration by the applicant to the effect that the incidence of tax

has not been passed to any other person will suffice to process the refund claim. For refund claims exceeding ₹ 2 Lakh, a certificate from a Chartered Accountant/Cost Accountant will have to be given.

Compliance with natural justice:

In case the claim is sought to be rejected by the proper officer, a notice in **FORM GST RFD-08** is given online to the applicant stating the ground on which the refund is sought to be rejected. The applicant needs to respond online within 15 days from the receipt of such notice in **FORM GST RFD-09**. Thus no claim can be rejected without giving applicant an opportunity.

Payment to be credited online:

The refund claim, wherever due, will be directly credited to the bank account of the applicant. The applicant need not come to the authorities to collect the cheques or for any other issues relating to the refund claim.

Procedure for claiming refund of IGST paid on export of goods:

The shipping bill filed by an exporter is deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application is deemed to have been filed only when:

- (a) the person in charge of the conveyance carrying the export goods duly files an export manifest or an export report covering the number and the date of shipping bills or bills of export; and
- (b) the applicant has furnished a valid return in **FORM GSTR-3B**, as the case may be.

The details of the relevant export invoices contained in **FORM GSTR-1** (or Table 6A thereof) are transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

Upon receipt of the information regarding the furnishing of a valid return in **FORM GSTR-3B** and **FORM GSTR-1** from the common portal, the system designated by the Customs (or the proper officer) process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export is electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

As per Rule 96, of the IGST Rules the refund of IGST paid on export of goods is processed and disbursed by Customs. For processing such refund, GST system transmits invoice level data of Table 6A in **FORM GSTR 1** subject to the following validations:

- (a) **FORM GSTR-3B** is filed for the corresponding period, with admitted tax liability under Table 3.1(b);
- (b) export invoices are submitted in **FORM GSTR-1/Table 6A** thereof and have correct shipping bill number, shipping bill date and port code;
- (c) the admitted tax liability of IGST under table 3.1(b) of **FORM GSTR-3B**, is equal to, or greater than, the IGST amount claimed to have been paid under Table 6A of **FORM GSTR-1** of the corresponding period.

It may be noted that Rule 96(10) of the CGST Rules has been inserted, w.e.f 23rd October,2017, in CGST Rules, 2017 so as to provide that the refund of integrated tax paid on export of goods or services is not permitted to such persons who have received supplies on which the supplier has availed the benefit of Notification no. 48/2017-Central Tax dated 18.10.2017 or Notification no. 40/2017- Central Tax (Rate) dated 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017 and where the exporter has himself availed the benefit of Notification No, 78/2017-Customs dated 13.10.2017 and Notification No. 79/2017-Customs dated 13.10.2017.

Rule 96 of the CGST Rules, 2017 has been amended retrospectively w.e.f. 01st July, 2017 to provide for transmission of withheld IGST refunds, where the goods have been exported in violation of Customs Act or where the verification of exporter is considered essential before grant of refund, to the jurisdictional GST authorities electronically through common portal in a system generated **FORM GST RFD-01** of the CGST Rules for expeditious disposal of such withheld refunds.

Procedure for filing refund claims (other than refund under Rule 96 on account of export of goods and refund of unutilised ITC on account of zero rated supply):

The application for refund of integrated tax paid on zero-rated supply of goods to a Special Economic Zone developer or a Special Economic Zone unit or in case of zero-rated supply of services is required to be filed in **FORM GST RFD-01** by the supplier on the common portal. All necessary documentary evidences as applicable (as per the details in statement 2 or 4 of Annexure to **FORM GST RFD – 01**), shall also be uploaded on the common portal at the time of filing of the refund application.

Procedure for filing refund claims of unutilised ITC on account of zero rated supply:

The application for refund of unutilized input tax credit on inputs or input services used in making such zero-rated supplies shall be filed in **FORM GST RFD-01** on the common portal and the amount claimed as refund shall be debited in accordance with sub-Rule (3) of Rule 89 of the CGST Rules, 2017 from the amount in the electronic credit ledger to the extent of the claim. All necessary documentary evidences as applicable (as per details in statement 3 or 5 of Annexure to **FORM GST RFD-01**), shall also be uploaded on the common portal at the time of filing of refund application.

Where to file the refund claims?

The registered person needs to file the refund claim along with documents on the common portal and after generation of Application Reference Number (ARN), the refund claim is transferred to the proper officer of the jurisdictional tax authority to which the taxpayer has been assigned as per the administrative order issued in this regard by the Chief Commissioner of Central Tax and the Commissioner of State Tax. In case such an order has not been issued in the State, the registered person is at liberty to apply for refund before the Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. However, in the latter case, an undertaking is required to be

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Refund of Unutilised Input Tax Credit (ITC)

(Updated as on November 2023)



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Refund of Unutilised Input Tax Credit (ITC)

Accumulation of Input Tax Credit (ITC) happens when the tax paid on inputs is more than the output tax liability. Such accumulated ITC is allowed to be carried over to the subsequent tax periods till such time it can be utilised by the registered person for payment of output tax liability. However, the GST Law permits refund of unutilised ITC in two scenarios if such credit accumulation is on account of zero rated supplies or on account of inverted duty structure, subject to certain exceptions.

As per Section 54(3) of the CGST Act, 2017, a registered person may claim refund of unutilised Input Tax Credit at the end of any tax period. A tax period is the period for which return is required to be furnished.

Refund of unutilised Input Tax Credit is allowed only in following two scenarios:

- (a) **Zero rated supplies :** As per Section 16(3) of the IGST Act, 2017, a registered person making zero rated supply is eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking
- As per Section 16 (4) of the IGST Act, 2017, the Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify-
- (i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;
- (ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.

In accordance with the same, Notification 01/2023-Integrated Tax dated 31.07.2023, has been issued for restricting exports on payment of taxes in respect of certain evasion prone goods.

- (b) **Inverted duty structure:** Where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council. This would include even those cases where supply

been availed for claiming refund of accumulated ITC under section 54(3)(ii) of the CGST Act, 2017.

Where to file the refund claims

The registered person needs to file the refund claim online which will be transferred to the jurisdictional tax authority to which the taxpayer has been assigned as per the administrative order issued in this regard by the Chief Commissioner of Central Tax and the Commissioner of State Tax.

In case such an order has not been issued in the State, the registered person is at liberty to apply for refund before the Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. However, in the latter case, an undertaking is required to be submitted stating that the claim for sanction of refund has been made to only one of the authorities. It is reiterated that the Central Tax officers shall facilitate the processing of the refund claims of all registered persons whether or not such person was registered with the Central Government in the earlier regime.

Conclusion

The GST Law provides for the suppliers of zero rated supplies. However, in certain cases, the Government may, subject to such conditions, safeguards and procedures, by notification, specify-

- (i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;
- (ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid. to export under bond or LUT and claim refund of unutilised ITC or to export with payment of tax and then claim refund of such tax paid The law also provides for refund of unutilised ITC where credit accumulation is on account of inverted duty structure, subject to certain riders.

It also includes cases where supply has been made to merchant exporters under Notification no. 40/2017- Central Tax (Rate) dated 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017 or both. Time lines have been prescribed for processing of refund claims and claims not settled within 60 days will be paid with interest @6%. Moreover, 90% of the claim would be paid within 7 days of acknowledgement of claim on provisional basis in case of claims on account of zero rated supplies.

Claims are to be filed with minimum documentation and the refund amount will be credited directly to the claimant's bank account.

during a tax period. Rule 89(3) of CGST Rules, 2017 provides that where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant in an amount equal to the refund so claimed.

Formula for calculation of refund of unutilised ITC on account of inverted rated structure has been amended vide Notification No. 14/2022-CT dated 05.07.2022 so as to take into account utilisation of ITC of input services for discharge of outward tax liability.

Refund of unutilised ITC on account of export of electricity

CGST Rules, 2017 has been amended vide Notification No. 14/2022-CT dated 05.07.2022 by way of insertion of clause (ba) in sub-rule (2) of rule 89 and Statement 3B in FORM GST RFD-01 to provide for filing of an application of refund of unutilised ITC by an exporter of electricity. Further, Circular No. 175/07/2022-GST dated 06.07.2022 has been issued to prescribe procedure for filing and processing of refund of unutilised ITC on account of export of electricity.

Provisions similar for refund of accumulated ITC for both types of Refund Applicants (suppliers making zero-rated / inverted duty supplies)

Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant by an amount equal to the refund so claimed as per Rule 89(3) of CGST Rules, 2017.

