

**Filing of Annual returns by composition taxpayers. - Negative Liability in GSTR-4** Instances have come to notice where taxpayers are reporting negative liability appearing in their GSTR-4

**Background:** Since FY 2019-20, composition taxpayers has to pay the liability through Form GST CMP-08 on quarterly basis while GSTR-4 Return is required to be filed on annual basis after end of a financial year.

**Reason of Negative Liability in GSTR4:** The liability of the complete year is required to be declared in GSTR-4 under applicable tax rates. Taxpayers should fill up table 6 of GSTR-4 mandatorily. In case, there is no liability, the said table may be filled up with '0' value. If no liability is declared in table 6, it is presumed that no liability is required to be paid, even though, taxpayer may have paid the liability through Form GST CMP-08. In such cases, liability paid through GST CMP-08 becomes excess tax paid and moves to Negative Liability Statement for utilization of same for subsequent tax period's liability.

**What the taxpayer did wrongly:** Liability paid through Form GST CMP-08 is auto-populated in table 5 of the GSTR-4 for convenience of the taxpayers. Taxpayers who do not fill up table 6 of GSTR-4 i.e. no liability is declared, even though, taxpayer may have paid the liability through Form GST CMP-08; since the 'Tax payable' in GSTR-4 is computed after reducing the liability declared in GST CMP-08 and then auto-populated in table 5. Thus, if nothing is declared in table 6, then the negative liability entry appears in GSTR-4.

**How to proceed in case of negative liability:** If table 6 of GSTR-4 has not been filled due to oversight, a ticket may be raised to nullify the amount available in negative liability statement. If there is no liability to be paid during the year, the liability paid through Form GST CMP-08 shall move to negative liability statement and the same excess amount can be utilised to pay the liability of future tax periods.

Source - <https://www.gst.gov.in/newsandupdates/read/491>