

December  
2018

# IRIS GST TIMES



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*IRIS GST Team wishes you all a Merry Christmas and a Happy New Year!*

*We have released our GSTR 9 solution and it is always good to start compliance preparations early to save last minute hassles. Register on [irisgst.com](http://irisgst.com) and benefit with the early sneak peek to the solution.*

## ITC Reversed in GSTR 9

We have been running a series on GSTR 9 form where we have broken the form into relatable pieces and explaining table by table how to go preparing the form.

In our previous issues, we have covered Table 4 and 5, which are related to Outward Supply and Table 6, where details to ITC claimed during the financial year are to be provided. The next section, Table 7, pertains to information related to ITC reversal.

As per GST rules, there are certain transactions on which input tax paid is not eligible to be claimed. There are other scenarios where input tax which is allowed to be claimed, need to be reversed on account some events happening.

In Table 7 of GSTR 9, all such reversal details are to be provided. There are about 40 data-points in this table. Taxpayers will need to compute this information and will not be part of auto-drafted details.

### Extract of Table 7 format

		Central Tax	State Tax /	Integrated Tax	Cess
7	<b>Details of ITC Reversed and Ineligible ITC as declared in returns filed during the financial year</b>				
A	As per Rule 37				
B	As per Rule 39				
C	As per Rule 42				
D	As per Rule 43				
E	As per section 17(5)				
F	Reversal of TRAN-I credit				
G	Reversal of TRAN-II credit				
H	Other reversals (pl. specify)				
I	Total ITC Reversed (A to H above)				
J	Net ITC Available for Utilization (60 - 7I)				

## Ineligible credits under 17 (5)

A quick reference for the transactions which are not eligible for availing ITC

- goods or services or both used for personal consumption
- rent-a-cab
- food and beverages
- outdoor catering
- life insurance and health insurance
- motor vehicles, travel benefits to employees on vacation such as leave or home travel concession
- beauty treatment
- works contract services
- health services
- cosmetic and plastic surgery
- membership of a club
- goods or services or both on which tax has been paid under section 10

### 7A Reversal under Rule 37:

Rule 37 of CGST Rules prescribes that the credit is required to be reversed in proportion to amount not paid to the counterparty within the period of one hundred and eighty days from the date of the issue of the invoice.

As per rules, the amount of input tax credit reversed as per this provision shall be added to the output tax liability of the Registered Person for the month in which the details are furnished.

Any such reversal of ITC is effected in the financial year, will be reported in 7A.

### 7B Reversal under Rule 39:

Rule 39 deals with the procedure for distribution of input tax credit (ITC) by Input Service Distributor (ISD). ISD is required to distribute ITC in the manner prescribed in the sub rule 39.

If any supplier gives credit note to the ISD then input tax credit is required to be reduced and shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed in terms of clause (d).

In such cases, ITC will be reversed on the basis of credit note issued by an ISD.

In 7B, the amounts are to be provided as prescribed in sub-rule (1) of rule 54, to reduce the credit issued by the ISD already for any reason.

### 7C Reversal under Rule 42:

Rule 42 of CGST Rules describe manner of determination of input tax credit in respect of inputs or input services and reversal thereof.

1. Use of credit for business purpose or for non-business purpose
2. Use of credit for effecting taxable supply or exempt supply

In GSTR 3B, reversal under section 42 is reported and must be considered while computing the values for 7C.

### 7D Reversal as per Rule 43:

Rule 43 relates to ITC reversal for Capital Goods. Like Rule 42, the ITC on capital goods needs to be reversed when it is not used for business purpose or used for effecting non-taxable and exempt supplies.

These details are also reported in GSTR 3B, however there is no bifurcation between ITC reversed for input goods and services and capital goods. Hence the details need to be computed and tallied with data reported in GSTR 3B.

### 7E Reversal under section 17(5)

As per section 17 (5) there are ineligible credits which are required to be reversed by the Registered Person with certain exceptions.

If reported in GSTR 3B, table 4B (2) should be considered while computing the values for 7E.

### Table 7F and 7G: Reversal of TRAN-I credit

#### And TRAN-II credit

The ITC pre-GST regime was migrated through filing of TRANS I and II forms.

Transfer of taxes paid in GST regime was on self-declaration basis. And there may be reasons to reverse some or all of this credit due to inaccuracies in understanding the extent of transition credit permitted.

Such reversals are to be reported in 7F and 7G

### Table 7H: Other reversals

For all the ITC reversals, which cannot be classified in the above sections 7A – 7G, can be reported here.

### 7I: Total ITC Reversed (A to H)

This is the sub-total of amounts provided in section 7A – 7H.

### 7J: Net ITC Available for Utilization (6O - 7I)

Represents Net ITC available for utilization from details furnished in Table-6 and Table-7.

Click [here](#) for more detailed analysis

# GSTR 9 Process Flow and Feature Highlight

## Due date extended for GSTR 9

The filing due for GSTR 9, annual return form, is extended to 31<sup>st</sup> March 2019. The returns for the financial year July 2017 to March 2018 can be filed by this date.