Also, interest will be paid for any delay in sanctioning of Refund beyond the mandated period of 60 days (as per Rule 94 of CGST Rules, 2017).

The refund and/or interest sanctioned, if any, will be directly credited to the bank account of the applicant.

Refund claims in respect of inverted duty structure

Refund claims on account of inverted duty structure shall be filed for a tax period or by clubbing tax periods in FORM GST RFD-01. However, the registered persons having aggregate turnover of up to Rs. 1.5 Cr in the preceding financial year or the current financial year and who have opted to file FORM GSTR-1 on a quarterly basis shall apply for refund on a quarterly basis or by clubbing quarters.

Further, it is stated that the refund claim for a tax period may be filed only after filing the details in FORM GSTR-1 for the said tax period. It is also to be ensured that a valid return in FORM GSTR-3B has been filed for the last tax period before the one in which the refund application is being filed.

Further, the drawback in respect of Central tax should not have

has been made to merchant exporters under Notification No. 40/2017- Central Tax (Rate) dated 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017.

In such cases also, refund would be available in accordance with Section 54 of the CGST Act, 2017 read with Rule 89 of the CGST Rules, 2017.

It shall be noted that no refund of unutilised Input Tax Credit is allowed in cases where the goods exported out of India are subjected to export duty. Further, no refund of Input Tax Credit is allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

Refund of ITC on account of zero-rated supplies

The application for refund of unutilised ITC on account of zero-rated supplies (without payment of tax under Bond/LUT) has to be accompanied by documentary evidence as may be prescribed to establish that a refund is due to the applicant; and such documentary or other evidence as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person.

Rule 89(2) of the CGST Rules, 2017, specifies documents to be furnished with the application for refund under each category.

Rule 89(3) of CGST Rules, 2017 provides that where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant in an amount equal to the refund so claimed.

Further, sub-section (6) of section 54 of the CGST Act, 2017, provides for sanction of 90% of refund amount, on provisional basis in cases where the claim for refund is on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council;

Sub-section (7) of Section 54 provides that the final refund sanction/rejection order shall be issued within sixty days from the date of receipt of application, complete in all respects.

Rule 91 of CGST Rules, 2017 provides that the provisional refund is to be granted within 7 days from the date of acknowledgement of the refund claim and the order for provisional refund is to be issued in **FORM GST RFD 04** along with payment order in the name of the claimant in **FORM GST RFD 05**. The rules also prescribe the provisional refund will not be granted if the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, been prosecuted for any offence under the Act or under an earlier law where the amount

of tax evaded exceeds ₹ 2.5 Cr.

It may also be noted that as per sub-section (8) of section 54 of the CGST Act, the refund is to be credited to the applicant instead of Consumer Welfare Fund in the following cases :-

Formula for grant of refund in cases where the refund of accumulated

- (a) refund of tax paid on Export of goods or services or both or on inputs or input services used in making such Exports;
- (b) refund of unutilised Input Tax Credit under section 54(3) of the CGST Act, 2017.
- (c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- (d) refund of tax in pursuance of Section 77;
- (e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- (f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

Input Tax Credit is on account of zero rated supply is prescribed in sub-rule (4) of Rule 89, which is

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover Where, making such export of goods, when the exporter has received

- (a) “Refund amount” means the maximum refund that is admissible;
- (b) “Net ITC” means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under rule 89(4A) or 89(4B) or both;
- (c) “Turnover of zero-rated supply of goods “ means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;

Sr. No	Tariff item, heading, sub-heading or Chapter	Description of Goods
1E	1511	Palm oil and its fractions, whether or not refined, but not chemically modified.
1F	1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified.
1G	1513	Coconut (copra), palm kernel or babassu oil and fractions thereof, whether or not refined, but not chemically modified.
1H	1514	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified.
1I	1515	Other fixed vegetable or microbial fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified.
1J	1516	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, interesterified, re-esterified or elaidinised, whether or not refined, but not further prepared.
1K	1517	Edible mixtures or preparations of vegetable fats or vegetable oils or of fractions of different vegetable fats or vegetable oils of this Chapter, other than edible fats or oils or their fractions of heading 1516
1L	1518	Vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading 1516
1M	2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal
1N	2702	Lignite, whether or not agglomerated, excluding jet
1O	2703	Peat (including peat litter), whether or not agglomerated

account of accumulated ITC (where such accumulation is on account of inverted duty structure) has to be accompanied by a statement containing the number and date of invoices received and issued

dated 16.11.2017, that the aforesaid notification having been issued under clause (ii) of the proviso to sub-section (3) of Section 54 of the CGST Act, 2017, restriction on refund of unutilised input tax credit of GST paid on inputs will not be applicable to zero rated supplies, that is (a) export of goods or services or both; or (b) supply of goods or services or both to a Special Economic Zone Developer of special Economic Zone Unit.

Accordingly, as regards export of fabrics, it has been clarified that subject to provisions of Section 54(10) of the CGST Act, 2017, a manufacturer of such fabrics will be eligible for refund of unutilised input tax credit of GST paid on inputs (other than input tax credit of GST paid on capital goods) in respect of fabrics manufactured and exported by him.

However, vide Notification no. 20/2018-Central Tax (Rate) dated 26.07.2018, the restriction of refund on account of inverted rate structure for items mentioned at Sr.no. 1 to 7 of the above table has been removed w.e.f. 01.08.2018 and it has been further provided that in respect of said goods, the accumulated input tax credit lying unutilised in balance, after payment of tax for and up to the month of July, 2018, on the inward supplies received up to the 31st day of July 2018, shall lapse.

Further, Notification No. 05/2017- Central Tax (Rate) dated 28.06.2017 has been amended vide Notification No. 09/2022- Central Tax (Rate) dated 13.07.2022 vide which the government has notified the following goods in respect of which refund of unutilized ITC will not be admissible w.e.f. 18.07.2022:

Rule 89(2) (h) of CGST Rules, 2017 stipulates that refund claim on

Sr. No	Tariff item, heading, sub-heading or Chapter	Description of Goods
1A	1507	Soya-bean oil and its fractions, whether or not refined, but not chemically modified
1B	1508	Ground-nut oil and its fractions, whether or not refined, but not chemically modified.
1C	1509	Olive oil and its fractions, whether or not refined, but not chemically modified.
1D	1510	Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of heading 1509

(d) “Turnover of zero-rated supply of services” means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

(e) “Adjusted Total Turnover” means the sum total of the value of-

- the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and
- the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services, excluding-
 - (i) the value of exempt supplies other than zero-rated supplies; and
 - (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period;

(f) “Relevant period” means the period for which the claim has been filed.

Explanation.–For the purposes of this sub-rule, the value of goods exported out of India shall be taken as –

- (i) the Free on Board (FOB) value declared in the Shipping Bill or Bill of Export form, as the case may be, as per the Shipping Bill and Bill of Export (Forms) Regulations, 2017; or
- (ii) the value declared in tax invoice or bill of supply, whichever is less.

It may be noted that rule 89(4A) has been inserted, w.e.f. 23.10.2017 in CGST Rules, 2017, vide Notification no. 3/2018-Central Tax dated 23.01.2018 provides for refund of ITC availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, where the supplier has availed benefit of Notification No. 48/2017-Central Tax dated 18.10.2017. Further, rule 89(4B) has been inserted, w.e.f 23.10.2017, vide Notification No. 3/2018-Central Tax dated 23.01.2018 and amended vide Notification No. 54/2018-Central Tax dated 09.10.2018 so as to provide that refund of input tax credit, , availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in

supplies on which supplier has availed benefit of under Notification no. 40/2017-Central Tax (Rate) dated 23.10.2017 or Notification no. 41/2017-Integrated Tax (Rate) dated 23.10.2017, or when the exporter has himself availed the benefit of duty/tax free procurement under the Notification No. 78/2017-Customs dated 13.10.2017 or Notification No. 79/2017-Customs dated 13.10.2017.

Refund of ITC on account of inverted duty structure

As per clause (ii) of the first proviso of Section 54(3) of CGST Act, 2017, refund of accumulated ITC shall be allowed where the credit accumulation has taken place on account of inverted duty structure. It may be noted that this would include even those cases where supply has been made to merchant exporters under Notification no. 40/2017- Central Tax (Rate) dated 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017 or both. However, no refund on account of inverted duty structure is available when the output supply is Nil rated or exempt supply.

