THE GST INSIDER

NOVEMBER 24 EDITION

(1st Nov 24 to 15th Nov 24)

CA. SAMARPIT SHARMA

PREFACE

Welcome to our latest issue of **"The GST Insider"** meticulously compiled by **CA Samarpit Sharma**. As we navigate through the ever-evolving landscape of the Goods and Services Tax (GST), our aim is to bring you the most recent and pertinent updates, including circulars, notifications, press releases, relevant case laws, advance rulings, and other essential documents.

This Newsletter is designed to serve as a comprehensive resource for enhancing your understanding of GST regulations. Each edition is carefully structured to present complex legal content in an accessible and engaging format. Through the use of explanatory visuals and simplified explanations, we strive to make the material not only easier to comprehend but also more interesting to read.

It is important to note that the information provided herein is intended solely for knowledge sharing purposes and should not be utilized as a basis for any form of professional advice. For specific GST-related advice, we recommend consulting with qualified experts.

By integrating visual aids and reformulating the legal text into reader-friendly formats, we hope to enrich your learning experience and keep you updated on significant GST developments. Enjoy the read, and may it spark both your interest and understanding of GST.

Thank you for trusting "The GST Insider" as your go-to source for GST updates. We hope you find this edition both informative and easy to comprehend.

Thank You!

CA. SAMARPIT SHARMA

AUTHOR

"*Embrace the challenge, for it is the path to your greatest growth.*"

Edition #XII

Nov 2024

NEWSLETTER

THE GST INSIDER

HIGHLIGHTS OF THE NEWSLETTER

IN-DEPTH OVERVIEW OF THE NEW INVOICE MANAGEMENT SYSTEM (IMS) UNDER GST

READ MORE

The IMS, introduced on October 14, 2024, is a GST portal feature that improves accuracy, transparency, and compliance in GST reporting. It allows recipients to accept, reject, or hold invoices, ensuring only validated invoices contribute to Input Tax Credit (ITC) claims in GSTR-2B.

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READ MORE

Form DRC-03A allows taxpayers to adjust voluntary payments made via Form DRC-03 against outstanding GST demands, ensuring accurate reconciliation of tax liabilities and aiding compliance.

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COMPREHENSIVE STEP-BY-STEP GUIDE FOR FILING FORM GST DRC-03A: A DETAILED PROCESS FOR ADJUSTING GST DEMANDS, MAKING PAYMENTS, AND ENSURING COMPLIANCE

2024 NOVEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
GSTR 7 (OCT 2024) GSTR 8 (OCT 2024)	GSTR 1 (OCT 2024)	12	GSTR 1/IFF (OCT 2024)	14	15	16
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HIGHLIGHTS

IN-DEPTH OVERVIEW OF THE NEW INVOICE MANAGEMENT SYSTEM (IMS) UNDER GST

The **Invoice Management System (IMS)**, launched on **October 14, 2024**, is an advanced module on the GST portal designed to enhance accuracy, transparency, and compliance in GST reporting. By providing recipients of goods and services with the **ability to accept, reject, or keep invoices pending**, IMS ensures only validated and accurate invoices contribute to Input Tax Credit (ITC) claims in GSTR-2B. GSTN has issued multiple advisories outlining the functionalities, guidelines, and requirements for using IMS effectively, helping both suppliers and recipients manage invoices with greater precision.

IMS is particularly valuable as it facilitates real-time reconciliation between suppliers and recipients, reduces discrepancies in tax filings, and supports effective compliance with GST laws.

Key Functionalities and Features of the Invoice Management System (IMS)

- **Real-Time Invoice Management**

IMS allows recipients to view, review, and take actions on invoices as soon as suppliers upload them through **GSTR-1, GSTR-1A, or the Invoice Furnishing Facility (IFF)**. This capability ensures that recipients can verify the accuracy of invoices in real time, helping them manage Input Tax Credit (ITC) claims accurately. By acting on invoices promptly, taxpayers can prevent errors in ITC and ensure that their tax filings reflect only eligible credits.

- **Supplier View Functionality**

To increase transparency, IMS includes a Supplier View that enables suppliers to view actions taken by recipients on their invoices. For example, if a recipient rejects an invoice, the supplier can see this action in real time and make necessary corrections before submitting their GSTR-3B. This feature reduces misunderstandings and errors, as suppliers can quickly address issues flagged by recipients. Supplier View is especially helpful in preventing mismatches in ITC claims by allowing suppliers to track invoice acceptance statuses like accepted, rejected, pending, or deemed accepted.

- **Actions on Invoices - Accept, Reject, Pending, and Deemed Accepted**
    - **Accept:** If the recipient **verifies that an invoice is correct**, they can mark it as accepted. This invoice will then be reflected in GSTR-2B for ITC.
    - **Reject:** If there is an **error in the invoice, the recipient can reject it**. Rejected invoices will not be considered for ITC, and the supplier will need to address and correct them.
    - **Pending:** If the recipient wants to **hold off on verifying an invoice,** they can mark it as pending, giving them more time to review.

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- **Deemed Accepted:** If **no action is taken by the recipient on a particular invoice, IMS will automatically consider it as deemed accepted upon the generation of GSTR-2B on the 14th of each month.** This ensures that invoices aren't left unaccounted due to oversight.

- **Bulk Action Feature for Efficient Invoice Management**

IMS provides a **bulk action feature that allows taxpayers to handle multiple invoices simultaneously.** This feature is particularly valuable for businesses with high transaction volumes, enabling them to accept, reject, or mark multiple invoices as pending at once. The bulk action feature streamlines the process and minimizes the time spent on invoice management, ensuring quick and efficient processing.

- **Handling Amendments by Suppliers**

If a supplier **amends an invoice after a recipient has already taken action on it, the revised invoice will reappear in the recipient's IMS dashboard as a new entry.** This enables the recipient to review the changes and decide on a fresh course of action (accept, reject, or pending) for the updated invoice. This functionality ensures that any adjustments made by suppliers are accurately recorded in ITC computations.

- **Non-Actionable Records in IMS**

Certain records are designated **as 'No Action Taken'** and do not require any action by the recipient in IMS. These include:

  - **Documents where ITC is ineligible due to POS (Place of Supply) rules or as restricted under Section 16(4) of the CGST Act.**
  - **Records that attract the Reverse Charge Mechanism (RCM),** where the tax liability is borne by the recipient, and the invoices are handled separately in GSTR-3B.