Remember to file your **GSTR 3B** for the month of **Dec 2018**, by **20th Dec 2018**

GSTR 9 filing functionality to prepare your GST annual return has been enabled on IRIS Sapphire. The application will now let you summarize the details of your outward supply and taxes paid thereon, input tax credits claimed, taxes paid and refunds claimed through the financial year. With this, you can start preparing your GSTR 9 with IRIS Sapphire. The features will be released in phased manner as per API release from GSTN. The current update includes:

### 1. Get and Calculate:

- Pull your filed data of GSTR 1 and GSTR 3B from GSTN servers using 'Bulk Get' utility of IRIS Sapphire
- Based on the data thus received, IRIS Sapphire auto-computes details for various GSTR9 tables like 4, 5 and 6 (Read here to know details). The application also provides capability to download these details for better reconciliation and matching.

### 2. Upload Data:

- IRIS Sapphire GSTR 9 utility comes with

simple spreadsheet template called input format to fill up the details covering all form tables in one go. By uploading all data for all sections at the same time, you minimize the probability of omissions and duplication.

- Additionally, it also gives capabilities to upload incremental data if required. Moreover, IRIS Sapphire also validates the uploaded data as per GSTN requirement.

### 3. View:

- Once the data is fetched from GSTN servers, matched with your own data and uploaded in the application, you can review your data in view tab which gives table/section wise data
- If there is some discrepancy, you may download this data section-wise or all sections in one go as is needed.
- Similarly, section wise delete or delete data for all sections in one go is also possible

So all these feature makes your review process easier and faster. For detailed process, click [here](#).

## CONTACT US

Have feedback for us?

Want to request for our product demos?

Please reach out to us at



<https://irisgst.com/>



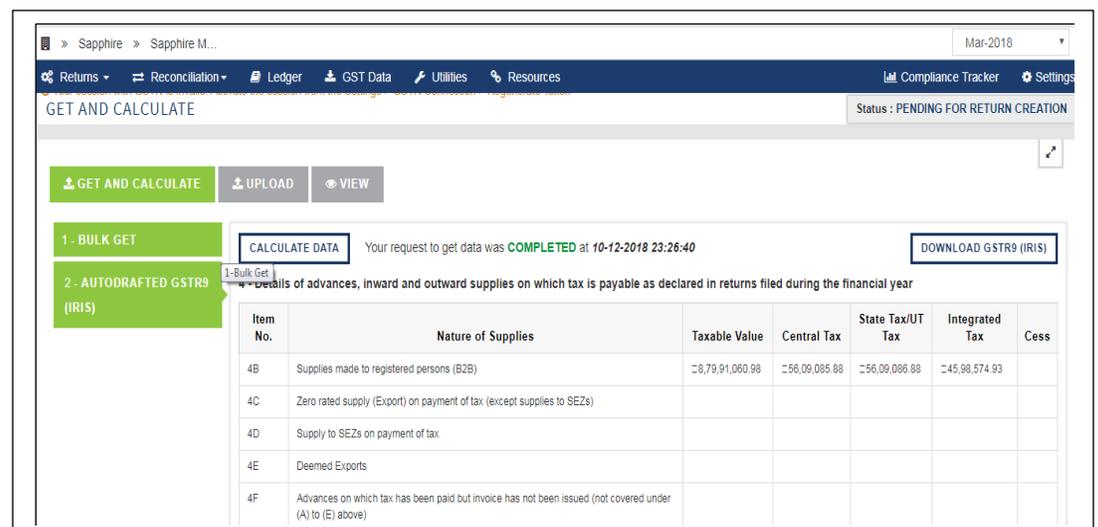
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The screenshot shows the 'GET AND CALCULATE' section of the IRIS Sapphire application. It includes buttons for 'GET AND CALCULATE', 'UPLOAD', and 'VIEW'. Below these, there are two main sections: '1 - BULK GET' and '2 - AUTODRAFTED GSTR9 (IRIS)'. The '1 - BULK GET' section has a 'CALCULATE DATA' button and a message: 'Your request to get data was COMPLETED at 10-12-2018 23:26:40'. The '2 - AUTODRAFTED GSTR9 (IRIS)' section has a 'DOWNLOAD GSTR9 (IRIS)' button and a sub-section titled 'Details of advances, inward and outward supplies on which tax is payable as declared in returns filed during the financial year'. This sub-section contains a table with the following data:

Item No.	Nature of Supplies	Taxable Value	Central Tax	State Tax/UT Tax	Integrated Tax	Cess
4B	Supplies made to registered persons (B2B)	₹8,79,91,060.98	₹6,09,085.88	₹6,09,086.88	₹45,98,574.93	
4C	Zero rated supply (Export) on payment of tax (except supplies to SEZs)					
4D	Supply to SEZs on payment of tax					
4E	Deemed Exports					
4F	Advances on which tax has been paid but invoice has not been issued (not covered under (A) to (E) above)					

*Disclaimer: IRIS Business Services has taken due care and caution in compilation of data. Information has been obtained by IRIS from sources which it considers reliable. However, IRIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. IRIS especially states that it has no financial liability whatsoever to any user on account of the use of information provided.*