Further, the Government, on the recommendations of Council, has power to notify supplies where refund of ITC will not be admissible even if there is credit accumulation is on account of an inverted duty structure. In exercise of the powers conferred by this section, the government has issued Notification no. 15/2017-Central Tax (Rate) dated 28.06.2017 wherein it has been notified that refund of unutilised input tax credit shall not be allowed under sub-section (3) of Section 54 of the said CGST Act, 2017, in case of supply of services specified in sub-item (b) of item 5 of Schedule II of the CGST Act, 2017. The supplies specified under item 5(b) of Schedule II are construction services.

In respect of goods, the central government has issued Notification no. 5/2017- Central Tax (Rate) dated 28.06.2017 as amended by Notification no. 44/2017-Central Tax (Rate) dated 14.11.2017. The government has notified the following goods in respect of which unutilised ITC will not be admissible as refund: -

It was clarified by the Government vide Circular no. 18/18/2017-GST

Sr. No	Tariff item, heading, sub-heading or Chapter	Description of Goods
1	5007	Woven fabrics of silk or of silk waste
2	5111 to 5113	Woven fabrics of wool or of animal hair
3	5208 to 5212	Woven fabrics of cotton
4	5309 to 5311	Woven fabrics of other vegetable textile fibres, paper yarn
5	5407, 5408	Woven fabrics of manmade textile materials
6	5512 to 5516	Woven fabrics of manmade staple fibres

Sr. No	Tariff item, heading, sub-heading or Chapter	Description of Goods
6A	5608	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials
6B	5801	Corduroy fabrics
6C	5806	Narrow woven fabrics, other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)
7	60	Knitted or crocheted fabrics [All goods]
8	8601	Rail locomotives powered from an external source of electricity or by electric accumulators
9	8602	Other rail locomotives; locomotive tenders; such as Diesel-electric locomotives, Steam locomotives and tenders thereof
10	8603	Self-propelled railway or tramway coaches, vans and trucks, other than those of heading 8604
11	8604	Railway or tramway maintenance or service vehicles, whether or not self-propelled (for example, workshops, cranes, ballast tampers, track liners, testing coaches and track inspection vehicles)
12	8605	Railway or tramway passenger coaches, not self-propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self-propelled (excluding those of heading 8604)
13	8606	Railway or tramway goods vans and wagons, not self-propelled
14	8607	Parts of railway or tramway locomotives or rolling-stock; such as Bogies, bissel-bogies, axles and wheels, and parts thereof
15	8608	Railway or tramway track fixtures and fittings; mechanical (including electro-mechanical) signalling, safety or traffic control equipment for railways, tramways, roads, inland waterways, parking facilities, port installations or airfields; parts of the foregoing

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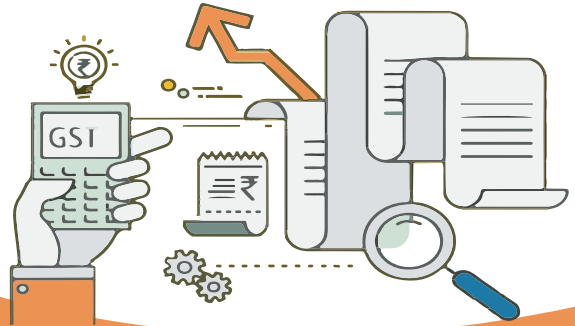
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GST Goods & Services Tax Registration under GST Law

(Updated as on November 2023)



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Introduction:

In any tax system, registration is the most fundamental requirement for identification of taxpayers ensuring tax compliance in the economy. Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input Tax Credit for the taxes on his inward supplies. Without registration, a person can neither collect tax from his customers nor claim any Input Tax Credit of tax paid by him.

Need and advantages of registration:

- (a) He is legally recognized as supplier of goods or services;
- (b) He is legally authorized to collect tax from his customers and pass on the credit of the taxes paid on the goods or services supplied to the purchasers/ recipients;
- (c) He can claim Input Tax Credit of taxes paid on his purchases / procurements and can utilize the same for payment of taxes due on supply of goods or services;
- (d) Seamless flow of Input Tax Credit from suppliers to recipients at the national level.

Liability to register:

GST being a tax on the event of “supply”, every supplier needs to get registered. However, small businesses having all India Aggregate Annual Turnover below ` 40 Lakh (in case of goods ` 20 Lakh if business is in Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Pudducherry, Sikkim, Telangana, Tripura and Uttarakhand) and ` 20 Lakh (in case of services) (` 10 Lakh if business is in Assam, Arunachal Pradesh, Himachal Pradesh, Manipur, Mizoram, Sikkim, Meghalaya, Nagaland, Tripura and Uttarakhand) need not register. The small businesses, having turnover below the threshold limit can, however, voluntarily opt to register.

The Aggregate Annual Turnover includes supplies made by him on behalf of his principals but excludes the value of job-worked goods if he is a job-worker. But persons who are engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax or an agriculturist, to the extent of supply of produce out of cultivation of land,

GST REG-22 within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.

- (d) However, if on examination of the application for revocation, if the Proper Officer is not satisfied then he will issue a notice in FORM GST REG-23 requiring the applicant to show cause as to why the application submitted for revocation should not be rejected and the applicant has to furnish the reply within a period of seven working days from the date of the service of the notice in FORM GST REG-24.
- (e) Upon receipt of the information or clarification in FORM GST REG-24, the Proper Officer shall dispose of the application within a period of thirty days from the date of the receipt of such information or clarification from the applicant. In case the information or clarification provided is satisfactory, the Proper Officer shall dispose the application as per para (c) above. In case it is not satisfactory the applicant will be mandatorily given an opportunity of being heard, after which the Proper Officer after recording the reasons in writing may by an order in FORM GST REG- 05, reject the application for revocation of cancellation of registration and communicate the same to the applicant.
- (f) The revocation of cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under CGST Act and vice versa.
- (g) All returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration.
- (h) Where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration.
- (i) Where the registration has been suspended under Rule 21A (2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-Section (2) of Section 29 and the registration has not already been cancelled by the Proper Officer, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.

shall be deemed to be revoked upon furnishing of all the pending returns.

- (g) Where any order having the effect of revocation of suspension of registration has been passed, the registered person has to issue a revised invoice within one month in respect of the supplies made during the period of suspension, and declare the same in the first return furnished by him after revocation of suspension of registration.

Revocation of Cancellation of Registration:

When the registration has been cancelled by the Proper Officer on his own motion and not on the basis of an application by the registered person, then the registered person, whose registration has been cancelled, can submit an application for revocation of cancellation of registration, in FORM GST REG-21, to the Proper Officer, within a period of 90 days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

- (a) Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding one hundred and eighty days
- (b) However, if the registration has been cancelled for failure to furnish returns, application for revocation shall be filed, only after such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.
- (c) On examination of the application if the Proper Officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, then he shall revoke the cancellation of registration by an order in FORM

are not liable to register handicraft goods is less than specified limit, they will not be required to register, even if they supply such goods outside the State. In such cases they will also not be required to obtain registration as a casual taxable person in other States for making supply of the handicraft goods. Also, small Suppliers of services, including job-workers (except in relation to jewelry, goldsmiths' and silversmiths' wares) whose Aggregate Annual Turnover is less than ` 20/10 Lakh are exempted from registration, even if they supply services outside the State. Furthermore, persons supplying services through e-commerce operators are also entitled to avail the ` 20/10 Lakh threshold exemption for registration (Notification No. 65/2017-Central tax dated 15.11.2017).

Nature of Registration:

The registration in GST is PAN based and State specific. Supplier has to register in each of such State or Union Territory from where he effects supply. Area upto 12 nautical miles in the sea is considered part of the nearest coastal State. Area beyond 12 nautical miles and upto 200 nautical miles, which is not covered under any Union Territory is considered as a separate Union Territory for the GST law. A person registered in one State is considered 'unregistered person' outside the State. If a person has unit in SEZ and also unit in domestic tariff Area (i.e. outside the SEZ) in the same State, then he has to take separate registration for his SEZ unit as a separate business vertical of him. If a supplier also wants to distribute credit to his same-PAN entities, then he will take separate registration as 'input service distributor' in addition to his registration as 'supplier'. Unlike service tax regime, the GST law does not have the facility of centralized registration for units located across multiple States.

In GST registration, the supplier is allotted a 15-digit GST identification number called "GSTIN" and a certificate of registration incorporating therein this GSTIN is made available to the applicant on the GSTN common portal. The first 2 digits of the GSTIN is the State code, next 10 digits are the PAN of the legal entity, the next two digits are for entity code, and the last digit is check sum number. Registration under GST is not tax specific which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cess.

