

M/s.TIMISH V SALOT & ASSOCIATES

CHARTERED ACCOUNTANTS

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Tax Update - Circular no.2 /September 2023

GSTN Advisory on Time Limit for Reporting Invoices on the IRP Portal and Introduction of Electronic Credit Reversal & Re-claimed statement on GSTN:

I) Time Limit for Reporting Invoices on the IRP Portal:

A) For taxpayers whose AATO > Rs.100 crores -

The Government has decided to impose a time limit on reporting old invoices on the e-invoice IRP portals.

The validation built into IRP will disallow the taxpayers in this category to report invoices older than 30 days on the date of reporting. For e.g. if invoice date is 1.11.2023 it cannot be reported on IRP after 30.11.2023.

This restriction will apply to all the documents types - Invoice, DN, CN for which IRN is to be generated.

In order to provide sufficient time for taxpayers in this category and changes in the system, it is proposed by GSTN to implement it from 1st November 2023 onwards.

B) For taxpayers whose AATO < Rs.100 crores -

No such reporting restriction has been decided as of now.

II) Introduction of New Ledger namely Electronic Credit and Re-claimed Statement on GST Portal:

- 1) Vide Notification No.14/2022-Central Tax dated 05.07.2022 and Circular No.170/02/2022-GST dated 06.07.2022, the Government notified certain changes in Table 4 of Form GSTR-3B to enable taxpayers in reporting correct information regarding ITC availed, ITC reversal, ITC re-claimed and ineligible ITC.

As per changes notified, the reclaimable ITC has to be reported in Table 4B(2)

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and upon reclaim subsequently to be reported in Table 4A(5) as well as needs to be explicitly reported in Table 4D(1).

Hence in order to facilitate the taxpayers in correct and accurate reporting of ITC reversal and reclaim thereof and to avoid clerical mistakes, this new ledger named Electronic Credit and Re-claimed Statement has been introduced on the GST portal.

- 2) Starting from August return period, this statement will help the taxpayers in tracking of their ITC that has been reversed in Table 4B(2) and thereafter reclaimed in Table 4D(1) and Table 4A(5) for each return period.

The statement aims to improve the overall consistency and correctness of ITC reversal and re-claims related transactions. It shall facilitate such that while reclaiming ITC in GSTR-3B, the amount aligns appropriately with the corresponding ITC reversal and re-claims related transaction.

- 3) A facility to report ITC Reversal Opening balance (ITC that has been reversed earlier and has not yet been reclaimed) as opening balance for “Electronic Credit Reversal and Re-claimed Statement” by using the navigation:

Login >> Report ITC Reversal Opening Balance.

OR

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

For Monthly return filers - The ITC Reversal opening balance considering ITC reversal done till July 23 return period.

For Quarterly return filers - The ITC Reversal opening balance considering ITC reversal done till Q1 Apr to Jun 23 return period

- 4) Time limit to declare opening balance for ITC reversal by taxpayers - 30th November 2023;

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Taxpayers shall have **3 amendment opportunities** to correct their opening balance in case of any mistakes or inaccuracies in reporting.

Until 30th November 2023 – Both reporting and amendment facilities are accessible.

After 30th November 2023 till 31st December 2023 – Only amendment will be permitted and option for fresh reporting will not be available. After 31st December 2023, the amendment facility shall be discontinued.

- 5) Later, the portal will maintain a record of reversal and reclaim amounts on a return period basis in statement. The validation mechanism incorporated into GSTR-3B will trigger a warning message if the taxpayer attempts to re-claim excess ITC in Table 4D(1) than the available ITC reversal balance in the statement along with ITC reversal made in current return period in Table 4B(2). For monthly return filers, the warning message will commence appearing from GSTR-3B filing for Aug-23 and for quarterly taxpayers from the filing period Jul to Sep-23. The warning message would facilitate accurate reporting while the taxpayers will still have the option to proceed with filing.
- 6) **In this regard, it is advised to report the pending reversed ITC, if any, as ITC reversal opening balance and not to reclaim ITC exceeding the closing balance of “Electronic Credit Reversal and Re-claimed Statement”.**

Sincerely,

Timish V Salot

(M.Com., F.C.A., LL.B., C.T.M.)

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