

CHAPTER 14 - RETURN

Illustration 1

What do you mean by Return?

Solution

Under GST laws, a taxpayer is required to estimate his Tax liability on “self - assessment” basis and deposit the Tax. **The term “return” ordinarily means statement of information (facts) furnished by the taxpayer, to tax Government, at regular intervals.**

The information to be furnished in the return generally comprises of the details pertaining

- To the nature of activities / business operations forming the subject matter of taxation.
- The measure of taxation such as sale price, turnover, or value
- Deductions and exemption; and
- Determination and discharge of tax liability for a given period.

Illustration 2

Mr. A, regular taxpayer, files his GSTR - 1, GSTR - 2 & GSTR - 3 for the month of August 2017 by the respective due dates. Mr. A receives a communication from the GST common portal on 28th September, 2017 that ITC of Rs.15,000 claimed by him in excess of the tax declared by Mr. B (supplier concerned) in his valid tax return. Mr. B has filed his Annual Return for the financial year 2017 - 2018 on 10th November, 2018.

Answer the following questions:

- a. When is Mr. B required to rectify the discrepancy? Is there any maximum time limit beyond which the discrepancy cannot be rectified?
- b. What will happen if Mr. B does not rectify the discrepancy?

Solution

- a. Mr. B can rectify the discrepancy in valid GSTR - 3 for the month of September, 2017 in terms of **section 42(5)**.

As per **section 39(9)** the maximum time limit for the rectification of the discrepancy is the earlier of the following two dates:

- i) Due date of filing of return for the month of September following the end of the financial year 2017 - 2018 (i.e., 20th October, 2018)
- ii) Actual date of filing of the relevant annual return i.e., 10th November, 2018.

Thus, Mr. B cannot rectify the discrepancy beyond 20th October, 2018.

- b. If Mr. B does not rectify the discrepancy in his valid return for September 2017, the excess ITC claimed by Mr. A will be added in the output liability of Mr. A in his GSTR - 3 for the month of October 2017. If Mr. B does not rectify the discrepancy by 20th October, 2018, Mr. A will never be able to reclaim ITC of Rs.15,000.