

## Understanding Form GSTR-3B



Goods and Services Tax (GST), biggest tax reform since independence is now entering into return filing compliance phase. There is an anxiety over when and how GST to be paid and returns to be filed with regulatory authorities.

As an endeavor to simplify transition and ease out the difficulties faced by business, we are representing our alert on next course of actions to be taken this month.

### 1. Return filing under GST

In GST regime, taxpayers are required to file Returns depending on the activities they undertake. There are separate Returns and timelines for taxable person opting for composite scheme, non-resident taxpayer, input service distributor, tax deductor and e-commerce operator.

Every registered taxpayer other than above are required to file at least 3 monthly tax Returns and one annual Return making total count of minimum 37 Returns a year.

## 2. Timelines for return filing

It has been decided by the Government that, for the first two months of GST implementation, tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before the 20th of the succeeding month.

However, the invoice-wise details in registered GSTR – 1 would have to be filed for July and August, 2017 as per the timelines given below.

Month	GSTR – 3B	GSTR – 1	GSTR – 2 (auto)
July 2017	20th Aug	1 <sup>st</sup> – 5 <sup>th</sup> Sept	6 <sup>th</sup> – 10 <sup>th</sup> Sept
Aug 2017	20 <sup>th</sup> Sept	16 <sup>th</sup> – 20 <sup>th</sup> Sept	21 <sup>st</sup> – 25 <sup>th</sup> Sept
Sept, 2017	N.A	Up to 10 <sup>th</sup> Oct	Up to 15 <sup>th</sup> Oct

From September onwards, every taxpayer has to strictly follow the registered provisions of filing return on 10th, 15th and 20th of next month i.e. October. Also, there will be no late fee or penalty levied for the initial two months.

But, for the first two months i.e. July and August every taxpayer needs to file his return in **GSTR-3B** on self-assessment basis by 20th Aug and 20th Sept respectively. It shall be containing a summary of inward and outward supplies.

Currently, **GSTR 3B** doesn't provide for carry-forward of eligible credits available under the pre-GST regime (i.e. excise duty, service tax and value-added tax). Hence, registered taxpayers will not be able to adjust taxes paid against their output liability during the interim period which may result in a cash flow issue.

### 3. How to fill-up Form GSTR-3B:

It has been decided by the Government that, for the first two months of GST implementation, tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before the 20th of the succeeding month. However, the invoice-wise details in registered GSTR – 1 would have to be filed for July and August, 2017 as per the timelines given below.

#### FORM GSTR-3B

[See rule 61(5)]

Year				
Month				

1.	GSTIN																		
2.	Legal name of the registered person	Auto Populated																	

#### GSTIN of the Taxpayer

**GSTIN:** Enter 15 digit GSTIN of the registered taxpayer for which Form 3B is to be filed

**Legal name:** The registered taxpayer's name would automatically be displayed once GSTIN is entered

### 3.1. Details of outward supplies and inward supplies

#### 3.1 Details of Outward Supplies and inward supplies liable to reverse charge

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)					
(b) Outward taxable supplies (zero rated )					
(c) Other outward supplies (Nil rated, exempted)					
(d) Inward supplies (liable to reverse charge)					
(e) Non-GST outward supplies					

- **Outward Supplies:** Outward supplies are goods sold / supplied or services provided within India (both inter-state and intra-state)
  - **Inward supplies liable to reverse charge:** There are certain notified goods and services for which the recipient needs to pay the tax instead of supplier
  - **Value of Taxable Supplies** = Value of invoices + value of Debit Notes – value of credit notes + value of advances received for which invoices have not been issued in the same month – value of advances adjusted against invoices
- a) Outward taxable supplies (other than zero rated, nil rated and exempted) includes:**
- I. Inter-state and intra-state (within state) supplies
  - II. Integrated GST (IGST) on inter-state supplies
  - III. Central GST (CGST) and State GST (SGST) / Union Territory GST (UTGST) being equally divided in case of intra-state supplies
  - IV. Cess, if any
- b) Outward taxable supplies (zero rated) - It includes:**
- I. Taxable value of supplies outside India
  - II. Taxable value of supplies to notified SEZ within India
  - III. IGST on the aforesaid supplies (here CGST and SGST / UTGST should be left blank)
- c) Other outward supplies (Nil rated, exempted) – It includes:**
- I. Supplies for which notified rate of tax is Nil
  - II. Supplies which are specifically exempted as per GST law
  - III. All tax columns should be kept as Nil
- d) Inward supplies (liable to reverse charge) - It includes:**
- I. Taxable value of inward supplies (inputs or input services) where onus of payment of tax falls on the receiver
  - II. Amount of equal division of tax between CGST and SGST / UGST in case of intra-state supplies
- e) Non-GST outward supplies - It includes:**
- I. Value of sales of goods which do not fall under the ambit of GST

## 3.2. Details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders:

3.2 Of the supplies shown in 3.1 (a) above, details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders

	Place of Supply (State/UT)	Total Taxable value	Amount of Integrated Tax
1	2	3	4
Supplies made to Unregistered Persons			
Supplies made to Composition Taxable Persons			
Supplies made to UIN holders			

All details in this table pertain to inter-state supply related to taxable supplies as provided in table 3.1 above

