



Varaiya and Shah LLP
Chartered Accountants

GST Alert

Dear Clients:

1. Claiming of Input Tax Credit (ITC) pertaining to F Y 2020-21

As all of you aware that, Input Tax Credit can be claimed in GSTR-3B Return on the basis of GSTR-1 filed by your supplier. From October 2019 onwards, government has started restricting input tax credit on the basis of invoices reflected in your GSTR 2B available on the due date of filing of GSTR 1 returns. At present Input tax credit is restricted up to 105% of the credit reflected in GSTR 2B as on the due date of filing of GSTR 1 return.

In view of the above, we advise all of you to determine ITC claim as per books for the financial year 2020-21 and verify the same with GSTR 2A/2B as well as GSTR 3B Returns filed during F Y 2020-21 and F Y 2021-22 (up to August 21). In case you come across any entries which are missing in GSTR 2A/2B, ask your suppliers to upload September 21 GSTR1 reflecting above entries return to be filed on or before 11th October 2021; **OTHERWISE YOU WILL LOOSE YOUR CREDIT PERMANENTLY.**

In case ITC for the financial year 2020-21 claimed is less in GSTR 3B returns, then it is required to be claimed in **September 2021 GSTR 3B returns ONLY.**

2. Reconciliation of Outward Supply between Books of Account & GSTR-1/GSTR-3B Return for F.Y 2020-21

Kindly reconcile Outward supply as per Books of account with outward supply declared in GSTR-1/GSTR-3B Returns and if any rectification/modification is required, then it has to be done on or before filling of GSTR-1/GSTR3B Return for the month of Septemeber-21 on or before 11th October 2021.

3. Reversal of ITC due to non-payment of consideration within 180 days

In case the registered person has not paid full value of supply along with GST (ITC) within 180 days from the date of issue of invoice for such supply, then ITC claimed on such invoices should be reversed before 30th September 2021.

It is advised to verify creditors as on 30th September 2021; there should not be any vendor who has not been paid for suppliers made in FY 2020-21. ITC has to be reversed for supply related to FY 2020-21 against which payment has not been made till 30th September 2021. Such ITC should be reversed on or before filling GSTR-3B Return for the month of September-2021.

4. Reversal of ITC in case Exempt Supplies:

If a registered person has claimed ITC which is partly used for business purpose and partly used for other purpose or partly used for taxable supplies and partly used for exempt supply, such apportionment of ITC which is attributed to Exempted supply or for non-business purpose, should be reversed in GSTR-3B Return or in DRC-03 in the month not later than the month of September -21

Thanking You,

We, at Varaiya & Shah LLP

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Varaiya & Shah LLP

315, "The Jewel", 3rd Floor,
Next to Roxy Cinema,
Mama Parmanand Marg,
Opera House, Mumbai - 400 004.
Tel No.: 022 4970 6690\91\92
Email: admin@vnsca.co.in