A given PAN based legal entity would have one GSTIN per State, that means a business entity having its branches in multiple States will have to take separate State wise registration for the branches in different States. But a person having multiple places of business in a State or Union Territory may be granted a separate registration for each such place of business. Further a unit in SEZ or a SEZ developer needs to necessarily obtain separate registration. Every registered person is required to display his certificate of registration in a prominent location at his principal place of business and at every additional place of business. He is also required to display his GSTIN on the name board exhibited at the said places.

Generally, the liability to register under GST arises when a person is a “supplier” within the meaning of the term, and also if his Aggregate Annual Turnover in the financial year is above the specified exemption threshold. However, the GST law enlists certain categories of suppliers who are required to get compulsory registration irrespective of their turnover that is to say, the specified threshold exemption, as the case may be, is not available to them. Some of such suppliers who need to register compulsorily irrespective of the quantum of their turnover are:-

(a) Inter-state suppliers: However, persons making inter-state supplies of taxable services and having an Aggregate Annual Turnover, to be computed on all India basis, not exceeding an amount of ` 20 Lakh (` 10 Lakh for special category States) are exempted from obtaining registration vide Notification No. 10/2017-Integrated Tax dated 13.10.2017. Also, vide Notification No. 08/2017-Integrated Tax dated 14.09.2017, the inter-State suppliers of handicraft goods are exempted from compulsory registration till they cross the exemption threshold limit.

(b) A person receiving supplies on which tax is payable by recipient on reverse charge basis. This covers the reverse charge on receipt of notified goods or services under Section 9(3) of CGST Act and 5(3) of IGST Act, and not those under Section 9(4) of CGST Act and Section 5(4) of the IGST Act. The goods so notified include cashew nuts, bidi wrapper leaves, tobacco leaves, silk yarn and raw cotton supplied by agriculturist, used vehicles, seized and confiscated goods, old and used goods, waste and scrap supplied by Government. The services notified for reverse charge include import of service, Goods transport agency service, legal services provided by advocates, certain services provided by Government, services supplied by an insurance agent or recovery agent, services by way of granting sponsorship, in-

(c) Where,-
(a) a comparison of the returns furnished by a registered person under section 39 with the details of outward supplies furnished in FORM GSTR-1 or the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their FORM GSTR-1, or such other analysis, as may be carried out on the recommendations of the Council, show that there are significant differences or anomalies indicating contravention of the provisions of the Act or the rules made thereunder, leading to cancellation of registration of the said person, or
(b) there is a contravention of the provisions of rule 10A by the registered person,
the registration of such person shall be suspended and the said person shall be intimated in FORM GST REG-31, electronically, on the common portal, or by sending a communication to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said differences, anomalies or non-compliances and asking him to explain, within a period of thirty days, as to why his registration shall not be cancelled.

(d) A registered person, whose registration has been suspended shall not make any taxable supply (i.e. not issue a tax invoice and, accordingly, not charge tax on supplies made by him) during the period of suspension and shall not be required to furnish any return under Section 39.
(e) A registered person, whose registration has been suspended shall not be granted any refund during the period of suspension of his registration.
(f) The suspension of registration shall be deemed to be revoked upon completion of the proceedings for cancellation of registration by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect. However, the suspension of registration may be revoked by the Proper Officer, anytime during the pendency of the proceedings for cancellation, if he deems Provided further that where the registration has been suspended under sub-rule (2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29 and the registration has not already been cancelled by the proper

powers to permit amendments with retrospective effect.

Cancellation of Registration:

The GST law provides for two scenarios where cancellation of registration can take place; the one when the taxable person no more requires it (voluntary cancellation) and another when the Proper Officer considers the registration liable for cancellation in view of certain specified defaults (Suo-motu cancellation) like when the registrant is not doing business from the registered place of business or if he issues tax invoice without making the supply of goods or services, in FORM GST REG-16 the taxable person desirous of cancellation of Registration will apply on the common portal within 30 days of event warranting cancellation. He will also declare in the application the stock held on the date preceding to the date with effect from which he seeks cancellation. He will also work out and declare the quantum of dues of payments and credit reversal, and the particulars of payments made towards discharge of such liabilities.

Till 23rd January, 2018 the voluntary registration taken despite not being liable for obtaining registration could not be cancelled until expiry of one year. However, the rule has now been amended to allow voluntary registration to be cancelled any time. In all the aforesaid cases of cancellation, the Proper Officer, if satisfied, has to cancel the registration in FORM GST REG-19 within 30 days from the date of application or the date of reply to notice (if issued, when rejection is approved by the Proper Officer).

Suspension of Registration:

- (a) Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.
- (b) Where the Proper Officer has reasons to believe that the registration of a person is liable to be cancelled under Section 29, he may suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

vided by Government, services supplied by an insurance agent or recovery agent, services by way of granting sponsorship, inward ocean freight services etc.

- (c) Casual taxable person who is not having fixed place of business in the State or Union Territory from where he wants to make supply. However casual taxable persons making supplies of specified handicraft goods need not take compulsory registration and are entitled to the threshold exemption limit. Such Handicraft goods are specified in Notification No. 56/2018-Central Tax dated 23.10.2018.
- (d) Non-resident taxable person who is not having fixed place of business or residence in India. 'Non-resident taxable persons' and 'Casual taxable persons' can make taxable supplies only after obtaining the registration and they have to deposit in advance the estimated tax liability at the time of applying for the registration. They are given registration with 90 days' validity, which can be extended on need basis.
- (e) A person who supplies on behalf of some other taxable person (i.e. an Agent of some Principal). This cover 'Consignment Agents' or 'C&F Agents', and not 'Commission Agent'. A Commission Agent does not affect supply; he only facilitates it.
- (f) An e-Commerce operator, who is required to collect tax at source under Section 52, who provide platform to the suppliers to make supply through it.
- (g) Suppliers of goods who supply through such e-Commerce operator who are liable to collect tax at source to the extent of 1% [0.50% CGST + 0.50% SGST / UTGST or 1% IGST] while making payment to the respective supplier. Persons supplying services through e-Commerce operators need not take compulsory registration and are entitled to avail the threshold exemption as per Notification No. 65/2017-Central tax dated 15.11.2017. TCS shall not apply, where a person supplies his own product through his own website.
- (h) Those e-Commerce with effect from the 1st day of October, 2023, the persons making supplies of goods through an electronic commerce operator who is required to collect tax at

at source under section 52 of the CGST Act and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the amount of aggregate turnover above which a supplier is liable to be registered in the State or Union territory in accordance with the provisions of sub-section (1) of section 22 of the CGST Act, have been exempted from obtaining registration under the CGST Act, subject to the following conditions, namely:—

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through electronic commerce operator in more than one State or Union territory;
- (iii) such persons shall be required to have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961);
- (iv) such persons shall, before making any supply of goods through electronic commerce operator, declare on the common portal their Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961), address of their place of business and the State or Union territory in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- (v) such persons have been granted an enrolment number on the common portal on successful validation of the Permanent Account Number declared as per clause (iv);
- (vi) such persons shall not be granted more than one enrolment number in a State or Union territory;
- (vii) no supply of goods shall be made by such persons through electronic commerce operator unless such persons have been granted an enrolment number on the common portal; and
- (viii) where such persons are subsequently granted registration under section 25 of the said Act, the enrolment number shall cease to be valid from the effective date of registration.

operators who are notified as liable for GST payment under

presently being implemented on pilot basis in Gujarat and Puducherry)

If a person does not undergo Aadhaar authentication or does not opt for authentication of Aadhaar number, or having undergone authentication of Aadhaar, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; then registration will be granted only after physical verification of principal place of business within 30 days from date of application.

The provisions of Aadhaar authentication is not applicable to a persons who is:

- (a) not a citizen of India; or
- (b) a department or establishment of Central or State Government; or
- (c) a local authority; or
- (d) a statutory body; or
- (e) a PSU; or
- (f) a person applying for registration under section 25 (9) of the CGST Act.

Amendment of Registration:

Except for the changes in some core information in the registration application, a taxable person shall be able to make amendments without requiring any specific approval from the tax authority. In case the change is for legal name of the business, or the address of the principal place of business or additional place of business, addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business, the taxable person will apply for amendment within 15 days of the event necessitating the change. The Proper Officer, then, will approve the amendment within next 15 days. For other changes like name of day to day functionaries, e-mail IDs, mobile numbers etc. no approval of the Proper Officer is required, and the amendment can be affected by the taxable person on his own on the common portal. A functionality to update email and mobile number of the authorised signatory is available in the GST system. The taxpayers can get it done by the concerned jurisdictional tax authority.

