

New GST Returns made Simple



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Simplified GST returns, the most awaited update under the GST regime, is expected to rollout from October onwards. With just 3 months to go, here is everything you should know about it

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Introduction

GST was introduced in India on 1 July 2017, with the objective of unifying and streamlining the indirect taxation structure in India. The current GST compliance required higher compliance efforts on part of companies and thus the need to simplify the GST compliance has been one of key considerations being discussed by the GST Council. The 27th and 28th GST council proposed and laid down rules for the implementation of new simplified forms. The simplified GST returns are expected to free the taxpayers from the hassles of self-computation of tax liabilities and complex GST returns.

A significant percentage of the taxpayers fall under the category of small taxpayers i.e. having turnover of INR 5 cr or less. The new simplified returns and the process hence has been designed taking into account the needs and impact on small taxpayers.

The new filing process intends to reduce to and fro communication between the suppliers and buyers through returns. The suppliers can upload their invoices on a continuous basis on the GST system and the buyers will get a real-time view. The unidirectional flow for upload of invoices makes the process simpler for all taxpayers.

The new returns will be first rolled out as pilot run and be available for taxpayers to get accustomed to the new process. The Go-Live for new returns is expected to be in Jan 2020. Government has released prototype of upcoming GST returns in May 2019 and the pilot run will be operational from July 2019.

What changes to expect in the new return filing process?

With simplification of returns and process, the large taxpayers will have just one return to be filed every month, while the small taxpayers will have the flexibility to opt for filing their return on monthly or quarterly basis. The monthly or quarterly return will be auto-drafted by the GST system based on the sales and purchases data uploaded by the taxpayers. The underlying principles of invoice uploads and confirmation by counterparties will continue to remain, however, there will be some differences in the process and the key ones are highlighted below

As a supplier

- 1) You can choose which return you want to file if you are having only B2C or B2B supplies
- 2) You will have the flexibility to upload your B2B invoices on a continuous basis. This will help to spread out your GST reporting over a period of time rather than a few days which resulted in peak load earlier.
- 3) The B2B invoices will be at line item wise as per the invoice prepared i.e. at HSN level. Thus the additional work which is being done now for aggregating the data at rate level may no longer be needed.
- 4) There is reduction in disclosure needs for certain type of transactions such as B2C Large supplies are no longer required at invoice level
- 5) Your tax liability will be ascertained by the Government based on the invoices uploaded by you

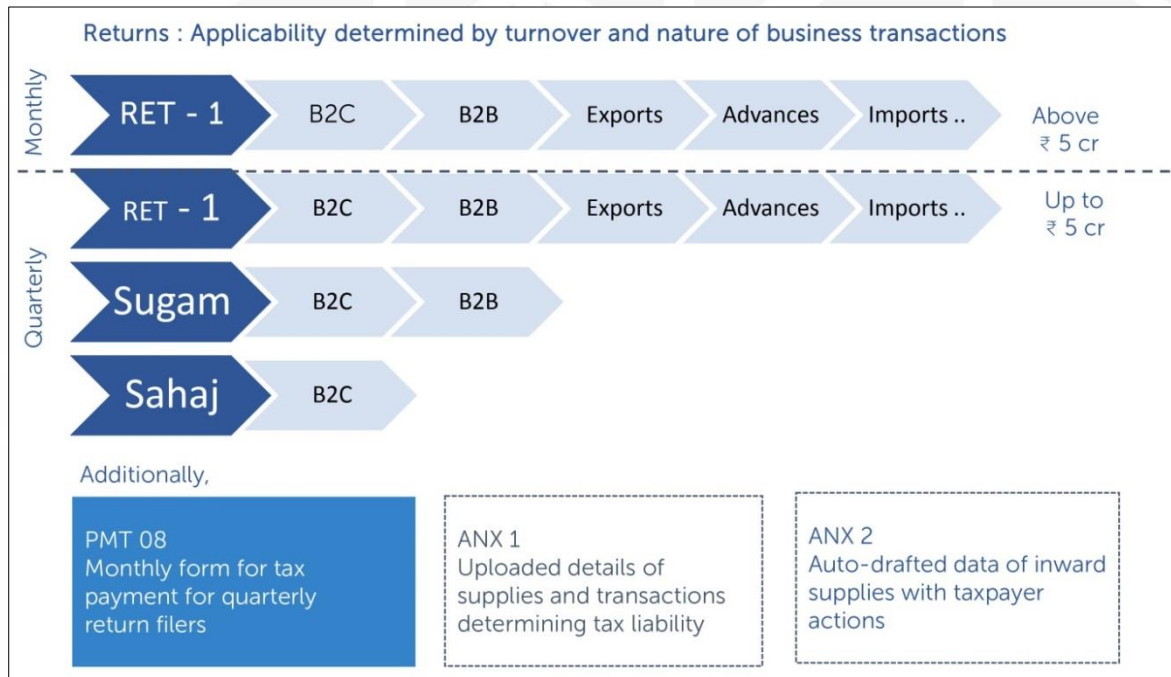
As a purchaser

- 1) You will get to view the invoices uploaded by your suppliers, almost on a real-time basis and also take action on such invoices
- 2) Input tax credit available to you with respect to B2B invoices will be based on invoices which are uploaded by the supplier. You would not have the option to upload additional invoices or make modifications to the details uploaded by the supplier.
- 3) However, option to claim ITC on provisional basis is allowed and in the event supplier does not report the invoices in the next two returns, then as a purchaser you need to provide details of such missing invoices.
- 4) Other details such as RCM invoices, import transactions might need to be uploaded separately.

- 5) There may not be an immediate reversal of your ITC in case the supplier has not discharged his/her tax liability. The tax recovery shall be first made by the supplier and under the circumstances prescribed as per rules, the order to reverse ITC of the purchaser will be issued.

What are the new returns?

The new returns are designed for businesses that are registered as regular taxpayers. For the other taxpayers such as Composition Dealer, ISD, TDS deductor, E-commerce operator etc. these returns do not apply.



