

# Compliance Requirements under GST Law

*This article attempts to comprehend the compliance requirements under the GST law across the board. GST compliances are amended frequently and staying abreast of the new developments can often be an onerous effort. The types of compliances are assorted with unlike target dates. The author aims to offer a lucid understanding of these new compliance amendments. This compilation entails to cover compliances to be made by numerous taxpayers from pre-registration period till the cancellation of their registration. I hope that this critique would assist the masses who may be in the finance departments of the businesses or in the offices of the practicing members at large. Read on...*



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## 1. Introduction

Aimed to highlight the foremost compliances, the author simplifies the task of handling necessary compliances under GST laws both at pre and post registration. Compliance under these laws plays a pivotal role, both for the taxpayer to mitigate liabilities on account of tax, interest and penalties and for the revenue to fill its exchequer better than before. In the modern fiscal laws, trust on a taxpayer is the kernel while codifying the law and its procedures. Over a period, the stakeholders have achieved an acceptable level of digital compliances from registration to filing of returns, from payment of taxes to assessment and refunds, from

advance ruling to appeals, etc. The GSTN e-portal has been successfully handling such compliances with ease. E-way bill and e-invoices portals too have proved to be an immense accomplishment.

## Pre-Registration

Section 22 of the CGST Act, makes it necessary for any person supplying goods/ services to seek registration as soon as his aggregate turnover as defined under section 2(6) crosses the threshold limit. The threshold limit is normally 20 lakhs in a financial year subject to some exceptions, like it is 10 lakhs in case of special category States and Rs. 40 lakhs for a person supplying exclusively goods, subject



to a few conditions. Section 24 provides for mandatory registration requirements in certain cases like (i) a person making inter-State supply of goods, (ii) casual taxable person making taxable supply, (iii) persons who are required to pay tax under reverse charge, (iv) persons who are required to pay tax under section 9(5), (v) non-resident taxable person making taxable supply, (vi) persons who are required to deduct tax under section 51, whether or not separately registered, (vii) persons who make taxable supply of goods/ services on behalf of other persons, whether as an agent or otherwise, (viii) ISD, whether or not separately registered, (ix) persons who supply goods/ services or both, other than supplies specified under section 9(5), through such electronic commerce operator who is required to collect tax at source under section 52, (x) every electronic commerce operator (who is required to collect tax under section 52), and (xi) every person supplying OIDAR services from a place outside India to a person in India, other than a registered person.



**Section 22 of the CGST Act, makes it necessary for any person supplying goods/ services to seek registration as soon as his aggregate turnover as defined under section 2(6) crosses the threshold limit.**

Ordinarily, a person has to apply for registration within 30 days once it becomes obligatory to seek such registration. Exceptions may be there for voluntary registration, registration of casual taxable person, a non-resident taxable person, etc.

## 2. Tax invoice and e-way bill

### *Tax-invoice and bill of supply*

Section 31 mandates to issue a Tax-Invoice in case a registered person is making taxable supply and to issue a Bill of Supply in case of exempted supplies or paying tax under the provisions of section 10. In the case of supply of goods, such invoices are to be issued at the time of removal of goods whereas in the case of supply of services, such invoices may be issued within 30 days from the date of provision of such services, subject to some exceptions like banking companies, etc. Rules 46 to 55 specify various mandatory fields to be given in various types of invoices, credit and debit notes, etc. to be issued by a registered person.

### *E-Invoice*

The *Notification No. 5/2021-CT, dated 8-Mar-21* tumbled the threshold limit for mandatory issuance of e-invoices in case of B2B taxable supplies by a taxpayer whose aggregate turnover is more than Rs. 50 Cr with effect from 01.04.2021, subject to certain exceptions.

### *QR Code*

One must be cautious regarding the applicability of having a

Quick Response (QR) code on B2C invoice issued. Various notifications have been issued by CBIC in this regard.

### *E-way bill*

Rule 138 lays down the provisions for generation of e-way bill. As per the said rule, e-way bill is mandatorily required to be generated before the onset of movement of goods, in case of movement of goods of consignment value worth more than Rs. 50,000, subject to some exceptions. It may also be noted that at occasion, the e-way bills are to be generated even if the consignment value does not exceed Rs. 50,000 like (i) inter-State movement of goods between principal and job-worker, and (ii) inter-State supply of handicraft goods by a person who is exempted from registration requirement. It is also worth mentioning that there are instances when the value of goods may rise above Rs. 50,000/- but e-ways bills are not required to be generated like (i) in case of movement of exempted goods, (ii) goods falling under Schedule-III, (iii) goods being transported through a non-motorised conveyance, (iv) goods being transported from customs port, airport, etc.

## 3. Reverse charge mechanism

Normally, taxes are to be paid by the supplier of goods and services. However, for varying reasons, in certain cases, the Government decides to shift

this burden on to the recipient. Section 9(3) provides that in case of supply of goods as notified under *Notification No.-4/ 2017-CT(R), dated 28-Jun-2017* and in case of supply of services as notified under *Notification No.-13/ 2017-CT(R), dated 28-Jun-2017*, the tax shall be paid under RCM by the recipient. Section 9(4) provides that “promoters” as class of registered persons shall pay tax under RCM on receipt of goods or services from unregistered persons as notified vide *Notification No.-7/ 2019-CT(R), dated 29-Mar-2019*.

