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System generated returns under GST to accelerate digitization; more GST reforms may boost taxpayer confidence

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Majorly, at present two returns are required to be filed by every registered taxpayer. GSTR-1 and GSTR-3B. GSTR-1 is a sales return that is required to be filed by every GST registered person



The revenues for the month of April 2021 are 14 per cent higher than Rs 1.23 lakh crore collected in March.

By Rajat Mohan and Priyanka Sachdeva

Majorly, at present two returns are required to be filed by every registered taxpayer. GSTR-1 and GSTR-3B. GSTR-1 is a sales return that is required to be filed by every GST registered person. Taxpayers are required to enter details relevant to their sales & outward supplies in the said return. It is a monthly or quarterly return filed by taxpayers to disclose details of their outward supplies for the month – along with their tax liability. GSTR-3B is a monthly self-declaration to be filed by a registered GST dealer. It is a simplified return to declare summary of GST liabilities for a tax period.

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Based on GSTR-1 filed by suppliers, GSTR-2A and GSTR-2B are auto-generated [ITC](#) statements so as to enable the taxpayer to calculate the ITC availability for the month. Both GSTR-2A and GSTR2B are an auto-generated ITC statement with the difference being that the former is a dynamic report and the latter one is static. They will be generated for every recipient as per the data filled by the suppliers in their respective Forms GSTR-1, GSTR-5 and GSTR-6.

has brought a major change in return filing in the year 2020 by bringing in auto population of details in GSTR-3B based on GSTR1 and GSTR2B. The PDF file can be downloaded of the

system generated GSTR-3B and all the values can be compared with books of accounts. This auto-population of details enables the taxpayer to cross check the figures being reported by the taxpayer by giving a red flag and prompt for any variation beyond 10% of auto-populated figures. Thus, this step of GSTIN is venerable as it reduces the chances of manual errors being done by the taxpayers earlier. It assists the taxpayers in filing GSTR-3B by reducing the time consumed for filing the same.

All the major tables are auto-populated including ITC reversals based on integration of various returns and other portals like ICEGATE for import of goods. This auto-population shall minimize the mismatch in GSTR-1 and GSTR-3B and assist in long run reconciliation. It shall increase overall taxpayer compliance by assisting in filing GSTR-3B. It shall also aid in resolving delayed refunds due to such manual errors in GSTR-1 and GSTR-3B. The 7% increased collection of GST in Feb 2021 vis a vis last year can be attributed to such steps of ease of filing taken by the Government.

However, currently there are certain limitations. This facility has been made available to monthly return filers and will be soon provided for quarterly filers also. Secondly, in case the person doesn't fill GSTR-1, there will be partial auto-population based on GSTR-2B. Further, if the taxpayer has entered and saved values in GSTR-3B before auto-population by the system, the saved values will not be changed/over written by the system. The system computed value in Table 3.1 (d) of GSTR-3B i.e inward supplies liable to reverse charge do not contain the value of taxes to be paid on RCM on account of import of services. These details have to be included by taxpayer by editing the auto-populated figure and incase the quantum of import of service is more, the red flag and warning message will always pop-up. Auto-populated figure in Table 4B (2) – ITC reversed –Others include the details of all credit notes reflecting in GSTR-2B. There are scenarios where the supplier reported the invoice wrongly and then reversed it through a credit note. Thus, it may lead to auto-

shown in returns and those being auto-populated.

Further, there is one major issue which is still unresolved. If the negative figures are reported in GSTR-1 i.e. Sales returns are more than the Sales, then value auto-populated would be zero. Thus, still the limitation of negative values not being able to be reported in GSTR-3B persists leading to mismatch in GSTR-1 and GSTR-3B in multiple months and the tax payer has to still face the issues of notices being received from department for short payment of taxes in the months when the adjustment of negative figure reported in GSTR-1 is done in GSTR-3B. With the new provisions proposed to be implemented under the Budget 2021-22 which gives the enormous powers to the department to initiate recovery proceedings in case of mismatch in GSTR-1 and GSTR-3B makes it even more imperative to bring this functionality in GSTR-3B of accepting negative values.

With the second wave of Covid-19 hitting Indian economy, it is imperative for the Government to introduce more and more measures that shall not only be favorable for exchequer but also to the genuine taxpayers. There is a need of an hour to bring a few more reforms in GST to reduce major bottlenecks in industrial growth thus rejuvenating taxpayer confidence.

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