As per the simplified return package, the indirect taxation form will be based on the annual turnover of the taxpayers and the type of transaction the business ventures into, which can be segregated as:

Small taxpayers (Turnover below 5 crores)

For taxpayers with an annual turnover not more than ₹. 5crores will have the following option to opt between monthly and quarterly returns, which can be further segregated as below:

Return	Applicable	Frequency
Sahaj (GST RET 3)	Taxpayers having only B2C outward supplies	Quarterly
Sugam (GST RET 2)	Taxpayers having only B2C and B2B outward supplies	Quarterly
Normal (GST RET 1)	Taxpayers having B2C, B2B and other supplies such as Exports, Advances, Imports etc.	Quarterly or Monthly

P.S:

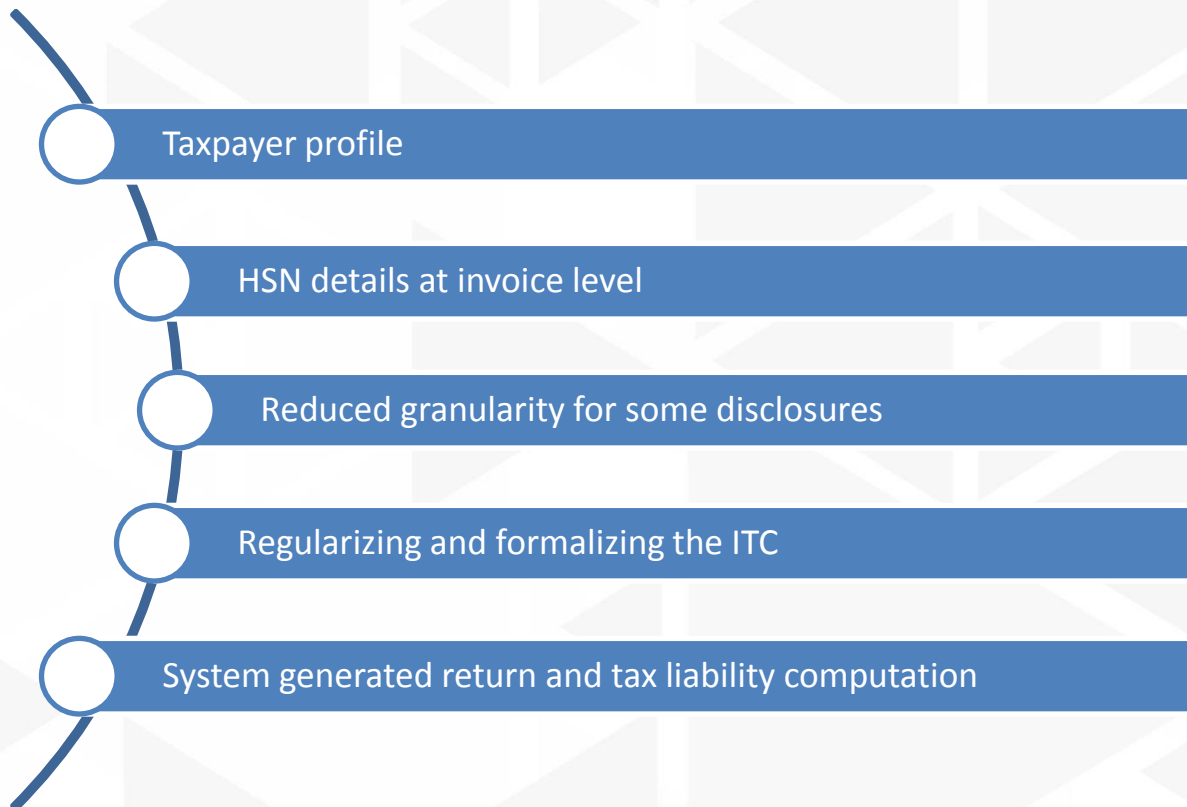
1. The GST RET 1 will be monthly unless the taxpayer opts in for the quarterly returns.
2. Taxpayers opting for quarterly return filing will need to pay their taxes on a monthly basis through the form PMT 08.
3. Quarterly taxpayers cannot claim ITC on provisional basis

Large Taxpayers (turnover above 5 Crore)

For taxpayers exceeding the turnover threshold of ₹. 5crores, a single option of monthly return filing will be available under the simplified return system i.e. GST RET 1.

5 key changes in new simplified returns regime

The 5 key changes to expect once the new Simplified Returns come into mandate are as below:



1. Defining taxpayer's profile

Since the simplified return system provides the taxpayer with various choices to choose from, a new module, namely the Taxpayer's Profile will be introduced under a simplified return system. The Taxpayer's profile will help the taxpayer to set their preferences they wish to opt-in for such as the type of returns, frequency, etc.

The choice indicated by the taxpayers on their profile will help GSTN portal to determine/display the returns applicable to the taxpayer and the course of action that needs to be followed.

2. Uploading invoice details along with HSN

As per the current GST scenario, the GSTR 1 data would comprise of invoice level data, wherein the data used to be aggregated at rate level. However, under the simplified returns,

taxpayers will also be required to file HSN related data along with the invoice level data in their ANX 1.

3. Cutting down of disclosure requirements

The simplified GST returns will also require data on the state or aggregated level instead of detailed or line level data, thereby reducing the amount of data a taxpayer was required to disclose for their transactions such as B2CL, Advances, ITC, etc.

4. Formalising channel for ITC claim

Currently, in order to claim ITC, the taxpayers were required to self-compute their input tax credit and furnish the claim. Subsequently, for any discrepancy found between the ITC claim and GSTR 2A, the government would send a notice for the same. However, the simplified GST returns will regularise the whole ITC claiming process, i.e. instead of self-declaration of ITC, taxpayers will have to route it through their GST returns and annexures.

5. Auto-computed Main returns

Contrasting to the current GST regime, where the taxpayer is required to file their monthly returns on a self-declaration basis, the main returns under new GST return system will be calculated by the government based on the information submitted by the taxpayer and the supplier in the annexures, along with the taxpayer's tax liability.

Taxpayer Profile

In order to ease the filing process, a questionnaire is prepared and a default response is set. The questionnaire consists of transaction types that are generally applicable to regular business. The taxpayers can select the transaction types applicable to them and details for only those sections need to be provided by the taxpayer. The questionnaire will help to set the profile of taxpayer and enable focussing on only relevant sections.

The questionnaire lists about 13 sections covering outward and inward supplies. The responses can be edited in subsequent months to include additional sections or exclude existing ones from the profile.

Further, to make it simpler for smaller taxpayers, pre-defined profiles are created. Thus instead of filling out the questionnaire, the taxpayer can directly choose the GST return format, which is linked to the pre-defined profile.

Options to select the return

Based on the turnover, a taxpayer is classified into a large or small taxpayer. Taxpayers having a turnover above 5 crores are considered to be large. The large taxpayer will need to file one return a month, referred to as Main Return.

The Main Return will be largely auto-populated based on the information provided in Annexures for outward and inward supplies. The questionnaire explained above will determine the sections applicable.

Small taxpayers, being a significant percentage of all registered taxpayers, have been given many options to choose from. They can either opt for monthly or quarterly filing. Within quarterly, there is an option to choose GST Return types based on pre-defined profiles.