- **Flexibility to Change Actions Until GSTR-3B Filing**

Recipients have the flexibility to adjust their actions on invoices in **IMS until they file GSTR-3B for the corresponding tax period.** If changes are made after the initial GSTR-2B generation (on the 14th of each month), the recipient can recompute GSTR-2B to reflect the latest actions. This provides a window for reviewing and ensuring accuracy in ITC claims before the final GSTR-3B submission.

- **Automatic Record Flow to GSTR-2B**

Only invoices that are **saved and filed by suppliers will flow from IMS to GSTR-2B,** ensuring that only finalized records impact ITC calculations. Invoices **saved but not filed by suppliers or those filed after the cut-off date will not appear in the current GSTR-2B,** thus maintaining data integrity and accuracy.

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Detailed Guidelines and Considerations for IMS Use

- **Optional Use During the Initial Phase**

In the initial phase, **IMS usage is optional** to allow taxpayers to adapt to the new system. Actions taken on invoices in IMS will be reflected in the next GSTR-2B, generated on the 14th of the following month. Taxpayers can use this period to become familiar with IMS functionalities without facing mandatory compliance. This approach helps users gradually transition to the new system.

- **Error Correction in Initial Implementation Phase**

During the initial rollout, recipients may inadvertently make errors (e.g., incorrectly rejecting or accepting invoices). If such errors occur, **the incorrect action may lead to mismatches in auto-populated ITC details in GSTR-2B. Taxpayers are advised to correct these errors directly in GSTR-3B to ensure their tax returns are accurate.** This flexibility allows taxpayers to avoid compliance issues while adjusting to the system.

- **Recomputing GSTR-2B**

If a **recipient changes actions on invoices after the generation of GSTR-2B, they should use the GSTR-2B recompute button to ensure that the revised ITC details are captured accurately.** This is crucial for maintaining accuracy in GSTR-3B filings and preventing potential mismatches or disputes over ITC claims.

- **Deleted Records and Supplier Amendments**
    - **Deleted Records:** If a **supplier deletes a record after the recipient has taken action on it, the record will disappear from the recipient's IMS dashboard**, ensuring that the view remains current and accurate.
    - **Supplier Amendments:** When suppliers amend invoices after recipients have acted on them, the **amended invoices appear as new entries in IMS**, prompting recipients to re-evaluate and take action as needed.

- **Deemed Acceptance for Unactioned Invoices**

To streamline the process, **IMS includes an automatic deemed acceptance feature for invoices on which no action is taken by the recipient.** This ensures that ITC calculations proceed without interruption and that invoices are not overlooked.

Step-by-Step Guide to Using IMS

1. **Access IMS on the GST Portal**

Log in to www.gst.gov.in and navigate to **Services > Returns > Invoice Management System (IMS)** to access all available invoices.

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2. Review Inbound Supplies

IMS **allows recipients to filter and review invoices received from suppliers based on criteria such as GSTIN or invoice date.** This organization feature helps users manage large volumes of invoices more easily.

3. Take Action on Invoices

Select invoices individually or in **bulk to accept, reject, or keep them pending.** The bulk action feature is beneficial for businesses managing high transaction volumes, allowing them to process multiple invoices efficiently. Click Save to confirm actions.

4. Download Records for Offline Review

For **offline analysis, IMS provides a download option in Excel format.** This feature enables users to review and analyze invoices outside the portal, allowing for easier verification of invoice details.

5. Recompute GSTR-2B

If any **actions on invoices are modified after GSTR-2B generation, use the recompute button to update GSTR-2B before filing GSTR-3B.** This ensures that all recent actions are accurately reflected in ITC claims.

Impact of IMS on GSTR-2B and GSTR-3B Compliance

- **Draft GSTR-2B Generation**

Each month on the **14th, IMS generates a draft GSTR-2B based on accepted, rejected, and deemed accepted invoices.** This draft GSTR-2B is the primary source for ITC claims in GSTR-3B, providing taxpayers with an initial overview of their eligible ITC for the month.

- **Ensuring Accurate ITC with Recomputed GSTR-2B**

Any changes to actions on invoices after the **draft GSTR-2B generation necessitate using the recompute button.** This ensures that updated ITC details are reflected in GSTR-3B, avoiding discrepancies or missed credits.

Conclusion and Best Practices

The Invoice Management System (IMS) is a transformative tool for GST compliance, supporting real-time invoice tracking, transparency, and improved ITC accuracy. By providing a structured approach to invoice verification, IMS allows taxpayers to streamline their GST reporting, reduce discrepancies, and maintain accurate ITC records. Taxpayers are encouraged to familiarize themselves with IMS functionalities and use features like the recompute button and Supplier View to ensure compliance and transparency.

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Comprehensive Checklist for October 2024 GST Return Compliance

GST Liability

As per Section 34 of the CGST Act, 2017, **taxpayers are required to make any final adjustments or corrections related to outward supplies for the financial year in the return for October, filed in November.** This return serves as the **last opportunity to rectify errors** or omissions for the financial year. Specifically, businesses need to address amendments, issue or report credit notes, and reconcile their books with GST returns before the deadline.

October is a critical month for GST compliance because corrections after this period are no longer permissible. Therefore, it is essential to meticulously review all transactions and records to ensure compliance with GST laws. This comprehensive checklist outlines the key tasks and reconciliations that businesses must perform to achieve error-free GST returns for October 2024.

By following this checklist, you can:

1. Avoid GST-related penalties for inaccuracies or omissions.
2. Ensure smooth reconciliation during audits and financial reviews.
3. Maintain credibility and compliance with the GST law.

Here's a detailed breakdown of the tasks and reconciliations to be performed in October for the GST return:

1. Outward GST Liability Reconciliation

Reconcile the outward GST liability as per your books of accounts with the liability reported in GSTR-1 and GSTR-3B. Check if any taxable supply was **inadvertently missed from the returns.** If such liabilities are found, include them in the October return. This reconciliation ensures accurate reporting and eliminates discrepancies that could lead to **penalties or notices during audits.**

2. Recording of Reported Liabilities

Verify that every liability **reported in GSTR-1 and GSTR-3B is duly recorded in the books of accounts.** Any liability that has been omitted from the books but reported in the returns should be immediately recorded to maintain consistency between the books and the GST portal.

3. Consistency Between GSTR-1 and GSTR-3B

Compare the details reported in GSTR-1 (outward supply) with GSTR-3B (summary return). Identify any discrepancies such as transactions reported in GSTR-1 but missed in

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GSTR-3B or vice versa. Address these differences by adjusting the books or reporting the missed transactions in the October return. Retain reconciliations for genuine differences to ensure a smooth audit process.