Generally, the amendments take effect from the date of application for amendment. Commissioner, however, has been given

documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of fifteen working days following the date of such verification.

Where the physical verification of the place of business of a person is required before the grant of registration in the circumstances specified in the proviso to sub-rule (1) of rule 9, the proper officer shall get such verification of the place of business done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal at least five working days prior to the completion of the time period specified in the said proviso.

Authentication of Aadhaar number under the GST Act:

from the 26th day of December, 2022, Where an applicant, other than a person notified under sub-section (6D) of section 25, opts for authentication of Aadhaar number, he shall, while submitting the application under sub-rule (4), undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or fifteen days from the submission of the application in Part B of FORM GST REG-01 under sub-rule (4), whichever is earlier.

Provided that every application made under sub-rule (4) by a person, other than a person notified under sub-section (6D) of section 25, who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric-based Aadhaar authentication and taking photograph of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified under sub-section (6C) of section 25 where the applicant is not an individual, along with the verification of the original copy of the documents uploaded with the application in FORM GST REG-01 at one of the Facilitation Centres notified by the Commissioner for the purpose of this sub-rule and the application shall be deemed to be complete only after completion of the process laid down under this proviso.

(The provision of Biometric based aadhaar authentication is

Section 9(5) of the CGST Act, 2017. Service categories notified under this Section are broadly the services of transportation of passengers (e.g. by Ola, Uber etc); service of providing accommodation in hotels, inn, campsites; and housekeeping services like plumbing, carpentering etc. (Notification No. 17/2017-Central Tax (Rate) dated 28.06.2017)

- (i) TDS Deductor: This covers the authorities notified under Notification No. 50/2018-Central Tax dated 13.09.2018, who are mandated to deduct GST TDS @ 2% on payment made to supplier where value of such supply, under a contract, is more than ₹ 2.50 Lakh. Such authorities are required to register separately as a TDS deductor irrespective of the turnover.
- (j) Input Service Distributor: They need to separately register as ISD regardless of the turnover.
- (k) Those supplying online information and database access or retrieval services from outside India to a non-registered person in India. A simplified registration Scheme is provided for OIDAR service suppliers. Instead of State-wise registration, he will take single registration for entire India either himself or through his appointed agent in India and will pay IGST. The registration to and other GST compliance by the OIDAR service providers is exclusively administered by the Principal Commissioner of Central Tax, Bengaluru West and all officers subordinate to him.

Casual Taxable Person/ Non-resident Taxable Person:

A Casual taxable person is one who has a registered business in some State in India but wants to effect supplies from some other State in which he is not having any fixed place of business. Such person needs to register in the State from where he seeks to supply as a casual taxable person. A non-resident taxable person is one who is a foreigner and occasionally wants to effect taxable supplies from any State in India, and for that he needs GST registration. GST law prescribes special procedure for registration, as also for extension of the operation period of such casual or non-resident taxable persons. They have to apply for registration at least five days in advance before making any supply. Also, registration is granted to them or period of operation is extended only after they make advance deposit of the estimated tax

liability. While Income Tax PAN is the basis of GST registration, the registration to a non-resident taxable person is given on the basis of his valid passport (in case of individual) or the Tax Identification number (TAN) issued by the respective country (if it is incorporated business entity).

UIN Agencies:

Any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries centralized are granted a Unique Identification Number (UIN) for various purposes, including refund of taxes on the notified supplies of goods or services or both received by them.

Standardization of procedures:

A total of 31 forms / formats have been prescribed in the GST Rules. For every process in the registration chain such as application for registration, acknowledgment, query, rejection, registration certificate, show cause notice for cancellation, reply, cancellation, amendment, field visit report etc., there are standard formats. This will make the process uniform all over the country. The decision-making process will also be fast. Strict timelines have been stipulated for completion of different stages of registration process.

An application in FORM GST REG-01 has to be submitted online through the common portal (GSTN) within thirty days from the date when liability to register arose. The casual and non-resident taxable persons need to apply at least five days prior to the commencement of the business. For transferee of a business as going concern, the liability to register arises on the date of transfer.

The proper officer examines the application and the accompanying documents and if the same are found to be in order, approves the grant of registration to the applicant within a period of seven working days from the date of submission of the application. However, if the applicant fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number; or having undergone authentication of Aadhaar, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of plac-

es of business; or or the Proper Officer deems it fit to carry out physical verification of places of business, the registration shall be granted within thirty days of submission of application, after physical verification of the place of business and verification of such documents as the proper officer may deem fit.

Where the application is found to be deficient, or where the Proper Officer requires any clarification, Proper Officer may issue a notice in FORM GST REG-03 within a period of seven working days from the date of submission of the application and the applicant shall furnish such clarification, information or documents electronically, in FORM GST REG-04, within a period of seven working days from the date of the receipt of such notice. However, if the applicant fails to undergo authentication of Aadhaar number or does not opt for authentication of Aadhaar number; or having undergone authentication of Aadhaar, is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or the Proper Officer deems it fit to carry out physical verification of places of business, the notice in FORM GST REG-03 may be issued not later than thirty days from the date of submission of the application. Where the Proper Officer is satisfied with the clarification, information or documents furnished by the applicant, he may approve the grant of registration to the applicant within a period of seven working days from the date of the receipt of such clarification or information or documents. Where no reply is furnished by the applicant in response to the notice or where the Proper Officer is not satisfied with the clarification, information or documents furnished, he may for reasons to be recorded in writing, reject such application and inform the applicant electronically in FORM GST REG-05.

If the Proper Officer fails to take any action within the aforementioned timelines, the application for grant of registration shall be deemed to have been approved.

Physical verification in connection with registration:

Where the proper officer is satisfied that the physical verification of the place of business of a person is required after the grant of registration, he may get such verification of the place of business done and the verification report along with the other

GST

Return Filing Procedure (FORM GSTR-3B)



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GOODS AND SERVICES TAX

Return Filing Procedure (FORM GSTR-3B)

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS
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Return Filing Procedure

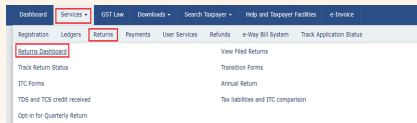
Filing Form GSTR-3B - Monthly and Quarterly Return by Normal Taxpayer

How can I create, save, pay taxes and file Form GSTR-3B return?

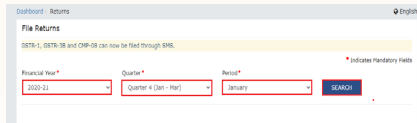
FORM GSTR-3B is a simplified summary return and the purpose of the return is for taxpayers to declare their summary GST liabilities for a particular tax period and discharge these liabilities. A normal taxpayer is required to file **FORM GSTR-3B** returns for every tax period.

Login and Navigate to FORM GSTR-3B – Monthly Return page:

1. Access the **www.gst.gov.in** URL. The GST Home page is displayed. Login to the GST Portal with valid credentials.
2. Click the **Services > Returns > Returns Dashboard** option.



3. The **File Returns** page is displayed. Select the **Financial Year, Quarter** (Quarter 1 - 4) & **Period** (Month) for which you want to file the return from the drop-down list. Click the **SEARCH** button.



3. The **File Returns** page is displayed. This page displays the due date of filing the returns, which the taxpayer is required to file (using separate tiles). In the **FORM GSTR-3B** tile, click the **PREPARE ONLINE** button.
4. A list of questions are displayed. You need to answer all the questions to show the relevant sections of **FORM GSTR 3B** as applicable to you. Click the **NEXT** button. Based on your answers, relevant tables of **FORM GSTR-3B** will be visible on the next screen. You may go back to previous screen by clicking on **BACK** button.

Note: In case of auto-population from **FORM GSTR-1** or **FORM GSTR-2B**, only the first question will be displayed in the questionnaire page.

20. The **Create Challan** page is displayed.

Note: In the Tax Liability Details grid, the **Total Challan Amount** field and **Total Challan Amount (In Words)** fields are auto-populated with total amount of payment to be made. You cannot edit the amount.

21. Select the **Payment Modes** as E-Payment/ Over the Counter/ NEFT/RTGS. Click the **GENERATE CHALLAN** button. The Challan is generated.

