

Office of the:
Commissioner of State Tax,
Maharashtra.
8th Floor, GST Bhavan,
Mazgaon, Mumbai-10

TRADE CIRCULAR

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No. ACST (PT&AA)/GSTR-3B/Guidelines/B.769, Mumbai. Date 26/08/19.

Trade Circular No. 47 T of 2019.

Sub. : Submission of correct return under GST.

Ref. : 1) Goods and Services Tax Settlement of Funds Rules,
2017.

2) Notification No. 10 /2017 - Central Tax, dated
28/06/2017.

3) Notification No. MGST 1017/C.R.100 (2)/ Taxation-1,
dated 29/06/2017.

Sir / Gentleman / Madam,

1. Background:

1.1. As you are aware that after implementation of Goods and Services Tax (in short GST) system, the State Tax revenue constitutes MVAT Tax collected (tax on non-subsumed items and old recovery of tax arrears), tax collection under non-subsumed tax laws, State Tax under GST (SGST) and fund transfer from Centre of Integrated Tax (for short IGST) on account of settlement and apportionment.

1.2. The fund transfer from centre (IGST) on account of settlement and apportionment is based on returns filed by the tax payers. Incorrect disclosure of Input Tax Credit (for short ITC) of IGST on account of interstate inward supplies or import supplies of goods or services may result in short settlement of amount of fund transfer to State.

1.3. Recently, one such case has been noticed, wherein the tax payer of Maharashtra State has not disclosed the ineligible ITC on account of IGST paid on inward interstate supply and import supplies in its periodic returns filed in form GSTR-3B. It resulted in short transfer of IGST funds to the State of Maharashtra

2. Fund Transfer and apportionment:

2.1. The modalities for settlement or transfer of funds from centre to state or vice a versa on account of cross utilisation of IGST or as the case may be of SGST and apportionment of IGST between centre, states and within states are provided in section 53 of CGST/SGST Act, section 17 and 18 of IGST Act r/w the Goods and Services Tax Settlement of Funds Rule, 2017 (in short Fund Rules). The Goods and Services Tax Network (in short GSTN) common portal, based on returns filed by tax payers periodically transmits the report of such cross utilisation and the IGST funds available for the apportionment, to competent authority. According to such periodic reports furnished by GSTN, the competent authority transfers funds towards settlement of IGST collected by the Centre on the basis of the cross utilization of ITC of IGST utilised against CGST/SGST liability and vice versa as well as apportionment in terms of section 17 of IGST Act 2017 r/w Goods and Services Tax Settlement of Funds Rules, 2017.

2.2. Aforesaid Fund Transfer and apportionment is predominantly based on the information of GSTR-3B returns available with GSTN. The facility to file simple and summary periodic return in form GSTR-3B in lieu of GSTR-3 was made available to tax payers, the same is still continued and may continue till the new return system is in place.

Hence, it necessitates the availability of correct data / information of GSTR-3B with GSTN for proper settlement and apportionment of fund transfer.

3. Instructions for tax payers:

In view of the aforesaid facts, it is essential to issue guidelines for tax payers to report ITC related fields properly and correctly while filing their periodic / annual return(s), which are as follows:

3.1. Monthly GSTR-3B:

a. The provisions related to GSTR-2 are suspended for the time being. Therefore, the reversal of ITC under rule 42 & 43 is to be reported in Table 4 of GSTR-3B. Tax payers are required to determine all his eligible ITC, amount of reversal under rule 42 or as the case may be rule 43 and ineligible ITC and have to report the correct figures in appropriate columns of Table 4.

b. Tax payers shall report entire ITC eligible including reversal but excluding ineligible in table 4(A) of GSTR-3B and then report amount of reversal of ITC out of table 4(A) in table 4(B). It is needless to say that amount of reversal under rule 42 & 43 shall be reported in Table 4 (B) (1), whereas reversal as per rule 37 and any other reversal shall be reported in Table 4 (B) (2). Table 4(C) would therefore be 4(A) minus 4(B).

c. Ineligible credit excluded while reporting ITC in 4(A) must be shown in table 4(D). More specifically, ineligible or blocked credit as per provisions of section 17 (5) shall be reported in the Table 4 (D) (1) only. Whereas, Table 4 (D) (2) shall include the ineligible / blocked credit as per section 17 (4) of CGST / SGST Act(s) read with rule 38 thereto. Other ineligible ITC, like ITC wrongly availed in previous period, etc. should also be reported in Table 4 (D) (2).

d. Instead, only net effect shown by tax payers in the return would result in short settlement of IGST. Therefore, reversal of ITC and

ineligible ITC has to be reported by tax payers while filing his due return.

3.2. Correction GSTR-4:

The field of GSTR-4, which are related to the transfer of fund are Table 4 (A), 4 (B), 4 (C) and 4 (D) only. The tax payers are hereby directed to fill in the information in those fields correctly and report the place of supply in it.

3.3. Correction in returns filed earlier:

All such tax payers who have not furnished details of ineligible ITC or furnished partial details of ineligible ITC or not reported reversal of ITC fully or partially are hereby required to correct the mistakes in following manner-

- a. Those tax payers who have committed errors of wrongly reporting or nor reporting ineligible ITC as well as reversal of ITC in the returns filed for the financial period 2017-18 shall have to report it in the annual return to be filed in form GSTR-9.
- b. The tax payers who have committed errors of wrongly reporting or nor reporting ineligible ITC as well as reversal of ITC in the returns filed for the financial period 2018-19 may report it in return GSTR-3B for the period from April to September 2019.
- c. The tax payers who have committed errors of wrongly reporting or nor reporting ineligible ITC as well as reversal of ITC in any returns filed for the return periods from April, 2019 to July, 2019 may report it in subsequent GSTR 3B to be filed from August, 2019 onwards by giving net effect in that subsequent return(s).

4. Such incorrect information of ITC in periodic returns indicates impropriety in return(s) filed by tax payers. It may result in selection of cases of such tax payers for scrutiny. And, which later on might result into imposition of penalty under the CGST / SGST Act(s).

You are hereby directed to follow the guidelines of this circular and file the periodic returns in GSTR-3B henceforth correctly. Also correct the figures

reported in the returns filed for earlier period if any in the manner prescribed in this circular.

This Trade Circular is clarificatory in nature and hence cannot be made use of interpretation of provisions of the law. Difficulty if any, in the implementation of this Circular may be brought to the notice of the Office of Commissioner of State Tax, Maharashtra State.

Yours faithfully,



(Rajiv Jalota)

Commissioner of State Tax,
Maharashtra State, Mumbai

No. ACST (PT&AA)/GSTR-3B/Guidelines/B.769, Mumbai. Date 26/08/19.

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Copy forwarded with compliments for information to,

- 1) The Dy. Secretary, Finance Department, Mantralaya, Mumbai.
- 2) The Senior Account Officers, State Tax Revenue Audit, Mumbai and Nagpur.

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with request to upload this internal circular on the website of the department



(G. V. Bilolikar)

Additional Commissioner of State Tax,
PT & Allied Acts, Maharashtra State,
Mumbai.