4. Miscellaneous Income Review

Review the Profit and Loss account for **transactions classified under 'Miscellaneous Income.'** Analyze whether these incomes attract GST. Examples include late payment charges, liquidated damages, or penalties recovered from suppliers/customers. If GST applies, account for it in the books and report it in the October return. For non-applicable transactions, document the reasons and maintain supporting calculations for future audits.

5. Entry of GST Payments

Ensure that all **GST payments and utilization entries** are correctly recorded in the books of accounts. This includes liabilities already reported in previous returns. Any missed payment or utilization entry could cause discrepancies in liability ledgers, leading to audit queries. Ensure these entries are accurately reflected in the ledgers.

6. Correction of GST Rate Discrepancies

Review transactions to identify cases where the **incorrect GST rate was applied, such as 5% instead of 12%.** Correct these discrepancies by accounting for the difference in the books and depositing or adjusting the shortfall/excess in the October return. This helps in avoiding penalties and ensures accurate tax payment.

7. Treatment of Capital Assets

Analyze whether **GST is applicable on the sale or transfer of capital assets such as vehicles, machinery, or office equipment.** If GST liability arises, record it in the books and include it in the October return. For non-taxable transactions, maintain supporting documentation to justify the exemption during audits.

8. Job Work and Repair Timeline

Verify whether **goods sent for job work or capital assets sent for repairs have been returned within the prescribed time limits under GST law.** If not received within the allowed period, GST becomes applicable on such transactions. Record the liability in the books and report it in the October return to ensure compliance.

9. Credit Note Verification

Ensure that **all credit notes issued to customers have been reported in GSTR-1.** Communicate with customers to confirm that they have reversed any Input Tax Credit (ITC) claimed on the original invoices. This step prevents ITC mismatches and ensures smooth

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compliance for both parties.

10. Resolution of GSTR-2B Discrepancies

Address any **discrepancies reported by customers in their GSTR-2B**, which reflects invoices uploaded by you. Promptly make corrections in the **October return, as amendments cannot be made after this period.** This ensures that customers' ITC claims remain valid, maintaining business credibility.

11. Communication with Customers

Send a **formal email to all B2B customers requesting them to review invoices for FY 2023-24 and report any discrepancies before the filing deadline of November 11, 2024.** Highlight that corrections cannot be made after this date, ensuring accountability and minimizing reconciliation issues.

12. Review of Liability Ledgers

Reconcile liability ledgers, including CGST, SGST, IGST, and RCM liability accounts, to ensure they reflect **only the liabilities for October 2024.** Address any previous period liabilities or unreconciled items by passing necessary adjustment entries. This ensures accurate reporting and avoids unnecessary penalties.

13. E-Way Bill Reconciliation

Compare e-way bills generated during the period with the outward supply reported in GSTR-1 and GSTR-3B. **Identify and account for any transactions where e-way bills exist, but the corresponding entries are missing in the books.** Include these in the October return to maintain consistency across records.

14. E-Invoice Validation

Verify that all taxable supplies **reported in GSTR-1 and GSTR-3B** have also been **uploaded to the Invoice Registration Portal (IRP)**. Any discrepancies or missed transactions should be corrected and reported in the October return. This ensures full **compliance with e-invoicing requirements.**

15. Cross-Charge Transactions

Check whether any **inter-company transactions** subject to GST cross-charge were missed. Record these transactions in the books and include them in the October return. Properly charging GST on inter-company recoveries is critical for compliance.

16. Allocation of Shared Costs

For shared expenses, such as **event or conference costs borne by the parent company on behalf of sister concerns, ensure that the costs are apportioned appropriately.**

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Record the GST liability on recoveries from sister concerns and report these entries in the October return.

17. Reverse Charge Mechanism (RCM)

Reconcile expenses such as **freight, legal consultancy, rental income, director sitting fees, and imported services to ensure all applicable RCM liabilities** have been recorded and paid. Include any missed RCM transactions in the October return and generate the corresponding self-invoices for compliance.

18. Self-Invoicing for RCM

Raise self-invoices for all RCM transactions and retain them in your records. This ensures that the liability is properly documented and accounted for, meeting GST compliance requirements.

Comprehensive Checklist for Input Tax Credit (ITC) and Other Liabilities in October 2024 GST Return

As per Section 16(4) of the CGST Act, 2017, t**he deadline to claim Input Tax Credit (ITC) on invoices related to FY 2023-24 is the October 2024 return, which must be filed by 30th November 2024.** This marks the final opportunity to address discrepancies and ensure accurate reporting. Below is an expanded and detailed checklist with proper headings for each point.

1. Reconcile ITC Ledgers with GSTR-3B

Conduct a **detailed year-end reconciliation of the ITC recorded** in your books of accounts with the ITC claimed through GSTR-3B for FY 2023-24. While monthly reconciliations might have been done, a comprehensive reconciliation for the entire financial year is essential. This helps identify any discrepancies or missed credits. Corrections can only be made in the October return, so ensure all records align to avoid losing valid ITC claims.

2. Compare ITC Balances with Electronic Credit Ledger

Compare the **ITC balance in your books with the Electronic Credit Ledger** on the GST portal. Ideally, these balances should match. If discrepancies or open items are found, investigate the root cause, reconcile the differences, and make the necessary adjustments. This ensures accurate reporting and prevents mismatches that could lead to disputes or penalties during audits.

3. Resolve Doubtful ITC

Review any **ITC that was kept unclaimed due to doubts about its eligibility**. For

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example, ITC on purchases partly used for exempt supplies or personal use may require additional clarification. Consult with your tax advisor to determine whether the ITC can be claimed or must be reversed. **Ensure that any decision is properly accounted for in the books and reflected in the October return.**

4. Reverse ITC as per Sections 42 and 43

Calculate the **reversal of ITC required under Sections 42 and 43 of the CGST Act for FY 2023-24.** This typically applies to ITC attributed to exempt supplies or non-business purposes. Use the turnover for the financial year to calculate the reversal amount accurately. Ensure the reversal is appropriately reflected in GSTR-3B for October to comply with the law.

5. Address Pending ITC Entries in Books

Review the list of unclaimed ITC for FY 2023-24. If ITC has been claimed incorrectly, reverse it by passing the appropriate entries in your books. For valid ITC that remains unclaimed, include it in the October return. This ensures all eligible credits are utilized effectively while maintaining accurate records for compliance.