File GSTR-3B:

22. Click the **PROCEED TO FILE** button.
23. Select the checkbox for declaration. From the **Authorised Signatory** drop-down list, select the authorized signatory. Click the **FILE GSTR-3B WITH DSC** or **FILE GSTR-3B WITH EVC** button.



23.1. FILE GSTR-3B WITH DSC:

- a. Click the **PROCEED** button.
- b. Select the certificate and click the **SIGN** button.

23.2. FILE GSTR-3B WITH EVC:

- a. Enter the OTP sent on email and mobile number of the Authorized Signatory registered at the GST Portal and click the **VERIFY** button.

24. The success message is displayed. Click the **OK** button.

25. The status of **FORM GSTR-3B** is changed to Filed.

Download Filed Return:

26. Taxpayer has the option to download the filed return and also view the same.
27. **FORM GSTR-3B** can be filed as a nil return if there are no outward supplies as well as liability (including reverse charge liability) in the month, for which the return is being filed for. This form can be filed nil, in both online mode and in offline mode (by SMS).

Description	Other than revenue charge tax payable (€)	Integrated Tax (€)	Central Tax (€)	State/UT Tax (€)	CSS (€)	Other than revenue charge Tax to be paid in Cash(€)	Excise Tax
1	2	3	4	5	6	7(2 - 1 - 4 - 5 - 6)	
Integrated Tax	11,22,299	0	0	0	0	11,22,299.00	
Central Tax	357	0	0			357.00	
State/UT Tax	357	0		0		357.00	
CSS	21,81,688.000				4	21,81,688.000	

Buttons: CREATE CHALLAN, MAKE PAYMENT/POST CREDIT TO LEDGER, PREVIEW DRAFT, PREVIEW DRAFT GSTR-3B, BACK, PREVIEW DRAFT GSTR-3B

Please answer the following questions to enable us to show relevant sections

4. Do you want to file Nil return?

5. Did you declare any inter-state supplies (including all central, normal and non-GST supplies) or received any supplies liable to reverse charge during this tax period? (Table 5.1.1)

6. Have you made any supply of goods/services (including all central, normal and non-GST supplies) or received any supplies to unregistered persons, composition taxable persons or LTN taxpayer? (Table 5.1.1)

7. Do you have any claim/reversal of Input tax credit/ITC on purchases of goods or receipt of services? (Table 4)

8. Have you received any nil return, exempt or non-GST supplies during this tax period? (Table 5)

9. Do you have any interest or late fee (including carry forward late fee) liability? (Table 5.1.1)

10. Do you have any tax liability due to GST TREATY system dependent? (Table 6.1)

Buttons: YES, NO, BACK, NEXT

- Please provide the amount of credit to be utilized from the respective available credit heads to pay off the liabilities, so as the cash.

Note:

- System auto-populates ‘‘Tax to be paid through ITC’’ fields with optimum utilization amounts based on provisions of the law relating to credit utilization. However, you may edit the ITC utilization. As you change ITC utilization, the cash to be paid will also get changed.
- Tax liabilities as declared in the return along with the credits gets updated in the ledgers and reflected in the ‘‘Tax payable’’ column of the payment section. Credits get updated in the credit ledger and the updated balance is available and can be seen while hovering on the said headings of credit in the payment section.

- Click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button to pay off the liabilities or to claim credit in case of no liabilities.

Note:

- In case, you want to make changes to any details in any of the sections in the previous page, you can go back to the previous page and make the changes after clicking the **BACK** button. Once you click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button and pay off the liabilities, you cannot go back and make any changes to the **FORM GSTR-3B**.
- On click of **MAKE PAYMENT/POST CREDIT TO LEDGER** button, GST Portal will check the available Cash ledger balance.
- Once you click the **MAKE PAYMENT/POST CREDIT TO LEDGER** button and pay off the liabilities, you cannot make any changes to the **FORM GSTR-3B**.
- You can click the **PREVIEW DRAFT GSTR-3B** button to view the summary page of **FORM GSTR-3B** for your review. It is recommended that you download this Summary page and review the summary of entries made in different sections with patience before making payments.

Create Challan:

- In case of insufficient balance, ‘‘You do not have sufficient balance in Electronic Cash Ledger. Do you want to Create challan?’’ pop-up message is displayed. Click the **YES** button.

- To file Non-Nil return:** The System Generated Summary for **GSTR-3B** is displayed. This page displays the details of **GSTR-3B** table, Source Form, Form Status, Summary Status and advisory. Click the **CLOSE** button to view **FORM GSTR-3B – Monthly Return** page.

4. Eligible ITC

Table: ITC Available (whether in full or part)

Details	Integrated Tax (€)	Central Tax (€)	State/UT Tax (€)	CSS (€)
(1) Import of goods	0.00		0.00	0.00
(2) Import of services	0.00		0.00	0.00
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)	0.00	0.00	0.00	0.00
(4) Inward supplies from ICD	0.00	0.00	0.00	0.00
(5) All other ITC	17,095.00	0.00	0.00	0.00

Total ITC: 17,095.00

- The **FORM GSTR-3B – Monthly Return** page is displayed. Click the **SYSTEM GENERATED GSTR-3B** button to download and view system-computed details from **FORMS GSTR-1 & GSTR-2B** (monthly or quarterly) in **FORM GSTR-3B**.

Note: Based on the selection made in previous page, applicable tiles will be visible to you for providing the details.

GSTR-3B - Monthly Return

Legal Name: Adarsham New Info | Status: Not Filed

Period: 01-01-2022 to 31-03-2022

Help: Please click on a box (MS), and enter relevant details therein. Save and click on the next box to enter relevant details. Once you have filled up the information relating to this, you will see green banners/figures on the side. You can view the process by clicking on Previous Section. You can click on Back button to go to previous screen anytime. Data saved by you will not be deleted.

3.1 Tax on outward and reverse charge (Inward supplies)

Integrated Tax	Central Tax	Taxable Value	Integrated Tax	Integrated Tax	Central Tax
Rs.12,22,299.00	Rs.357.00	Rs.11,64,000.00	Rs.17,095.00	Rs.17,095.00	Rs.0.00
Rs.12,22,299.00	Rs.0.00		Rs.0.00	Rs.0.00	Rs.0.00

3.2 Inter state supplies

Integrated Tax	Central Tax
Rs.0.00	Rs.0.00
Rs.0.00	Rs.0.00

3.3 Energy, nil and Non GST (Inward supplies)

Inter-state supplies	Intra-state supplies	Integrated Tax	Central Tax
Rs.0.00	Rs.0.00	Rs.0.00	Rs.0.00
Rs.0.00	Rs.0.00	Rs.0.00	Rs.0.00

3.4 Interest and Late fee

Interest Tax	Central Tax
Rs.0.00	Rs.0.00
Rs.0.00	Rs.0.00

4. Eligible ITC

Integrated Tax	Central Tax
Rs.17,095.00	Rs.0.00
Rs.17,095.00	Rs.0.00

Buttons: BACK, SYSTEM GENERATED GSTR-3B, SHOW DETAILS, PREVIEW DRAFT GSTR-3B, PROCEED TO PAYMENT

Note:

- You can click the **SYSTEM GENERATED GSTR-3B** to view system-computed details from **FORMS GSTR-1 & GSTR-2B**.
- The values that are auto-populated in System Generated

GSTR-3B is for the assistance of taxpayers. However, taxpayers have to ensure the correctness of the values being reported and filed in **GSTR-3B** in all respects.

- The auto-populated values can be edited by the taxpayers, if required. The taxpayers can continue their filing with the edited values, and system will not restrict the same.

There will be several tiles representing Tables to enter relevant details. Click on the tile names to provide requisite details, for the relevant tax period:

- 3.1 Tax on outward and reverse charge inward supplies:** To provide summary details of outward supplies and inward supplies liable to reverse charge and tax liability thereon.
- 3.2 Inter-state supplies:** To provide details of inter-state supplies made to unregistered persons, composition taxable persons and UIN holders and tax thereon.
- 4. Eligible ITC:** To provide summary details of Eligible ITC claimed, ITC Reversals and Ineligible ITC.
- 5. Exempt, nil and Non-GST inward supplies:** To provide summary details of exempt, nil and Non-GST inward supplies.
- 5.1 Interest and Late Fee:** To provide summary details of Interest and Late fee payable.
- 6. Payment of Tax:** To provide details of payment of taxes, interest and late fee.