Profile

- Determine returns applicable (based on turnover)
- To know of filing preference (monthly, quarterly, return type)
- Option to change profile
- Upward change before filing of next returns
- Downward change in next financial year
- Pre-set values in profile
- Frequency : Monthly
- Turnover : 0 for newly registered taxpayers

Questionnaire

- For Annexures 1 and 2
- To identify the sections for which data will be provided (hence make visible only those sections)
- To be set before the first return under new regime to be filed
- Previously set questionnaire
 - Can be continued from next returns onwards
 - Can be updated

Shifting from current returns to new simplified returns

GST Returns

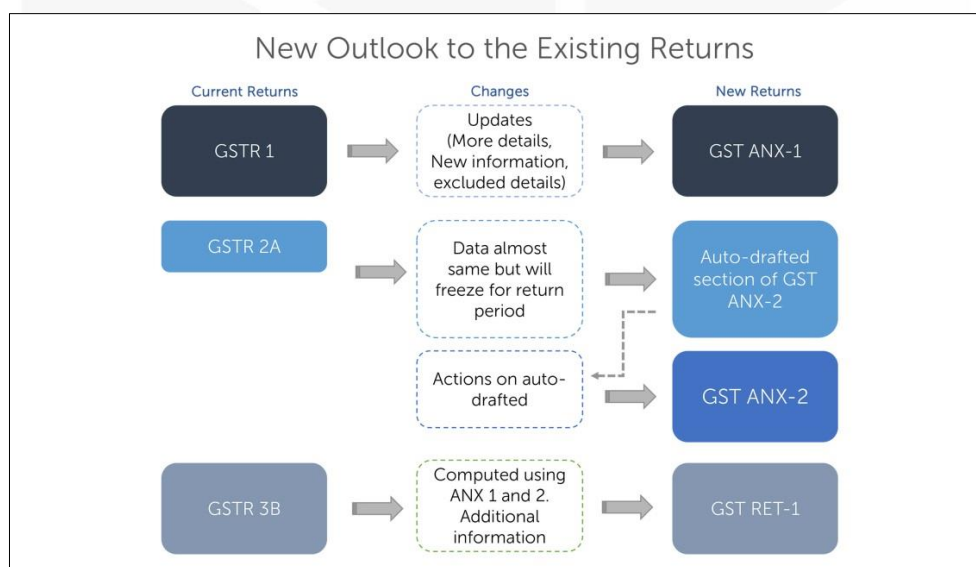
In the current scenario, taxpayers are providing details of outward supplies in GSTR 1. Computation of tax liability and ITC, on self-declared basis, is submitted through GSTR 3B.

As per the new process, taxpayers will need to upload the details of outward supplies and certain inward supplies as part of Annexure 1 (ANX 1). This can be done on a continuous basis, i.e. as and when an invoice is booked or accounted for by the taxpayer. An auto-drafted Annexure 2 (ANX 2), which will primarily include the B2B purchase transactions and other tax credits will be made available by the GST system.

The Main Return will be generated by the GST system based on the information available in Annexures and some sections will be kept editable for the taxpayer to fill or update if required. For tax liability, the outward supply information as uploaded till 20th of the subsequent month will be considered, while for claiming ITC the invoices uploaded by the counterparties till 10th of the subsequent month will be allowed to be considered.

Comparing New Returns with Current Returns

A comparative analysis between the current GST regime and New Simplified Returns is given below:



Let us deep dive into each of these returns and annexures to understand the change

GST ANX 1 vs GSTR 1

GST Annexure 1 will be replacing form GSTR 1 from the current GST return system, which will be a self-declaration of outward supplies and inward supplies attracting reverse charge. Form GST ANX 1 consists of 13 sections in total. These sections will be taking specific info like outward supplies, aggregates POS wise and counter-party wise and inward supplies aggregated POS wise and counter-party wise. The change in ANX 1 and GSTR 1 can be summarised as below:

Type 1 Change :	Type 2 Change :	Type 3 Change :
<p>All invoices and details which determine the tax liability</p> <ul style="list-style-type: none"> • Outward Supplies (normal, without RCM) • Outward Supplies with Reverse Charge • Inward supplies subject to reverse charge • Import of services 	<p>Reduced details for some section</p> <ul style="list-style-type: none"> • B2CL at invoice level • Nil, Exempt and Non GST – inter, intra and registered /unregistered • HSN summary • No linking of invoice and CDN • All B2C at state level • Block amount for supplies without any tax liability (nil, exempt, non GST, subject to RCM, etc.)* • Consolidated values of sales through ecommerce 	<p>More details for some section</p> <ul style="list-style-type: none"> • In Invoice level sections (B2B, Export etc.) line items to be reported HSN wise • Missing invoices which have been used to claim provisional ITC in T-2 /T-1 (for quarter) tax period not yet reported by supplier • Whether or not refund will be claimed in case of supplies to SEZ and Deemed Exports • Whether supply is covered under sec 7 of IGST • For SEZ Units /Developers : Block amount for imports cleared by the counterparty DTA on Bill of Entry* <p style="text-align: right;">*directly in RET 1</p>
<div style="border: 1px dashed black; padding: 5px; width: fit-content;"> <p>No change Added in new return include Not in new return</p> </div>		

1. Invoice details for tax liability

While GST ANX 1 excludes the need of Outward Supplies involving Reverse Charge, the details relating to outward supplies (without RCM), Advance received and subsequent tax adjustment have been sustained from return form GSTR 1 to determine tax liability.

Additionally, details regarding Inward supplies – subject to reverse charge and Import of services have been added under the simplified GST system.

2. Section details removed

The simplified GST eliminates the need for details like B2CL data at invoice level, type of supply-wise breakup for nil, exempt non GST, HSN summary, from current return form, replacing them with details on B2C data at state level, block amount for supplies without any tax liability (nil, exempt, non GST, subject to RCM, etc.) and consolidated values for e-commerce sales.

3. Section details added

The following details were added to be filed by the taxpayer in GST ANX 1, contrasting to the section in GSTR 1

- Invoice level sections (B2B, Export etc.) line items to be reported HSN wise
- Missing invoices which have been used to claim provisional ITC in T-2 /T-1 (for quarter) tax period not yet reported by the supplier
- Whether or not refund will be claimed in case of supplies to SEZ and Deemed Exports
- Whether supply is covered under sec 7 of IGST
- For SEZ Units /Developers: Block amount for imports cleared by the counterparty DTA on Bill of Entry.