6. Account for ITC on Missing Invoices

Investigate if any ITC remains unaccounted for due to missing invoices. Coordinate with relevant departments or suppliers to obtain the necessary invoices. Once verified, record the ITC in your books and **include it in the October return.** This process prevents eligible ITC from being lost due to administrative delays.

7. Resolve ITC Not Appearing in GSTR-2B

Identify cases where **ITC is not appearing in GSTR-2B despite being valid. Communicate with the supplier to ensure that missing invoices are uploaded in their GSTR-1 for October.** This must be done by **11th November 2024** to ensure the ITC reflects in your GSTR-2B and can be claimed without issues.

8. Account for Interest on Delayed GST Payments

If interest was paid for delayed GST payments in previous GSTR-3B filings, verify that the corresponding entries are reflected in your books of accounts. Any missing entries should be passed to maintain consistency. Interest on delays is often scrutinized during audits, so it's essential to ensure these entries are accurate and complete.

9. Record Penalties for Vehicle Detention Cases

Check whether any **penalties for vehicle detention under GST law were paid but not recorded in the books.** Such penalties typically arise during the movement of goods due to incomplete or incorrect documentation. If unrecorded, ensure they are accounted for.

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Overview of FORM GST DRC-03A

FORM GST DRC-03A is a feature introduced on the GST portal to streamline the process of adjusting **payments made through FORM GST DRC-03** against any outstanding demands reflected in the electronic liability register. This form enables taxpayers to offset their liabilities effectively by utilizing payments already made under FORM GST DRC-03.

Taxpayers eligible to file FORM GST DRC-03A include those who have outstanding demands raised through **FORM GST DRC-07, DRC-08, MOV-09, MOV-11, or APL-04** and who have made payments through FORM GST DRC-03 under the categories of 'Voluntary' or 'Others.' This form facilitates the adjustment of any unpaid portion of these demands, allowing taxpayers to manage their liabilities efficiently.

FORM GST DRC-03A can be used to adjust payments against any outstanding demand order, including those raised via FORM GST DRC-07, DRC-08, MOV-09, MOV-11, or APL-04. The outstanding demand must not have been fully paid, and adjustments can be made using the details available in FORM GST DRC-03.

When filing FORM GST DRC-03A, taxpayers are required to provide specific details. **These include the Acknowledgment Reference Number (ARN) of FORM GST DRC-03 and selecting the relevant demand order number from a dropdown menu.** Once selected, the portal automatically displays key details such as the demand order information and payments already made via FORM GST DRC-03. This automated display ensures transparency and reduces errors during the filing process.

Partial adjustments of payments made under FORM GST DRC-03 are permitted in FORM GST DRC-03A. Taxpayers can allocate amounts from **FORM GST DRC-03 to either a single demand order or multiple demand orders, depending on their requirement.** Additionally, taxpayers can use multiple FORM GST DRC-03 payments to settle a single demand order or utilize a single FORM GST DRC-03 to adjust multiple demand orders. However, if multiple FORM GST DRC-03s are used for a single demand order, a separate FORM GST DRC-03A must be filed for each adjustment.

To assist taxpayers in managing these adjustments, the **DRC-03 Register is available on the GST portal.** This register provides a detailed overview of the remaining balance in FORM GST DRC-03 after adjustments made through FORM GST DRC-03A. It helps taxpayers track their payments and ensures accurate adjustments.

In summary, **FORM GST DRC-03A simplifies the process of settling outstanding GST demands by enabling efficient adjustments of prior payments.** By utilizing tools like the DRC-03 Register and adhering to the guidelines, taxpayers can ensure accurate compliance and effective demand management.

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Detailed Procedure for Filing FORM GST DRC-03A

The process for filing **FORM GST DRC-03A** involves several steps to adjust outstanding demands and reconcile liabilities accurately. Below is a comprehensive guide:

Step 1: Login to the GST Portal

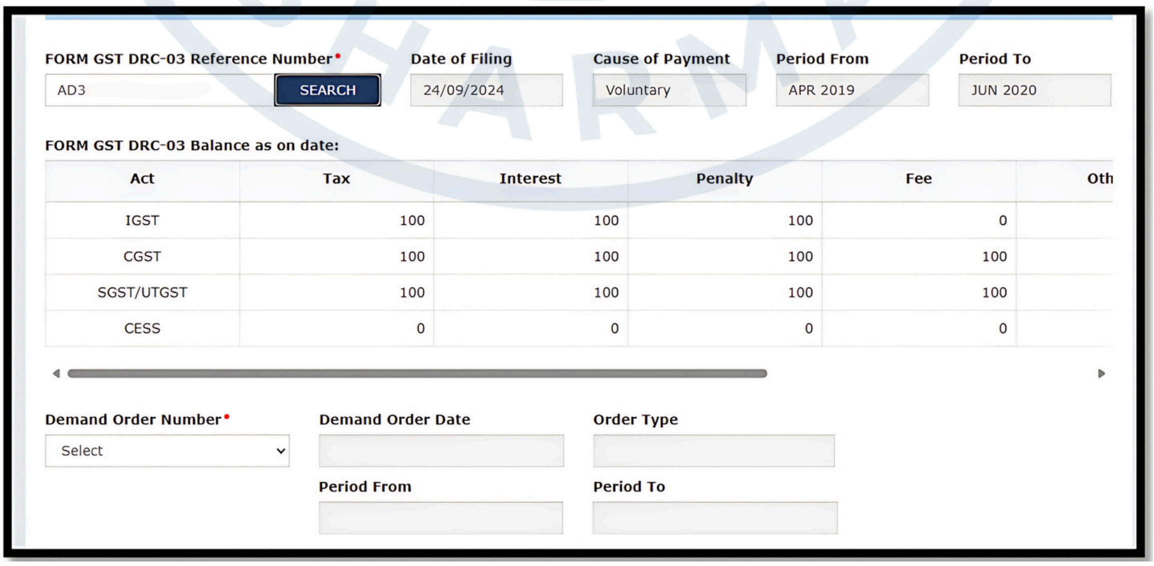
1. Visit the official GST portal at www.gst.gov.in.
2. Enter your Username, Password, and Captcha code, then click the Login button.
3. Upon successful login, you will be directed to the dashboard.

Step 2: Navigate to FORM GST DRC-03A

1. On the dashboard, locate the **Services tab** in the main navigation menu.
2. From the dropdown, select User Services.
3. Click on **My Applications** to view all available forms and applications.
4. Choose **FORM GST DRC-03A** from the list to begin the process.

