

SKKA IDT ALERT

2023-2024/24

Advisory On Electronic Credit Reversal and Reclaimed Statement

The Goods and Service Tax Network (GSTN) has issued an advisory dated 31st of Aug'2023 which is in line with the changes made in GSTR-3B introduced vide Notification No 14/2022-Central Tax dated 05th July ,2022 (read with circular no 170/02/2022).

As per Notification No 14/2022-Central Tax dated 5TH July,2022 the amount of ITC reversal shall be classified into two categories temporary reversals (reported in Table 4(B)2 of GSTR-3B) and permanent reversals (reported in Table 4(B)1 of GSTR-3B).

The ITC temporarily reversed in Table 4(B)2 can be re-availed [amount to be added in Table 4A(5) of GSTR-3B] in subsequent months on satisfying the ITC eligibility conditions. Further, the amount so reclaimed also needs to be disclosed in Table 4D(1) of GSTR-3B in the month of re-availment.

Thus, as per above disclosure requirements, cumulative balance of ITC re-availed and disclosed in Table 4D(1) cannot exceed cumulative reversals disclosed in Table 4(B)(2).

To keep a track on above reversal and re-availment, a new ledger namely **Electronic Credit and Reclaimed Statement** has been introduced on the GST portal that will help the taxpayers in correct and accurate reporting of ITC Reversal and Reclaim thereof. This ledger can be navigated through-

Login >> Report ITC Reversal Opening Balance.

or

Services >> Ledger >> Electronic Credit Reversal and Re-claimed Statement >> Report ITC Reversal Opening Balance

Here are some key important points about the advisory-

1. The ITC reversal opening balance can be declared until **30th November 2023**. Only those ITC reversal balances that meet the legal criteria for reclaim and have not been previously claimed should be reported. **If no reporting is done, it will be assumed that there is no ITC Reversal balance to report.**
2. **The taxpayer can amend their ITC reversal opening balances till 31st December'2023 subject to a maximum of 3 amendments.**
3. After 31st December'2023 the updated value of the ITC reversal opening balance will be frozen and **send to the jurisdictional tax officer for review.**
4. The opening balance that has been reported or amended by the taxpayers shall be credited to the **"Electronic Credit Reversal and Reclaimed Statement"**. **This statement will be used to validate the taxpayer's ITC Reclaimed amount in Table 4A(5) & 4D(1) of form GSTR-3B.**

The option to report opening balance is live on GST portal. The screen short of the same is attached herein.

Returning preference (Jul-Sep 2023) - Monthly (Change)

Returns Calendar (Last 5 return periods)

GSTR-1 / IFF	Apr - 2023 Filed	May - 2023 Filed	Jun - 2023 Filed	Jul - 2023 Filed	Aug - 2023 To be Filed
GSTR-3B	Apr - 2023 Filed	May - 2023 Filed	Jun - 2023 Filed	Jul - 2023 Filed	Aug - 2023 To be Filed

You can navigate to your chosen page through navigation panel given below

RETURN DASHBOARD > CREATE CHALLAN > VIEW NOTICE(S) AND ORDER(S) >

ANNUAL RETURN > **REPORT ITC REVERSAL OPENING BALANCE >**

Else Go to >> CONTINUE TO DASHBOARD >

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Our Comments: Taxpayer needs to be very careful while reporting Temporary and Permanent Reversals in their GSTR-3B. Reporting of Opening balance has been made mandatory by the GSTN and taxpayer should do necessary reconciliations at its end before making any declaration. A cumulative excel report on ITC reported in Table 4(b)(2) and Table 4(d)(1) becomes extremely important.



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