GST ANX 2 vs GSTR 2A

GST Annexure 2 will replace form GSTR 2 from the current GST return system and will be an auto-drafted summary of inward supply based on supplier's invoice data. The particulars of form GST ANX 2 will be available on a real-time basis, wherein the taxpayer/user can take actions on the given documents. The change in ANX 2 and GSTR 2A can be summarised as below:

Type 1 Change :	Type 2 Change :	Type 3 Change :
Actions on invoices for ITC claim <ul style="list-style-type: none"> • Accept, Reject, Pending • Upload missing invoices by recipient • Deemed accept • Accept on near-real time basis • ITC amount determined by invoices accepted 	Providing ITC details <ul style="list-style-type: none"> • ITC amount at invoice level • Classification as Input Goods, Capital Goods, Input Services, Ineligible at invoice level • Ineligible component of ISD credit • ISD credit eligible • Aggregate Amounts for ITC available and not available based on actions taken routed through ANX 2 <ul style="list-style-type: none"> • Rejected invoices (net of CDN) • Pending invoices • Accepted and deemed accepted • Block amounts to be directly included in the return and not routed through ANX 2 <ul style="list-style-type: none"> • Classification of ITC on capital goods and input services • ITC claimed on provisional basis • ITC reversals 	Process and filing <ul style="list-style-type: none"> • Reject and Pending only after 10th of subsequent month • Accepted documents cannot be edited unless unlocked by recipient • Rejected documents will be conveyed to supplier only after filing of the return by the recipient • Rejected documents may be edited before filing any subsequent return for any month or quarter by the supplier
<div style="border: 1px dashed black; padding: 5px;"> No change Added in new return include Not in new return </div>		

1. Invoice actions for ITC claim

The taxpayer will be able to Accept, Reject or mark the given invoice as Pending similar to form GSTR 2A, but on a real-time basis. However, the taxpayer will not be able to upload invoices missed by the supplier. The ITC amount will be determined on the invoices accepted by the taxpayer.

2. Providing ITC details

In order to provide ITC details, data assessed from ITC amount at invoice level, Input goods/service or Capital goods classification, invoice level ineligibility, Ineligible component of ISD credit shall be replaced with the follows

- ISD credit eligible
- Aggregate Amounts for ITC available and not available based on actions taken routed through ANX 2
 - Rejected invoices (net of CDN)
 - Pending invoices
 - Accepted and deemed accepted
- Block amounts to be directly included in the return and not routed through ANX 2
 - Classification of ITC on capital goods and input services
 - ITC claimed on a provisional basis
 - ITC reversals

3. Process and filing

The following new processes have been added to GST ANX 2

- Taxpayers will be able to Reject and/or keep Pending only after 10th of the subsequent month
- Accepted documents cannot be edited unless unlocked by the recipient
- Rejected documents will be conveyed to the supplier only after filing of the return by the recipient
- Rejected documents may be edited before filing any subsequent return for any month or quarter by the supplier

GST RET 1 vs GSTR 3B

The Large Taxpayers i.e. taxpayers having a turnover above ₹. 5 crores are currently filing GSTR 1 and GSTR 3B and once the new returns get implemented; Main Return and its

Annexures need to be filed. The difference between GST RET 1 and GSTR 3B are as follows:

GSTR 3B :	GST RET - 1 :
Summarized Monthly Return	Detailed Monthly Return
<ul style="list-style-type: none"> • Self preparation and declaration by taxpayer • Block amounts for outward supplies, exports, exempt and non-GST • POS wise details of supplies made to specific customers (UIN, unregistered) • Block amounts for ITC eligible and reversal and subject to reverse charges • Specific details of inward supplies (purchases from composition dealer, nil and non-GST etc.) 	<ul style="list-style-type: none"> • Mix of auto-drafted and user provided information • Section wise summary auto-generated from ANX 1 and 2, covering outward and inward supplies • TDS and TCS credit • Block amounts for Reversal of ITC credit according to the sections /provisions of law • Block amounts for <ul style="list-style-type: none"> • Advances and adjustment • ITC on capital goods and input services • Provisional ITC claimed • Outward supplies not having tax liability • Liability and ITC arising on account of transition to new system

Form GSTR 3B in the current GST system is a summarised Monthly Return with the following key points:

- Self-preparation and declaration by the taxpayer
- Block amounts for outward supplies, exports, exempt and non-GST
- POS wise details of supplies made to specific customers (UIN, unregistered)
- Block amounts for ITC eligible and reversal and subject to reverse charges
- Specific details of inward supplies (purchases from composition dealer, nil and non-GST etc.)

Form GST Ret 1 will be a Detailed monthly return, comprising of the follows:

- Mix of auto-drafted and user provided information
- Section wise summary auto-generated from ANX 1 and 2, covering outward and inward supplies
- TDS and TCS credit
- Block amounts for Reversal of ITC credit according to the sections /provisions of law
- Block amounts for
 - Advances and adjustment
 - ITC on capital goods and input services
 - Provisional ITC claimed

- Outward supplies without any tax liability
- Liability and ITC arising on account of transition to a new system

New returns and filing process

All the taxpayers, irrespective of their annual turnover or business transaction, will now provide details in Annexures, which will serve as the basis for populating the data in the main returns. The sections and coverage of the Annexures and Main Return is summarised below.

GST ANX 1 : User Upload

- 6 Sections - Outward Supplies at invoice level (3B to 3G)
- 2 Section - Outward supplies aggregated at POS level (3A) or counterparty wise (4)
- 2 Sections – Inward supplies aggregated at counterparty or POS level. (3H & 3I)
- 2 Sections – Inward supplies at invoice level for claiming ITC (3J and 3K). Will be shifted to ANX 2 once GST system integrates with ICEGATE
- 1 section – Invoices on which ITC has been provisionally claimed earlier but supplier has not reported. This section will not be used for populating any data in RET 1. (3L)