Step 3: Search for Existing FORM GST DRC-03

1. Enter the **FORM GST DRC-03 number (if available)** in the search field.
2. Click on the Search button to fetch the form details.
3. The portal will display the following key details for the selected FORM GST DRC-03:
   - **Date of Filing:** The date on which the form was filed.
   - **Cause of Payment:** The reason for filing, such as interest, penalty, or additional tax liability.
   - **Period (From & To):** The tax period for which the payment relates.
   - **FORM GST DRC-03 Balance as on Date:** The current balance or outstanding liability associated with the form.


FORM GST DRC-03 Reference Number*: AD3 [SEARCH]
Date of Filing: 24/09/2024
Cause of Payment: Voluntary
Period From: APR 2019
Period To: JUN 2020

FORM GST DRC-03 Balance as on date:

Act	Tax	Interest	Penalty	Fee	Oth
IGST	100	100	100	0	
CGST	100	100	100	100	
SGST/UTGST	100	100	100	100	
CESS	0	0	0	0	

Demand Order Number*: Select
Demand Order Date
Order Type
Period From
Period To

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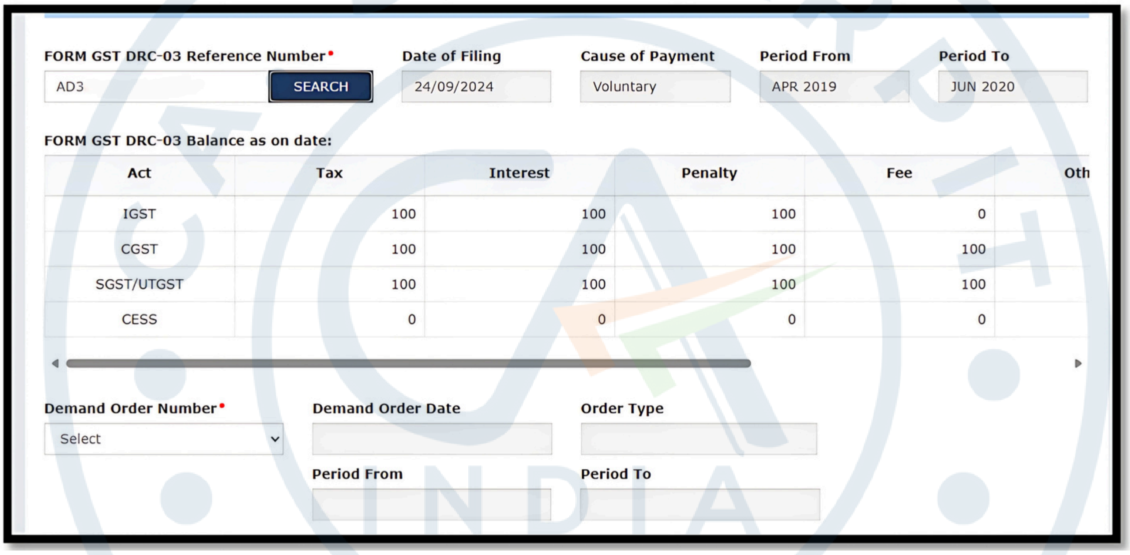
Step 4: Select the Relevant Demand Order

1. From the Demand Order No. dropdown menu, choose the applicable demand order.
2. The system will auto-populate details for the selected order, including:
    - Demand Order Date: The date on which the demand order was issued.
    - Order Type: The type of order, such as demand for tax, interest, or penalty.
    - Period (From & To): The tax period covered by the demand order.
    - Outstanding Demand as on Date: The amount of demand that remains unpaid.
3. Verify these details carefully to ensure the correct demand order is selected for adjustment.



FORM GST DRC-03 Reference Number* | AD3 | SEARCH
Date of Filing | 24/09/2024
Cause of Payment | Voluntary
Period From | APR 2019
Period To | JUN 2020

FORM GST DRC-03 Balance as on date:

Act	Tax	Interest	Penalty	Fee	Oth
IGST	100	100	100	0	
CGST	100	100	100	100	
SGST/UTGST	100	100	100	100	
CESS	0	0	0	0	

Demand Order Number* | Select
Demand Order Date
Order Type
Period From
Period To

Step 5: Adjust Outstanding Demand

1. Click on the **Adjustment of Demand tab** to open the adjustment page.
2. This page will display the following items:
    - **Outstanding Demand:** Displays the demand amount that needs adjustment.
    - **Amount Paid Through Cash (Balance Available):** Shows the cash balance available for adjustment.
    - **Amount to Be Adjusted (Cash):** Enter the cash amount to be adjusted against the demand.
    - **Balance Post Adjustment (Cash):** Reflects the remaining balance after the cash adjustment.
    - **Amount Paid Through Credit (Balance Available):** Displays the credit balance available for adjustment.
    - **Amount to Be Adjusted (Credit):** Enter the credit amount to be adjusted against the demand.

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- **Balance Post Adjustment (Credit):** Reflects the remaining credit balance after the adjustment.
- **Outstanding Demand Post Adjustment:** Displays the final outstanding demand after cash and credit adjustments.

3. Update the **required amounts for cash and credit adjustments as applicable.**

Outstanding Demand

Adjustment of Demand against Form GST DRC-03

A. Outstanding Demand

Description	IGST	CGST	SGST/UTGST	CESS	Tota
Tax	25	25	25	25	
Interest	25	-25	25	25	
Penalty	-25	25	-25	25	
Fees	0	25	25	0	
Others	25	25	25	25	
Total	50	75	75	100	

DRC 03 - Amount paid through Cash: Balance Available

*Adjustment is allowed across any major heads for a given minor head. Adjustment across different minor heads is not allowed.

B(1) DRC 03 - Amount paid through Cash: Balance Available

Description	IGST	CGST	SGST/UTGST	CESS	Tota
Tax	₹50	₹50	₹50	₹0	
Interest	₹100	₹100	₹100	₹0	
Penalty	₹100	₹100	₹100	₹0	
Fees	₹0	₹100	₹100	₹0	
Others	₹100	₹100	₹100	₹0	
Total	₹350	₹450	₹450	₹0	

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DRC 03 - Amount to be adjusted : Cash

*B(2) DRC 03 - Amount to be adjusted : Cash

Description	IGST	CGST	SGST/UTGST	CESS	Tota
Tax	₹0	₹25	₹25	₹0	
Interest	₹0	₹0	₹25	₹0	
Penalty	₹0	₹25	₹0	₹0	
Fees	₹0	₹25	₹25	₹0	
Others	₹0	₹25	₹25	₹0	
Total	₹0	₹100	₹100	₹0	

DRC-03: Balance post adjustment- Cash

*Adjustment is allowed across any major heads for a given minor head. Adjustment across different minor heads is not allowed.