**a) Supplies made to Unregistered Persons:** It includes:

- Inter-state supplies made to unregistered taxpayers
- State-wise (or UT-wise) details of total taxable value and amount of IGST

**b) Supplies made to Composition Taxable Persons:** It includes:

- State-wise (or UT-wise) detail of taxable supply made to registered taxable person opting for Composition Scheme
- Amount of IGST on such supply

**c) Supplies made to UIN holders -** It includes:

- State-wise (or UT-wise) details of supplies made to UIN holders
- Amount of IGST, if any on such supply

## 4. Eligible ITC

### 4. Eligible ITC

Details	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5
<b>(A) ITC Available (whether in full or part)</b>				
(1) Import of goods				
(2) Import of services				
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)				
(4) Inward supplies from ISD				
(5) All other ITC				
<b>(B) ITC Reversed</b>				
(1) As per rules 42 & 43 of CGST Rules				
(2) Others				
<b>(C) Net ITC Available (A) – (B)</b>				
<b>(D) Ineligible ITC</b>				
(1) As per section 17(5)				
(2) Others				

**Inward Supply:** Inward supply means receipt of goods or services or both with or without consideration. This section of the form captures details related to inputs or input services.

#### a) ITC Available (whether in full or part):

- I. Import of goods:** IGST paid on goods imported and used only for business purposes
- II. Import of services:** IGST paid on import of services and used only for business purposes
- III. Inward supplies liable to reverse charge (other than 1 & 2 above):** If any inward supply is made which is liable to reverse charge, i.e. where the onus of payment of tax falls on the receiver, tax paid will be provided as ITC in the subsequent month
- IV. Inward supplies from ISD ('Input Service Distributor'):** In case a business has multiple units and is supplying goods or services from all such units, the input service distributor will allot the relevant ITC to each such unit. The details of allocated input tax need to be mentioned here
- V. All other ITC:** Any other ITC as may be applicable and not mentioned above.

## **b) ITC reversed (as per rules 42 & 43 of CGST Rules):**

- **Rules 42** pertains to the manner of determination of ITC in respect of inputs or input services which are partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies. These rules have prescribed the formula for determination of input tax credit in such cases.
- **Rule 43** is applicable in case of capital goods.

**c) Net ITC Available (A) - (B):** This is net ITC available for the tax period which is calculated as the difference between (A) and (B) calculated above

## **d) Ineligible ITC:**

ITC is not available against the following:

- Motor vehicles and conveyances except where used for supply of specified services
- Services such as food and beverages, outdoor catering, beauty treatment, cosmetic and plastic surgery except where used for supply of specified services
- Membership of a club, health and fitness center
- Rent-a-cab services
- Life insurance and health insurance except where it is obligatory under any law or supplied as part of a taxable composite or mixed supply
- Travel benefits extended to employees on vacation such as leave or home travel concession
- Works contract services when supplied for construction of an immovable property (other than plant and machinery)
- Goods and services used for construction of an immovable property on own account
- Supplies on which tax is paid under composition scheme
- Goods and services received by non-resident person except imports
- Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
- Goods and services used for personal consumption
- Any other credit that may be ineligible

## 5. Values of exempt, nil-rated and non-GST inward supplies:

### 5. Values of exempt, nil-rated and non-GST inward supplies

Nature of supplies	Inter-State supplies	Intra-State supplies
1	2	3

From a supplier under composition scheme, Exempt and Nil rated supply		
Non GST supply		

**From a supplier under composition scheme, exempt and nil rated supply:** It shall include inward supplies both inter-state and intra-state:

- I. Value of inward supply from a supplier to whom the composition scheme is applicable
- II. Value of inward supply which is exempt from tax
- III. Value of inward supply where the tax payable is NIL

**Non-GST supply:** This includes value of goods purchased or services received which do not fall under the ambit of GST (e.g. alcohol for human consumption and petroleum products).



## 6. Payment of tax: Here the details of net tax payable after deducting ITC

### 6.1. Payment of Tax

#### 6.1 Payment of tax

Description	Tax payable	Paid through ITC				Tax paid TDS./TCS	Tax/Cess paid in cash	Interest	Late Fee
		Integrated Tax	Central Tax	State/UT Tax	Cess				
1	2	3	4	5	6	7	8	9	10
Integrated Tax									
Central Tax									
State/UT Tax									
Cess									

Net tax payable shall be calculated after reducing the eligible ITC from the tax payable on outward supply.

- I. **Tax payable:** Here the total tax payable should be mentioned. It should match with the details of tax provided in table 3.1 above.
- II. **Integrated Tax:** The break-up of IGST paid out of ITC available
- III. **Central Tax:** The break-up of CGST paid out of ITC available
- IV. **State /UT Tax:** The break-up of SGST / UT GST paid out of ITC available
- V. **Cess:** Cess paid through ITC, if any
- VI. **Tax paid TDS / TCS:** Any tax deducted by any department of the Central or State Government, local authorities, Government agencies or E-commerce operator (TDS / TCS provisions have been deferred by the Government vide Press Release dated 26 June 2017).

### 6.2. TDS/TCS Credit

#### 6.2 TDS/TCS Credit

Details	Integrated Tax	Central Tax	State/UT Tax
1	2	3	4
TDS			
TCS			

This column captures the details of TDS/TCS credit available on applicable supplies

For any GST related assistance, please write to us at:  
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