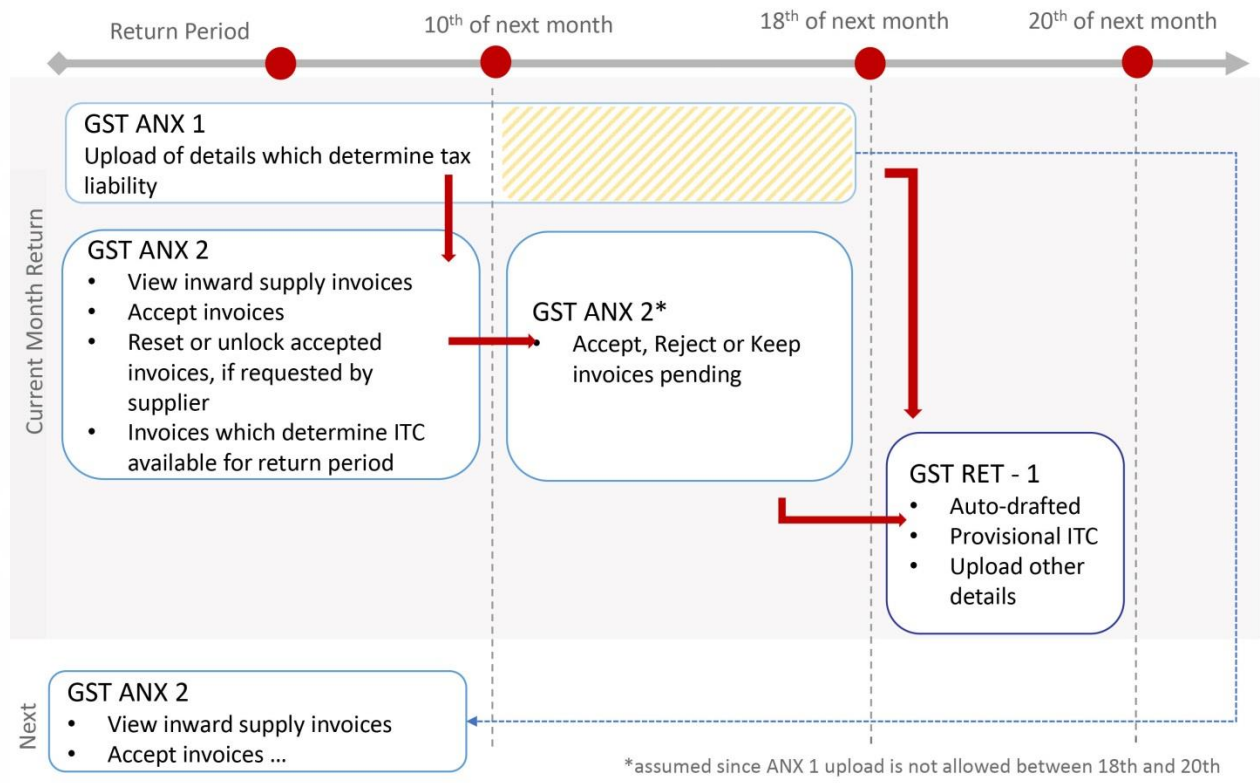
GST ANX 2 : Auto + User Actions

- 1 Section – Taxpayer action on auto-drafted inward supply invoices (3A)
- 1 Section – System computed summary of ITC based on taxpayer's actions (4)
- 2 sections related to imports will be auto-drafted once GST system integrates with ICEGATE (3B & 3C)
- 1 section - ISD credits. (5)

GST RET 1 : Auto + User Upload

- Variation in the sections of RET 1 and Annexures
- Auto-populated (excluding sub-totals) from ANX 1 and 2
 - 9 sections for outward supplies
 - 6 sections for inward supplies
 - 4 sections for ITC
- User input
 - 8 sections for outward supplies
 - 9 sections for inward supplies and ITC
- ITC populated from PMT-08 (for quarterly filers for first two months of the quarter)
- Details other than ANX 1 and ANX 2
 - TDS and TCS credit
 - Non-tax liability such as interest and penalty
 - Tax payment
 - Refund

Let us have a look at the flow of the process for the annexures as well as the main return forms.



GST ANX 1

GST taxpayers (monthly as well as quarterly) can upload the details of invoices in ANX-1 on a real-time basis until the 10th day of the subsequent month (i.e. month following the month/quarter for which the return is being filed). For invoice uploaded after the given due date, the invoice data will be routed to the recipients in GST ANX 2 for the next month and GST Ret 1 likewise.

GST ANX 2

Taxpayers can take actions on data uploaded by their suppliers on a real-time basis. The filing process for GST ANX 2 can be divided into 2 phase,

Until 10th day of the subsequent month

During this phase, the taxpayers can,

- View inward supply invoices as filed by the supplier in their ANX 1
- Accept invoice data, if no discrepancy is found. However, the taxpayer cannot reject the invoices until the 10th day of the subsequent month.

- Reset or unlock data, in case the supplier needs to make changes to the taxpayer-accepted invoices.

P.S:

- The invoices data uploaded by the supplier during this phase will determine the ITC available for the given period.
- Once the taxpayer has accepted the invoice, it gets locked and the supplier cannot make changes to these invoices unless the taxpayer unlocks or resets the invoices.

From the 10th day to the 18th day of the subsequent month

During this phase, the taxpayers can accept and reject invoices according to their account ledgers. The taxpayer can also choose to keep invoices pending if he does not wish to claim ITC in the current month

GST RET 1

The main return form under the simplified GST returns mostly uses the data uploaded/accepted by the taxpayer in GST ANX 1 and GST ANX 2 to auto-populate the table, the taxpayer still has to provide certain additional information for successful filing of the main GST return form.

Provisional ITC

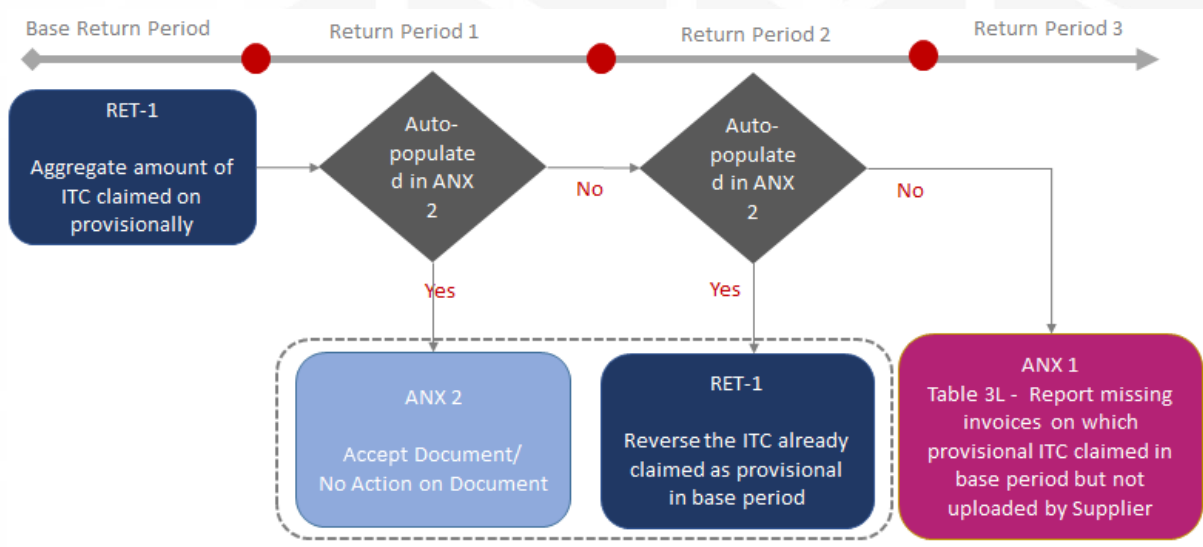
While the new filing process makes it necessary for the supplier invoice to be available in GST system for the recipient to claim ITC, the choice to claim ITC on provisional basis is also made available to the monthly filers. Thus if the supplier has not uploaded invoices, it will not restrict the recipient to claim ITC on such invoices.