03 - Balance post adjustment : Cash

cription	IGST	CGST	SGST/UTGST	CESS	Total
Tax	₹75	₹0	₹0	₹0	₹75
terest	₹0	₹275	₹0	₹0	₹275
enalty	₹0	₹100	₹75	₹100	₹275
Fees	₹0	₹50	₹50	₹50	₹150
thers	₹0	₹0	₹100	150	₹250
Total	₹75	₹425	₹225	₹300	₹1,025

Amount paid through Credit : Balance Available) & DRC 03 - Amount to be Adjusted : Credit

C(1) DRC 03 - Amount paid through Credit : Balance Available

Description	Available-Tax
IGST	₹50
CGST	₹50
SGST/UTGST	₹50
CESS	₹0
TOTAL	₹150

C(2) DRC 03 - Amount to be Adjusted : Credit

Description	IGST	CGST	SGST/U
IGST	₹0	₹0	
CGST	₹0	₹0	
SGST/ UTGST	₹0	₹0	
CESS	₹0	₹0	
TOTAL	₹0	₹0	

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DRC-03 Balance post Adjustment: Credit

GST	SGST/UTGST	CESS	TOTAL	Description	Balance
				C(3) DRC 03 - Balance post Adjustment : Credit	
₹0	₹0	₹0	₹0	IGST	₹50
₹0	₹0	₹0	₹0	CGST	₹50
₹0	₹0	₹0	₹0	SGST/UTGST	₹50
₹0	₹0	₹0	₹0	CESS	₹0
₹0	₹0	₹0	₹0	TOTAL	₹150

Outstanding Demand post Adjustment

D. Outstanding Demand Post Adjustment

Description	IGST	CGST	SGST/UTGST	CESS	Tota
Tax	0	0	0	25	
Interest	25	-25	0	25	
Penalty	-25	0	-25	25	
Fees	0	0	0	0	
Others	25	0	0	25	
Total	25	-25	-25	100	

VALIDATE BACK

Step 6: Verify and Validate the Details

1. **Carefully review all details** entered for outstanding demand, cash and credit adjustments, and post-adjustment balances.
2. Ensure that the cash and credit adjustments match the available balances and resolve any discrepancies.
3. Once satisfied with the entries, click on the Validate button to confirm the adjustments.

Step 7: Upload Supporting Documents (If Applicable)

1. If required, **upload supporting documents** to substantiate the adjustments made.
2. Examples of supporting documents include:
   - Copies of payment challans.
   - Relevant correspondence or notices from the tax authorities.
3. After uploading the documents, electronically sign the Undertaking and Verification statement as prompted.

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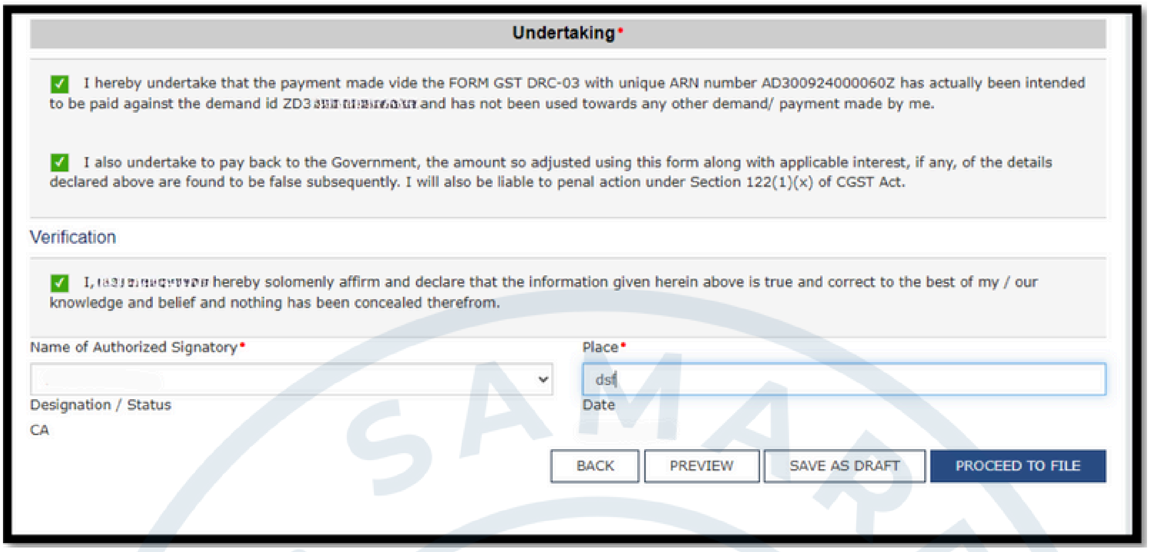
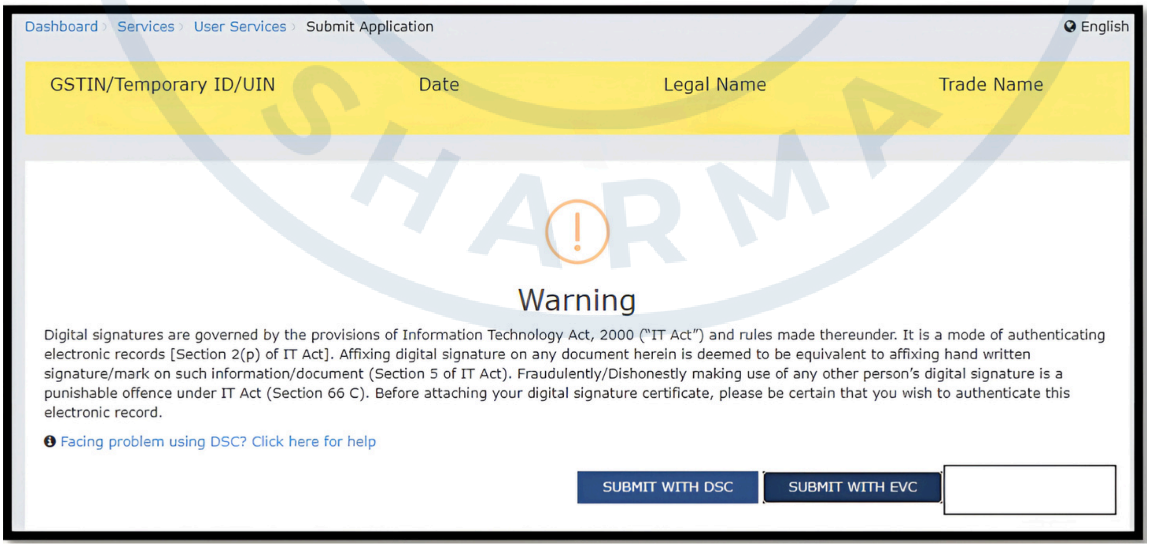