Enter Details in Section - 3.1 Tax on outward and reverse charge inward supplies:

To provide details of outward supplies and inward supplies liable to reverse charge, perform the following steps:

- In Table 3.1(a,b,c,e) the details are auto-drafted from **FORM GSTR-1** in **FORM GSTR-3B**. Whereas in Table 3.1(d) the details are auto-drafted from **FORM GSTR-2B**. Click the **3.1 Tax on outward and reverse charge inward supplies** tile to view the auto-drafted details. You can also add/ modify the details in Table 3.1(a,b,c,d,e) if required.

3.1 Tax on outward and reverse charge inward supplies <table border="1"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹1,00,794.00</td> <td>₹5,372.50</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹5,372.50</td> <td>₹0.00</td> </tr> </table>		Integrated Tax	Central Tax	₹1,00,794.00	₹5,372.50	State/UT Tax	CESS	₹5,372.50	₹0.00	3.2 Inter-state supplies <table border="1"> <tr> <td> taxable value</td> <td>Integrated Tax</td> </tr> <tr> <td>₹11,45,800.00</td> <td>₹1,26,794.00</td> </tr> </table>		taxable value	Integrated Tax	₹11,45,800.00	₹1,26,794.00	4. Eligible ITC <table border="1"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> </table>		Integrated Tax	Central Tax	₹0.00	₹0.00	State/UT Tax	CESS	₹0.00	₹0.00
Integrated Tax	Central Tax																								
₹1,00,794.00	₹5,372.50																								
State/UT Tax	CESS																								
₹5,372.50	₹0.00																								
taxable value	Integrated Tax																								
₹11,45,800.00	₹1,26,794.00																								
Integrated Tax	Central Tax																								
₹0.00	₹0.00																								
State/UT Tax	CESS																								
₹0.00	₹0.00																								
5. Exempt, nil and Non-GST inward supplies <table border="1"> <tr> <td>Inter-state supplies</td> <td>Intra-state supplies</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> </table>		Inter-state supplies	Intra-state supplies	₹0.00	₹0.00	5.1 Interest and Late fee <table border="1"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹0.00</td> <td>₹0.00</td> </tr> </table>		Integrated Tax	Central Tax	₹0.00	₹0.00	State/UT Tax	CESS	₹0.00	₹0.00										
Inter-state supplies	Intra-state supplies																								
₹0.00	₹0.00																								
Integrated Tax	Central Tax																								
₹0.00	₹0.00																								
State/UT Tax	CESS																								
₹0.00	₹0.00																								

- Click the **OK** button.

- You will be directed to the **FORM GSTR-3B** landing page and the **5.1 Interest and Late Fee** tile in **FORM GSTR-3B** total value of Integrated Tax, Central Tax, State/UT Tax and Cess.

Note: You are advised to click on **SAVE GSTR3B** button at the bottom to save the data in the GST system, if you want to exit at this stage and come back later to complete the filing.

5. Exempt, nil and Non-GST inward supplies <table border="1"> <tr> <td>Inter-state supplies</td> <td>Intra-state supplies</td> </tr> <tr> <td>₹17,500.00</td> <td>₹20,000.00</td> </tr> </table>		Inter-state supplies	Intra-state supplies	₹17,500.00	₹20,000.00	5.1 Interest and Late fee <table border="1"> <tr> <td>Integrated Tax</td> <td>Central Tax</td> </tr> <tr> <td>₹0.00</td> <td>₹600.00</td> </tr> <tr> <td>State/UT Tax</td> <td>CESS</td> </tr> <tr> <td>₹600.00</td> <td>₹0.00</td> </tr> </table>		Integrated Tax	Central Tax	₹0.00	₹600.00	State/UT Tax	CESS	₹600.00	₹0.00
Inter-state supplies	Intra-state supplies														
₹17,500.00	₹20,000.00														
Integrated Tax	Central Tax														
₹0.00	₹600.00														
State/UT Tax	CESS														
₹600.00	₹0.00														

- Once all details are added, click the **SAVE GSTR3B** button at the bottom of the page to save the **FORM GSTR-3B** details.

12.1 A success message is displayed after sometime on the top of the page that the last save request has been processed successfully.

Note: You are advised to save if you want to exit after partially entering the data anytime while filing **FORM GSTR-3B**.

Preview Draft FORM GSTR-3B:

- Scroll down the page and click the **PREVIEW DRAFT GSTR-3B** button to view the summary page of **FORM GSTR-3B** for your review. This button will download the draft summary page of your **FORM GSTR-3B** for your review. It is recommended that you download this summary page and review the entries made in different sections with patience before proceeding with the payment. The PDF file generated would bear watermark of draft as the liabilities are yet to be offset.

- The PDF is displayed.

Enter Payment Details in Section - 6.1 Payment of Tax:

To pay the taxes and offset the liability, perform the following steps:

- Click the **PROCEED TO PAYMENT** button.

Note:

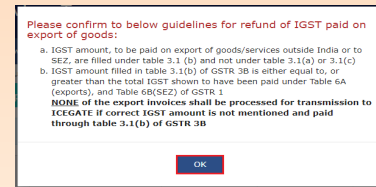
- In case you are a Quarterly return filer, you can view the payments made during the quarter using the **PAYMENT MADE IN QUARTER** button.
- The cash available as on date and ITC available (considering ITC of current tax period) are shown to the taxpayer.

of Integrated Tax, Central Tax, State/UT Tax and Cess net ITCs.

Note: You are advised to click on **SAVE GSTR3B** button at the bottom to save the data in the GST system, if you want to exit at this stage and come back later to complete the filing.

3.1 Tax on outward and reverse charge inward supplies		3.2 Inter state supplies		4. Eligible ITC	
Integrated Tax	Central Tax	Taxable Value	Integrated Tax	Integrated Tax	Central Tax
₹1,62,774.00	₹1,72,72.00	₹14,40,000.00	₹1,20,774.00	₹17,280.00	₹1,000.00
State/UT Tax	CES		State/UT Tax	State/UT Tax	CES
₹1,72,72.00	₹0.00		₹1,20,774.00	₹1,000.00	₹0.00

5. Exempt, nil and Non GST inward supplies		5.1 Interest and Late Fee	
Inter state supplies	Intra state supplies	Integrated Tax	Central Tax
₹0.00	₹0.00	₹0.00	₹0.00
		State/UT Tax	CES
		₹0.00	₹0.00



7.3. Click the **CONFIRM** button.

Note: In case you have made any changes to the auto-drafted details from **FORMS GSTR-1 & GSTR-2B** in below tables of **FORM GSTR-3B**:

- 3.1 (a,b,c,e) – only downward
- 3.1 (d) – only downward
- 3.2 – downward
- Table 4A – upward (more than 5%)
- Table 4B – downward (more than 0%)

Enter Details in Section - 5. Exempt, nil and Non-GST inward supplies:

To add values of exempt, Nil and Non-GST inward supplies, perform the following steps:

- 10.1. Click the **5. Exempt, nil and Non-GST inward supplies** tile.
- 10.2. Enter the **Inter-state and Intra-state supplies** under respective Nature of Supplies head. Click the **CONFIRM** button.
- 10.3. You will be directed to the **FORM GSTR-3B** landing page and the **5. Exempt, nil and Non-GST inward supplies** tile in **FORM GSTR-3B** will reflect the total value of Inter-state and Intra-state supplies.

5. Exempt, nil and Non GST inward supplies		5.1 Interest and Late fee	
Inter state supplies	Intra state supplies	Integrated Tax	Central Tax
₹17,500.00	₹20,000.00	₹0.00	₹0.00
		State/UT Tax	CES
		₹0.00	₹0.00

Enter Details in Section - 5.1 Interest and Late Fee:

To add details of the Interest and Late fee payable, perform the following steps:

- 11.1. Click the **5.1 Interest and Late Fee** tile.
- 11.2. Select the checkbox for declaration in case you wish to declare any interest liabilities. Enter the **Integrated Tax, Central Tax, State/UT Tax and Cess** under Interest and Late fee heads. The late fee would be system computed based on the number of days elapsed after the due date of filing. Click the **CONFIRM** button.

Then the field(s) edited will be highlighted in red color and a warning message is displayed. You can check for the System Computed amount and amount entered by you by hovering over the box.

7.4. You will be directed to the **FORM GSTR-3B** landing page and the **3.1 Tax on outward and reverse charge inward supplies** tile in **FORM GSTR-3B** will reflect the added data in a summary form.