As per the new filing process,

- The recipient can include aggregate amount of provisional ITC directly in the GST RET 1, without specifying details of invoices and the suppliers.
- Within the next two filing periods, if any of the missing invoices are uploaded by the supplier, these will be auto-populated in ANX-2 of recipient.
- Recipient can accept such invoices in ANX-2 and to the extent of provisional ITC claimed, reversal can be made in GST RET 1

- However, if for two filing periods, the invoices are not yet uploaded by the supplier then the recipient is required to disclose the complete details of the invoices in their ANX-1

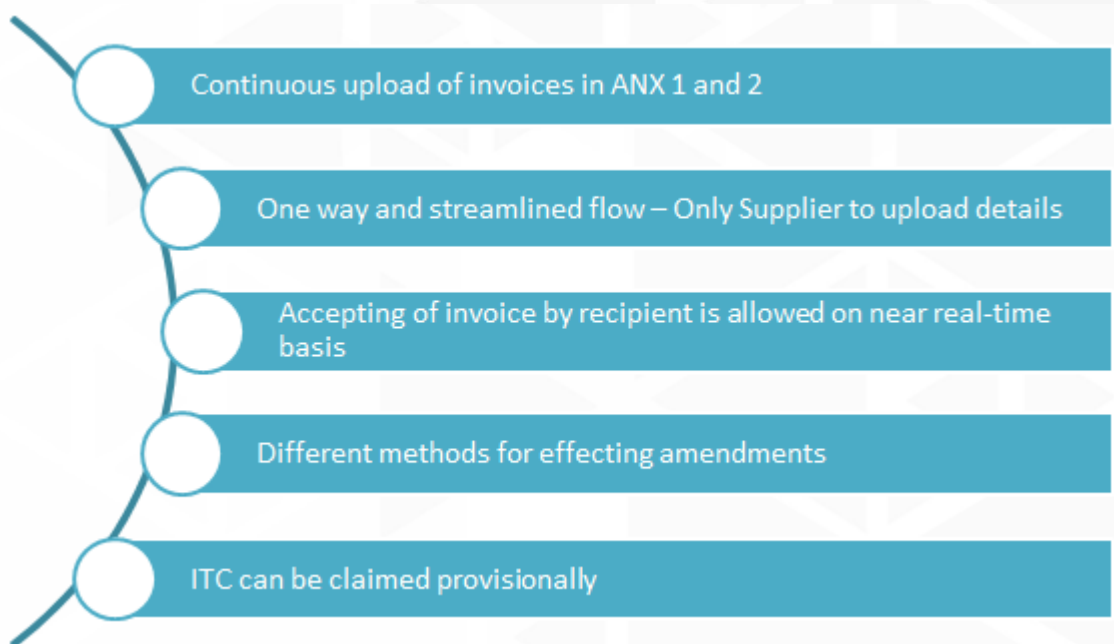
At a high level, the flow for provisional ITC is summarised below



It should be noted, while the recipient will declare these details in ANX 1, it will not have any impact on tax liability computation of the recipient. The new returns and process also do not specify whether the recipient will be required to reverse the provisional ITC in such cases.

Highlights of the new filing process

The 5 key highlights of the new simplified returns are as below:



1. Continuous invoice upload

Under simplified returns, the invoice details for outward supplies and selected inward supplies can be uploaded on continuous basis.

2. One-way process

The flow of invoice data shall be unidirectional i.e. only the supplier will have the option to upload invoices and once the data is uploaded and make amendments to the same.

3. Real-time acceptance

The taxpayers will be able to accept the invoice data uploaded by their suppliers in from GST ANX 1 on a nearly real-time basis.

4. Amendments

Taxpayers will have multiple channels to amend missing or wrong invoice details, the process for which shall be dependent on the nature and granularity of data in returns.

5. Provisional ITC

Taxpayers will also have an option to claim ITC provisionally on account of missing invoices in the Main Return. The taxpayer can claim ITC on such invoices at an aggregate level for a given period.

Scope of return and annexures

The Annexures and Return considered here is the Monthly Return GST RET 1. Other returns Sahaj and Sugam will be subset of data covered in GST RET 1

GST ANX 1

GST Annexure 1 will be replacing form GSTR 1 from the current GST return system, which will be a self-declaration of outward supplies and inward supplies attracting reverse charge. Form GST ANX 1 consists of 13 sections in total. These sections will be taking specific info like outward supplies, aggregates POS wise and counter-party wise and inward supplies aggregated POS wise and counter-party wise. A tabular classification of information collected is as below:

3. Details of the outward supplies, inward supplies attracting reverse charge and import of goods and services (Amount in ₹ for all tables)															
Table Headers	GSTIN	POS	Type of document	Document No.	Document Date	Value	HSN	Tax rate (%)	Taxable Value	IGST	CGST	SGST	CESS	Shipping Bill No	Shipping Bill date
3A. Supplies made to consumers and un-registered persons (Net of debit notes, credit notes)															
3B. Supplies made to registered persons (other than those attracting reverse charge)(including edit/amendment)															
3C. Exports with payment of tax															
3D. Exports without payment of tax															
3E. Supplies to SEZ units/developers with payment of tax(including edit/amendment)															
3F. Supplies to SEZ units/developers without payment of tax(including edit/amendment)															
3G. Deemed exports(including edit/amendment)															
3H. Inward supplies attracting reverse charge (to be reported by recipient, GSTIN wise, net of debit notes and credit notes and advances paid, if any)															
3I. Import of services (net of debit/ credit notes and advances paid, if any)															
3J. Import of goods															
3K. Import of goods from SEZ units / developers on a Bill of Entry															
3L. Missing documents on which credit has been claimed in T-2 /T-1 (for quarter) tax period and supplier has not reported the same till the filing of return for the current tax period															

Outward supplies at invoice level, consisting of 6 sections as given below:

- **Table 3B** - Supplies made to registered persons (other than those attracting reverse charge)(including edit/amendment)
- **Table 3C** - Exports with payment of tax
- **Table 3D** - Exports without payment of tax
- **Table 3E** - Supplies to SEZ units/developers with payment of tax(including edit/amendment)

- **Table 3F** - Supplies to SEZ units/developers without payment of tax(including edit/amendment)
- **Table 3G** - Deemed exports (including edit/amendment)

Aggregated outward supplies

- **Table 3A(Aggregated POS wise)**: Supplies made to consumers and un-registered persons (Net of debit notes, credit notes)
- **Table 4 (Aggregated Counterparty wise)**: Details of the supplies made through e-commerce operators liable to collect tax under section 52 (out of any outward supplies declared in table 3)

Aggregated inward supplies

- **Table 3H(Aggregated Counterparty wise or PAN wise)** - Inward supplies attracting reverse charge (to be reported by the recipient, GSTIN /PAN wise, net of debit notes and credit notes and advances paid, if any)
- **Table 3I (Aggregated POS wise)**. Import of services (net of debit/ credit notes and advances paid, if any)

Inward supplies at invoice level for claiming ITC.

- **Table 3J** - Import of goods
- **Table 3K** - Import of goods from SEZ units/developers on a Bill of Entry

P.S Once the GST system is integrated with ICEGate portal, this section will be shifted to GST ANX 2.