Step 8: Preview and Submit the Form

1. Before final submission, click Preview to review the entire form.
2. If needed, click Save Draft to save your progress and review later.
3. Once satisfied, click on **Proceed to File.**
4. Choose the filing method:
   - **DSC (Digital Signature Certificate)** for companies or LLPs.
   - **EVC (Electronic Verification Code)** for individual taxpayers.
5. **Submit the form**, and the system will display a confirmation message upon successful filing.



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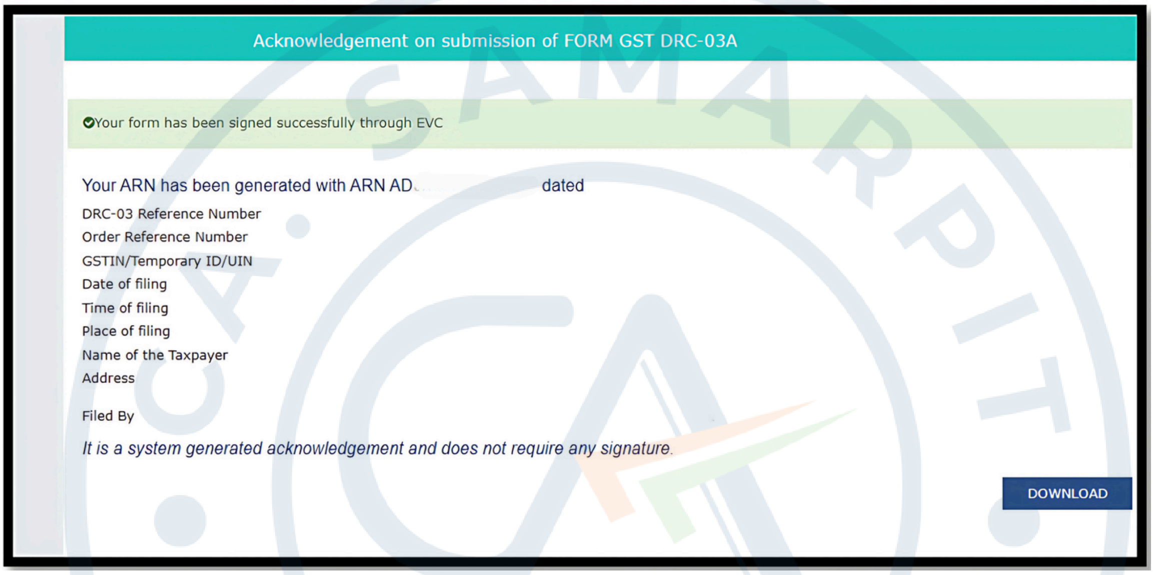
Step 9: Acknowledgment

1. After successful submission, an Acknowledgment Reference Number (ARN) will be generated.
2. Download and save the acknowledgment for your records.
3. The acknowledgment **will serve as proof of submission and can be referenced for future communication.**


Acknowledgement on submission of FORM GST DRC-03A

Your form has been signed successfully through EVC

Your ARN has been generated with ARN AD... dated

DRC-03 Reference Number
Order Reference Number
GSTIN/Temporary ID/UIN
Date of filing
Time of filing
Place of filing
Name of the Taxpayer
Address

Filed By

It is a system generated acknowledgement and does not require any signature.

DOWNLOAD

Step 10: Ledger Posting and Adjustment

1. The details submitted in the **DRC-03A form will automatically post corresponding entries in the taxpayer's ledger.**
2. The system allows for:
   - Adjusting a single DRC-03 against multiple demand orders.
   - Adjusting multiple DRC-03 forms against a single demand order.
3. Verify the ledger entries to ensure that all adjustments are accurately reflected.

Step 11: Grievance Redressal

1. If you face any technical issues during the filing process, visit the Grievance Redressal Portal at **https://selfservice.gstsystem.in**.
2. Raise a ticket with details of the issue and the acknowledgment reference, if available.

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ANALYSIS OF THE NEW 30-DAY REPORTING TIME LIMIT FOR E-INVOICES ON THE IRP PORTAL (THRESHOLD LOWERED TO AATO 10 CRORES)

1. Background and Threshold Change

The advisory refers to a previous notice from 13th September 2023, which introduced a **30-day reporting time limit for e-Invoices on the IRP portal for taxpayers with an Annual Aggregate Turnover (AATO) of 100 crores and above.** This new advisory lowers the threshold, expanding the requirement to include taxpayers with an **AATO of 10 crores and above.** As a result, a larger number of taxpayers will now need to adhere to this reporting timeframe, aiming to standardize and ensure timely reporting of e-Invoices.

2. Effective Date and Reporting Requirement

From **1st April 2025, taxpayers with an AATO of 10 crores and above will be required to report their e-Invoices on the IRP portal within a 30-day window** from the date of invoice generation. After this 30-day period, the IRP will automatically restrict the reporting of invoices that are older than 30 days from their date of issuance. This means that invoices issued more than 30 days prior cannot be uploaded to the IRP, necessitating timely reporting practices among affected taxpayers.

3. Scope of Document Types Affected

This 30-day reporting restriction applies to **all document types that require an Invoice Reference Number (IRN) on the IRP, including Invoices, Credit Notes, and Debit Notes.** By encompassing these document types, the advisory aims to enforce timely reporting for all significant transaction records that impact tax compliance and credit availability.

4. Example for Clarification

To clarify the new rule, the advisory provides an example: if an invoice is dated 1st April 2025, it must be reported by 30th April 2025 at the latest. **Failure to report within this 30-day period will result in the IRP system blocking the reporting due to the time limit.** This example underscores the importance of maintaining timely reporting procedures to avoid system-imposed restrictions that could disrupt GST compliance.