3.1 Tax on outward and reverse charge inward supplies		3.2 Inter state supplies		4. Eligible ITC	
Integrated Tax	Central Tax	Taxable Value	Integrated Tax	Integrated Tax	Central Tax
₹1,62,774.00	₹1,72,72.00	₹14,40,000.00	₹1,20,774.00	₹17,280.00	₹1,000.00
State/UT Tax	CES		State/UT Tax	State/UT Tax	CES
₹1,72,72.00	₹0.00		₹1,20,774.00	₹1,000.00	₹0.00

5. Exempt, nil and Non GST inward supplies		5.1 Interest and Late Fee	
Inter state supplies	Intra state supplies	Integrated Tax	Central Tax
₹0.00	₹0.00	₹0.00	₹0.00
		State/UT Tax	CES
		₹0.00	₹0.00

Enter Details in Section - 3.2 Inter-State supplies:

To provide details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders and taxes thereon, perform the following steps:

- 8.1. In Table 3.2 Inter-State supplies the details are auto-drafted from **FORM GSTR-1**. You can add/ modify the auto-drafted details if required. In case the edited details are in downward variance, then such fields will be highlighted in red color. Click the **3.2 Inter-State supplies** tile to add/ modify the auto-drafted details.

Supplies made to Unregistered Persons:

- 8.2. In the section Supplies made to Unregistered Persons, from the **Place of Supply (State/UT)** drop-down list, select the place of supply.
- 8.3. In the **Total Taxable Value** field, enter the total taxable value for each State/UT.
- 8.4. In the **Amount of Integrated Tax** field, enter the amount of integrated tax. Please ensure that the integrated tax amount provided here do not exceed the integrated tax liability declared at (a) row in Table-3.1. Only integrated tax amount has to be declared, cess amount is not required to be mentioned.
- 8.5. Click the **ADD** button to provide details of such supplies for another State. Delete the row if nothing is to be reported after clicking **ADD** button.

Supplies made to Composition Taxable Persons:

- 8.2. In the section Supplies made to Composition Taxable Persons, from the **Place of Supply (State/UT)** drop-down list, select the place of supply.
- 8.3. In the **Total Taxable Value** field, enter the total taxable value for each State/UT.
- 8.4. In the **Amount of Integrated Tax** field, enter the amount of integrated tax. Please ensure that the integrated tax amount provided here do not exceed the integrated tax liability declared at (a) row in Table-3.1. Only integrated tax amount has to be declared, cess amount is not required to be mentioned.
- 8.5. Click the **ADD** button to provide details of such supplies for another State.

Supplies made to UIN holders:

- 8.2. In the section Supplies made to UIN holders, from the **Place of Supply (State/UT)** drop-down list, select the place of supply.
- 8.3. In the **Total Taxable Value** field, enter the total taxable value for each State/UT.
- 8.4. In the **Amount of Integrated Tax** field, enter the amount of integrated tax. Please ensure that the integrated tax amount provided here do not exceed the integrated tax liability declared at (a) row in Table-3.1. Only integrated tax amount has to be declared, cess amount is not required to be mentioned.
- 8.5. Click the **ADD** button to provide details of such supplies for another State.

- 8.6. Once all details are added, click the **CONFIRM** button.
- 8.7. You will be directed to the **FORM GSTR-3B** landing page and the **3.2 Inter-State supplies** tile in **FORM GSTR-3B** will reflect the total of taxable value and integrated tax as declared in the details table.

Note: You are advised to click on **SAVE GSTR3B** button at the bottom to save the data in the GST system, if you want to exit at this stage and come back later to complete the filing.

3.1 Tax on outward and reverse charge inward supplies		3.2 Inter-state supplies		4. Eligible ITC	
Integrated Tax	Cess Tax	Integrated Tax	Cess Tax	Integrated Tax	Cess Tax
₹1,00,794.00	₹1,372.50	₹1,45,400.00	₹1,26,794.00	₹12,000.00	₹0.00
₹2,00,000.00	₹0.00			₹0.00	₹0.00
₹1,00,794.00	₹1,372.50			₹12,000.00	₹0.00

Enter ITC Details in Section - 4. Eligible ITC:

To provide details of eligible ITC claimed, perform the following steps:

- 9.1. Click the **4. Eligible ITC** tile.
- 9.2. The details of ITC claimed/ ITC reversed in table 4A (1, 3, 4, 5) and 4B (2) are auto-drafted from relevant entries of **FORM GSTR-2B**. Other reversals would be required to be done by the taxpayer on his own. In case you want to add/ modify the auto-drafted details, you can add/ modify the details if required. Click the **CONFIRM** button.

4. Eligible ITC				
* Values (INR), ITC, (1), (3), (4) and (6)(2) are auto-drafted based on the values in GSTR-2B.				
Details	Integrated Tax (₹)	Cess Tax (₹)	State/UT Tax (₹)	CESB (₹)
(A) ITC Available (Subject to full or part)				
(1) Import of goods	0.00	0.00	0.00	0.00
(2) Import of services	0.00	0.00	0.00	0.00
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)	0.00	0.00	0.00	0.00
(4) Inward supplies from 2B	0.00	0.00	0.00	0.00
(5) All other ITC	12,000.00	0.00	0.00	0.00
(6) ITC Reversed				
(1) As per Rule 43 & 43 of CGST/IGST rules	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00
(3) Net ITC Available (A) - (6)	12,000.00	0.00	0.00	0.00
(B) Ineligible ITC				
(1) As per Section 17(5)	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00

Note:

- If the data entered by you is in upward variance (5%) with the auto-populated data in **table 4A**, then such fields will be highlighted in red color and updated tile on dashboard will be in red color as well.
- If the data entered by you is in downward variance (0%) with the auto-populated data in **table 4B**, then such fields will be highlighted in red color and updated tile on dashboard will be in red color as well.

- 9.3. You will be directed to the **FORM GSTR-3B** landing page and the **4. Eligible ITC** tile in **FORM GSTR-3B** will reflect the total value

person to pay tax and other dues or to discharge any obligations under GST Act or Rules made there under for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

GST

Revocation of Cancellation of Registration



6 years of GST

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GST

GOODS AND SERVICES TAX

Revocation of Cancellation of Registration

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS

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Revocation of Cancellation of Registration

The registration granted under GST can be cancelled for specified reasons. The cancellation can either be initiated by the department at its own motion or the registered person can apply for cancellation of their registration. In case of death of registered person, in case of proprietorship concern, the legal heirs can apply for cancellation. In case the registration has been cancelled by the department there is a provision for revocation of the cancellation of registration at the request of the taxpayer. On cancellation of the registration the person has to file a return which is called the Final Return. The Final Return has to be filed within three months of cancellation of GST registration.

Revocation of Cancellation of registration:

- (a) When the registration has been cancelled by the proper officer, on its own motion and not on the basis of an application by the registered person, then the registered person, whose registration has been cancelled, can submit an application for revocation of cancellation of registration, in **FORM GST REG-21**, to the Proper Officer, within a period of ninety days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding one hundred and eighty days.
- (b) However, if the registration has been cancelled for failure to furnish returns, application for revocation shall be filed, only after such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.
- (c) On examination of the application if the Proper Officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, then he shall revoke the cancellation of registration by an order in **FORM GST REG-22** within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.
- (d) However, if on examination of the application for revocation, if the Proper Officer is not satisfied then he will issue a notice in **FORM GST REG-23** requiring the applicant to show cause as to why the application submitted for revocation should not be rejected and the applicant has to furnish the reply within a period of seven working days from the date of the service of the notice in **FORM GST REG-24**.
- (e) Upon receipt of the information or clarification in **FORM GST REG-24**, the Proper Officer shall dispose of the application within a period of thirty days from the date of the receipt of such information or clarification from the applicant. In case the information or clarification provided is satisfactory, the Proper Officer shall dispose the application as per para (c) above. In case it is not satisfactory, ~~the applicant will be mandatorily given an opportunity of being heard, after which~~ the Proper Officer after recording the reasons in writing may by an order in **FORM GST REG-05**, reject the application for revocation of cancellation of registration and communicate the same to the applicant.
- (f) The revocation of cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under CGST Act & vice versa.
- (g) All returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration.
- (h) Where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration.
- (i) Where the registration has been suspended under Rule 21A (2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-Section (2) of Section 29 and the registration has not already been cancelled by the proper officer, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.
- (j) The cancellation of registration shall not affect the liability of the