Invoice data of provisionally claimed ITC (Yet to be reported by the supplier)

- **Table 3L** - Missing documents on which credit has been claimed in T-2 /T-1 (for the quarter) tax period and supplier has not reported the same till the filing of return for the current tax period

P.S This section will not be used for populating any data in GST RET 1.

GST ANX 2

GST Annexure 2 will replace form GSTR 2 from the current GST return system and will be an auto-drafted summary of inward supply based on supplier's invoice data. The particulars of form GST ANX 2 will be available on a real-time basis, wherein the taxpayer/user can take actions on the given documents. Form GST ANX 2 consists of 4 sections in total, which can be segregated as follows:

Table Headers	GSTIN of Supplier, if applicable	Trade Name	Table of FORM GST ANX-1 (3B, 3E, 3F and 3G)	POS	Type of document	Document No.	Document Date	Value	Date of uploading	Return status* (F/NF)	HSN	Tax rate (%)	Taxable Value	IGST	CGST	SGST	CESS	Action (A/R/P)	
3. Inward supplies received from a registered person (other than the supplies attracting reverse charge), imports and supplies received from SEZ units / developers on Bill of Entry																			
3B. Import of goods from SEZ units / developers on Bill of Entry																			
3C. Import of goods from overseas on Bill of Entry																			

4. Summary of the input tax credit

Description	Value	IGST	CGST	SGST	CESS	Action (A/R/P)
1. Credit on all documents which have been rejected (net of debit /credit notes)						
2. Credit on all documents which have been kept pending (net of debit /credit notes)						
3. Credit on all documents which have been accepted including deemed accepted (net of debit/credit notes)						

Auto-drafted inward supply invoices (based on the taxpayer's action).

- **Table 3A.** Inward supplies received from a registered person (other than the supplies attracting reverse charge), imports and supplies received from SEZ units/developers on Bill of Entry

System computed Summary of ITC (based on taxpayer's actions)

- **Table 4 -** Summary of the input tax credit

Auto-drafted Import Data (Post ICEGate integration)

- **Table 3B** - Import of goods from SEZ units/developers on Bill of Entry
- **Table 3C** - Import of goods from overseas on Bill of Entry

ISD Credits

- **Table 5** - ISD credits received (eligible credit only)

It is anticipated that the data in the auto-drafted sections of GST ANX 2 is almost the same as GSTR 2 but this will freeze for the return period. Also, there will be additional information and actions can be taken on the auto-drafted versions.

So, with GST ANX 2, the taxpayer will be able to view inward supply invoices and accept the invoices. During the return period, the taxpayer can also reset or unlock accepted invoices, if requested by the supplier. Invoices which determine ITC will be available for the return period. From 10th to 18th of the month, it is expected that taxpayers can accept, reject or keep invoices pending and also upload other details.

GST RET 1 – Breakdown

In order to file GST RET 1 without any hassle, it is crucial for a taxpayer to know the source and what are the data required. Let us segregate the various sections of GST RET 1 as per the source of data.

The main components of GST RET 1 consist of

Table	Table Header	Scope
1	GSTIN	GSTIN of Taxpayer
2	Name and Submission Details	Trade and Legal name, ARN details after filing
3	Summary of outward supplies, inward supplies attracting a reverse charge, debit/credit notes, etc. and tax liability	Most of the details will be auto-populated from ANX 1. User input sections are in the nature of block /aggregate amounts such as Advances, Non-GST sales, prior period liabilities etc.
4	Summary of inward supplies for claiming input tax credit (ITC)	Some details are populated based on ANX 2. The user input sections are in the nature of block /aggregate amount such as ITC reversed, provisional ITC. For quarterly filers, the ITC amount from PMT 08 will be auto-populated for the previous two months.

5	Amount of TDS and TCS credit received in electronic cash ledger	Auto-populated information as reported by the counterparties who have filed GSTR 7 (TDS) and GSTR 8 (TCS)
6	Interest and late fee liability details	System computed in case of late filing or other events attracting interest and penalty
7	Payment of tax	Settlement of tax liability using cash and ITC
8	Refund claimed from electronic cash ledger	Amount of refund if any claimed

Auto-populated (excluding sub-totals) from ANX 1 and 2

- 9 sections for outward supplies
 - 6 sections for inward supplies
 - 4 sections for ITC

User input

- 8 sections for outward supplies
- 9 sections for inward supplies and ITC

ITC populated from PMT-08 (for quarterly filers for first two months of the quarter)

Details other than ANX 1 and ANX 2

- TDS and TCS credit
- Non-tax liability such as interest and penalty
- Tax payment
- Refund

Amendments

Allowing the filed returns to be amended is a significant change compared to the current process.. It is worth noting that the impact of the amendment will be reflected for viewing purpose in the original month to which the information pertains to and in the current month for impact on tax liability.

Type 1 : In RET 1	Type 2 : In RET 1A	Type 3 : Separate Utility
<ul style="list-style-type: none"> • Revised details to be submitted in subsequent month's GST RET – 1 • Applicable for outward supplies to registered parties (B2B/SEZ/DE) : Through GST ANX -1 • Revised invoices will be made available for recipient in ANX 2 	<ul style="list-style-type: none"> • Revised details to be submitted in same month's GST RET - 1A • Applicable for outward supplies to unregistered B2C(aggregate), Export (invoice level) and inward supply : Through GST ANX -1A • Applicable for other block amounts of outward supplies like nil exempt etc. and amounts of ITC and reversals in RET – 1A 	<ul style="list-style-type: none"> • Changes not impacting tax liability • Correction of errors, update of shipping details, re-classifying the supply made in correct section etc.

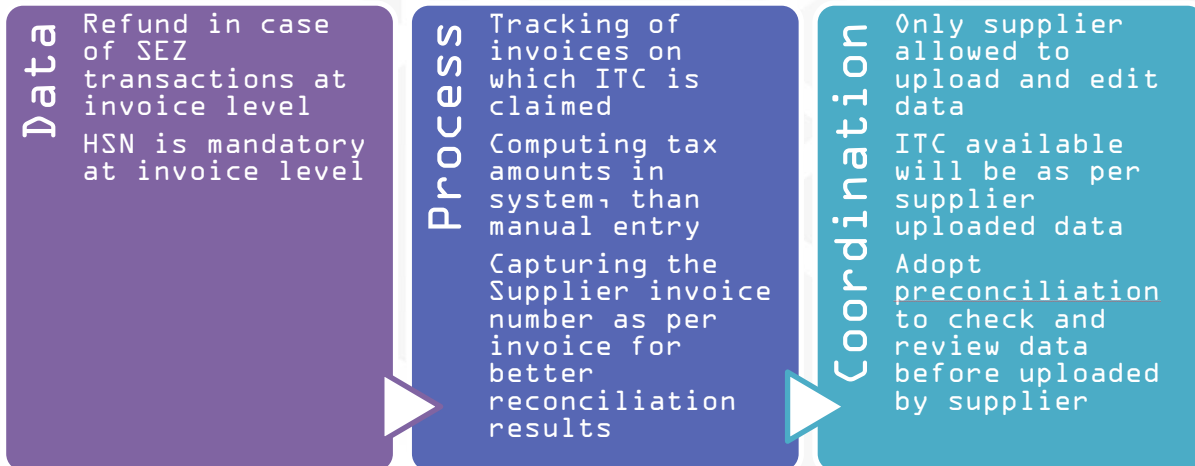
Pertaining to the nature and granularity of data in returns, the process for amendment can be as follows:

1. **GST RET 1:** Applicable for amendments in outward supplies to registered parties, the taxpayer can revise the details by submitting the corrections in the subsequent month's GST RET 1. A revised invoice shall be available to the recipient in GST ANX 2.
2. **GST RET 1A:** Applicable for amendments in outward supplies to unregistered B2C (aggregate), Export (invoice level) and inward supply, through GST ANX 1, wherein the taxpayer submits the revised details in same month's GST RET 1A. Such type of amendment is also applicable for block amount of outward supplies, for instance, Nil exempt, as well as ITC values and GST RET 1A reversals.
3. **Separate utility:** A separate utility will be made available to amend changes that do not impact tax liability such as correction of shipping details, re-classifying supplies, etc.

Getting ready for new returns

The taxpayers will need to gear up their internal processes and update data capturing to meet the changes expected in the new return flow

At a broad level, the impact areas for taxpayers is summarised below



We encourage taxpayers to participate in the trial run as this will help to get familiar with the upcoming new filing processes

A month-wise transition plan for the new and simplified return forms for large taxpayers is given below:

Return	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020
Trial Run	ANX 1	New Return Format: Upload invoices related to outward supplies and others ascertaining tax liability		Trial Run ends for Large Taxpayers			
	ANX 2	New Return Format: View and download inward supply invoices and View Inward supplies summary on portal (For the invoices uploaded by your vendors in their ANX 1)					
	Availability of offline matching tool in Aug 2019 (calendar month)	New Return Format: Upload purchaser register in Offline tool and matching with inward supply invoices					
Actual GST compliance	GSTR 1	Current Return Format: File the outward supplies pertaining to previous months (return period) by 11 th of the current month (calendar month)		GSTR 1 will be replaced by Anx 1			
	GSTR 3B	Current Return Format: Tax payment and ITC claims to be filed for the previous month (return period) by 20 th of the current month (calendar month)				GSTR 3B will be discontinued from return period Dec 2019	
	ANX 1	ANX 1 to go live from Oct 2019 (calendar month)		New Return Format: Upload invoices related to outward supplies and others ascertaining tax liability. Data for current month			
	ANX 2	ANX 2 available for download and viewing from Oct 2019 (calendar month)		New Return Format: View and download Inward supply invoices. Data for current month			
		Actions on inward supply invoices will be active in Jan 2020 (calendar month) and will impact the ITC and liability computation for the return period Dec 2019				New Return Format: Actions on Inward Supply Invoices. Data for previous month (return month) and action to be taken in current month (calendar month)	
Ret - 1	First monthly RET-1 for the return month Dec 2019 to be filed by 20 th Jan 2020				New Return Format: For Dec 2019 (return period)		

May '19

The prototype of the offline tool is released on the common portal, to provide the taxpayer with the look and feel of the new online portal. The new GST taxation system shall have the following main components:

- Main Return form:- GST RET 1
- Annexure Forms:-
 - GST ANX 1
 - GST ANX 2

July '19

On a trial basis, the user will be able to access the 2-annexure forms,

- GST ANX 1: to upload invoices on the common portal
- GST ANX 2: to view and download the summary for the inward supply

P.S: This trial would have no impact at the back end on the tax liability or ITC of the taxpayer.

August '19

The Taxpayers will be able to import their purchase register in the offline tool and match it with the downloaded internal supply of invoices to discover the mismatches in their records.

October '19

The month of October will play a crucial role in the transition as GST Annexure form, GST ANX 1 will replace form GSTR 1 and will be made mandatory for every taxpayer. Although, the Large taxpayers (Annual Turnover exceeding ₹. 5crore) will be able to file their monthly returns in GST ANX 1 from October onwards, while, the small taxpayer will have to wait until January 2020 to be able to file their returns for the Oct'19 to Dec'19 quarter. The following key points have to be noted

- October onwards, the large and small taxpayers, both will be able to continuously upload the invoice data in form GST ANX 1.
- Form GST ANX 2 may be viewed simultaneously during this period but no action shall be allowed.
- Large taxpayers would still have to continue filing form GSTR-3B on a monthly basis, until November'19.
- For small taxpayers, FORM GSTR-3B will be replaced by form GST PMT-08 from October 2019 onwards.

January '20

January 2020 marks the beginning of the new GST return system as form GSTR 3B is completely phased out and businesses are required to file their first ever form GST RET 1.

Points to be noted

- Separate instructions shall be issued for filing and processing of refund applications between October to December 2019.
- Failure to file Form GSTR 1 and GSTR 3B, until they have been discontinued or completely phased out, can attract penal provision, applicable as per GST law.

Conclusion

To conclude, the steps taken to simplify the returns as well as process will be beneficial to taxpayers in general, at the same time, the challenges and coping up with the changes is something the taxpayers need to be ready for.

In a nutshell,

What's Good	What to Watch Out for
<ul style="list-style-type: none"> • System generated a monthly return • Delinking of invoice number reference from credit note and debit note • Block/aggregate amounts for transactions not impacting tax liability • Consistency in reporting for all B2C transactions • A streamlined process for ITC claim • No adverse impact for recipient where the vendor is non-compliant • Upload and acceptance of invoice allowed on a continuous basis. 	<ul style="list-style-type: none"> • Tax amounts need to be strictly calculated based on taxable value and tax rate • One way flow for data upload, need for greater communication with vendors • Differences in PDF format, Prototype and actual API released • Communicating with the recipient for unlocking invoice so as make it editable • Impact of the amendment on tax liability and returns filed • Tracking and reporting of provisional ITC claimed



About us

IRIS Business Services Limited is a leading structured data solutions company with global presence in regulatory and compliance reporting software. The firm is uniquely positioned with offerings across the spectrum of creation, management and use of structured data for business and financial reporting.

IRIS is headquartered in Mumbai, India and has subsidiaries in USA, Singapore and Italy and an affiliate firm in the UAE.

IRIS GST is a business line of IRIS Business Services Limited which believes that the implementation of GST will create a digital divide between businesses that seize the mandate as an opportunity and those who do not. IRIS GST has been associated with the GSTN ecosystem since its inception and is aligned with India Stack APIs - a set of APIs that allows governments, businesses, startups and developers, to utilize a unique digital Infrastructure to solve India's persistent problems and move towards presence-less, paperless, and cashless service delivery.

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