5. Exclusions

The advisory specifies that taxpayers with an **AATO of less than 10 crores are not affected by this reporting restriction and can continue to report e-Invoices without adhering to the 30-day limit.** This exemption provides flexibility for smaller taxpayers, allowing them to manage their e-Invoice reporting without facing the strict time constraints imposed on larger entities.

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6. Implementation Timeline and Compliance Preparation

The advisory emphasizes that the 30-day reporting limit for taxpayers with an AATO of 10 crores and above will become effective from 1st April 2025. This implementation timeline gives affected taxpayers sufficient time to adjust their invoicing and reporting processes. Businesses are encouraged to use this lead time to incorporate reminders or process adjustments that ensure all relevant documents are reported within the required timeframe.

Advisory: Time Limit for Reporting e-Invoice on the IRP Portal – Lowering of Threshold to AATO 10 Crores and Above

Nov 5th, 2024

Dear Taxpayers,

1. With reference to the earlier advisory dated 13th September 2023 (https://einvoice.gst.gov.in/einvoice/newsandupdates/read-602), where a time limit of 30 days for reporting e-Invoices on IRP portals for taxpayers with an AATO of 100 crores and above was implemented, the threshold has now been lowered to cover taxpayers with an AATO of 10 crores and above.

2. Therefore, from 1st April 2025, taxpayers with an AATO of 10 crores and above would not be allowed to report e-Invoices older than 30 days from the date of reporting on IRP portals.

3. This restriction would apply to all document types (Invoices/Credit Notes/Debit Notes) for which an IRN is to be generated.

4. For example, if an invoice is dated 1st April 2025, it cannot be reported after 30th April 2025. The validation built into the invoice registration portals (IRP) would disallow the user from reporting the e-Invoice after the 30-day window. Hence, it is essential for taxpayers to ensure that they report the e-Invoice within the 30-day window provided by the new time limit.

5. It is further clarified that there would be no such reporting restriction on taxpayers with an AATO of less than 10 crores as of now.

6. To provide sufficient time for taxpayers to comply with this requirement, the above limit would come into effect from 1st April 2025 onwards.

Thanks,
Team GSTN

BACK PRINT

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RULE 96(10) OF THE CGST RULES HELD AS 'UNCONSTITUTIONAL' AS IT IMPOSES CONDITIONS NOT CONFERRED BY SECTION 16 OF THE IGST ACT, 2017.

(M/S SANCE LABORATORIES PRIVATE LIMITED & ORS. VS. UNION OF INDIA - KERALA HIGH COURT)

Background of the Case

In a significant ruling, the Kerala High Court **declared Rule 96(10) of the Central Goods and Services Tax Rules, 2017 as ultra vires to Section 16 of the Integrated Goods and Services Tax Act, 2017 and deemed it unenforceable due to its arbitrary nature.** This ruling came in response to writ petitions filed by several exporters who argued that Rule 96(10) unfairly restricted their right to claim IGST refunds on exports, contradicting the zero-rating principle under the IGST Act. The rule, which restricts IGST refunds for exporters who have availed certain specified exemptions, was removed with effect from October 8, 2024.

Petitioners' Submissions

The Petitioners argued that **Rule 96(10) conflicts with Section 16 of the IGST Act**, which provides zero-rating on exports and allows exporters to claim refunds without restrictions. They highlighted the **unfair treatment between exporters using the Letter of Undertaking (LUT) to claim refunds on unutilized input tax credit (ITC) and those opting for IGST payments on exports, as the latter group faces restrictions under Rule 96(10).** The Petitioners relied on the **principle of legislative intent**, asserting that subordinate rules must align with primary legislation, citing the Supreme Court's decision in Shayara Bano v. Union of India. They contended that Rule 96(10) leads to unjust outcomes that were not intended by the legislature and referenced K.P. Varghese v. Income Tax Officer to support this argument. They further argued that the Government's authority under Section 16(3)(b) of the IGST Act and Section 54(6) of the CGST Act does not permit it to impose conditions that nullify a taxpayer's right to refunds, referring to the case Zenith Spinners v. Union of India.

Revenue Department's Submissions

The Revenue Department defended Rule 96(10) as consistent with the Government's fiscal policy objectives, asserting that refund rights under **Section 16 of the IGST Act are conditional and may include specific limitations.** They cited **Section 54(3)** of the CGST Act to justify these conditions and referenced the Supreme Court's ruling in VKC Footsteps, which supports the Government's right to impose fiscal policy limitations.

Court's Discussions and Findings

The Court examined Section 16 of the IGST Act, which provides a zero-rating mechanism for exports, ensuring no tax burden on goods exported from India. The Court noted that, **even after the 2021 amendment (effective October 2023), Section 16 does not restrict refunds on taxes paid for input goods and services or IGST paid on exports**; it only

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added categories of eligible exporters for IGST refunds. **The Court reiterated that subordinate legislation should not override primary legislation** and that while conditions could be specified for refunds, they must not infringe on the right to a refund under the IGST Act. The Supreme Court's judgment in VKC Footsteps affirmed that such conditions must not violate rights established by primary legislation.

The Court found that **Rule 96(10) creates an unfair distinction between exporters claiming IGST refunds and those using the LUT mechanism, rendering it ultra vires to Section 16 due to its manifestly arbitrary nature as per the principles in Shayara Bano.** The rule was deemed contrary to legislative intent, leading to unintended and absurd outcomes.

Decision

The **Kerala High Court ruled that Rule 96(10) is ultra vires to Section 16 of the IGST Act and declared it unenforceable due to its arbitrary nature.** Consequently, the Court quashed actions based on this rule, including the denial and recovery of IGST refunds granted to Petitioners between October 23, 2017, and October 8, 2024.

Author's Comments

This ruling reinforces taxpayer rights by emphasizing that regulatory actions must be grounded in fairness and legal validity. The judgment affirms that subordinate legislation—including procedural restrictions—cannot override or curtail benefits expressly provided by primary legislation. By declaring Rule 96(10) unenforceable, the Court has set an important precedent that safeguards exporters' rights to claim refunds without arbitrary limitations.

While this judgment is directly binding only within the jurisdiction of the Kerala High Court, it provides a strong basis for exporters in other jurisdictions to challenge similar restrictions. Exporters across India may consider invoking this decision to contest rejection orders for refund claims or any recovery actions on previously granted refunds, relying on the principles upheld in this case.

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MORE INFORMATION ABOUT US

The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

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