#### 4. Returns and payment of tax

##### *Details of outward supplies (S.37 read with R.59)*

Every registered person, other than – (i) an input service distributor (ii) a non-resident taxable person (iii) composition taxpayer (iv) TDS deductor (v) TCS collector (vi) supplier of OIDAR services shall furnish the details of outward supplies in Form GSTR-1 electronically on or before the 11<sup>th</sup> day of

the month succeeding the tax period.

##### **Filing of return in Form GSTR-3B [S.39 read with R.61(5)]**

Every registered person having an aggregate turnover above Rs. 5 crores in the previous financial year shall file return in Form GSTR-3B, on or before the 20<sup>th</sup> day of the month succeeding the tax period. However, in cases where the aggregate turnover is up to Rs. 5 crores, the due dates are prescribed as given below:

S. No.	Class of registered persons	Due Date
1.	Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.	Twenty-second day of the month succeeding such quarter
2.	Registered persons whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories.	Twenty-fourth day of the month succeeding such quarter



Normally, taxes are to be paid by the supplier of goods and services. However, for varying reasons, in certain cases, the Government decides to shift this burden on to the recipient.



Section 31 mandates to issue a Tax-Invoice in case a registered person is making taxable supply and to issue a Bill of Supply in case of exempted supplies or paying tax under the provisions of section 10.

##### **QRMP scheme**

As a measure of trade facilitation, the Board has introduced QRMP Scheme, i.e., Quarterly Return Monthly Payment Scheme. In this scheme, a registered person having an aggregate turnover up to Rs. 5 crores may be allowed to furnish return on quarterly basis along with monthly payment of tax, w.e.f.

1-Jan-2021. In this respect, the Board has issued *NN-81/ 2020-CT, NN-82/ 2020-CT, NN-84/ 2020-CT, NN-85/ 2020-CT, all dated 10-Nov-2020* along with a *Circular No. 143/ 13/ 2020-GST, dated 10-Nov-2020*. The abovementioned notifications read with the said Circular make it clear about the ins and outs of such scheme. The scheme comprehends as under-



Every registered person having an aggregate turnover above Rs. 5 crores in the previous financial year shall file return in Form GSTR-3B, on or before the 20th day of the month succeeding the tax period.

- i. A registered person who is required to furnish a return in Form GSTR-3B and whose aggregate turnover is up to Rs. 5 crores in the preceding financial year is eligible for the QRMP scheme.
- ii. The scheme would be effective from 1-Jan-2021.
- iii. In case the aggregate turnover exceeds Rs. 5 crores during any quarter in the current financial year, the registered person shall not be eligible for the scheme from the first month of the quarter during which his aggregate turnover exceeds Rs. 5 crore.
- iv. The detailed procedure to opt in and to opt out has been explained in the said Circular.
- v. The registered person opting for the scheme would be required to furnish the details of outward supply in Form GSTR-1 on quarterly basis.
- vi. For each of the first and second months of the quarter, such registered person will be having the facility, as per his choice, to furnish details of his outward supplies to a registered person under IFF i.e., Invoice Furnishing Facility.
- vii. The registered person under the scheme would be required to pay the due tax in each of the first two months of the quarter by depositing the due amount in Form GST PMT-06 by the 25<sup>th</sup> day of the month succeeding such month. Such payment of taxes can be made by selecting either fixed sum method or self-assessment method as explained in the Circular.
- viii. Such registered persons would be required to furnish Form GSTR-3B, for each quarter, on or before 22<sup>nd</sup> or 24<sup>th</sup> day of the month succeeding such quarter.

**Composition taxpayers (S.39 read with R.62)**

Every composition taxpayer shall furnish a statement on quarterly basis containing the details of payment of self-assessed tax in Form GST CMP-08, till the 18<sup>th</sup> day of the month succeeding such quarter and furnish a return for every financial year in Form GSTR-4 till the 30<sup>th</sup> day of April, following the end of such financial year.

**Return by non-resident taxable person (S.39 read with R.63)**

Every registered non-resident taxable person shall furnish a return, giving details of outward and inward supplies, in Form GSTR-5, within 20 days after the end of a tax period or within 7 days after the last day of the validity period of registration, whichever is earlier.

**Return by input service distributor (S.39 read with R.65)**

Every input service distributor shall furnish electronically, a monthly return in Form GSTR-6, containing the details of tax invoices on which credit has been received and those issued under section 20, on or before the 13<sup>th</sup> day of the succeeding month.

**Return by TDS deductor (S.39 read with R.66)**

Every TDS deductor under section 51 shall furnish a return in Form GSTR-7, on or before 10<sup>th</sup> of the succeeding month along with payment of taxes; else interest shall be paid @18%, for the period tax remains unpaid.

**Return by TCS collector (S.52)**

Every operator who collects tax at source shall furnish a statement in Form GSTR-8, containing the details of outward supplies affected through it, including the supplies returned through it during a month, within 10 days



Every TDS deductor under section 51 shall furnish a return in Form GSTR-7, on or before 10th of the succeeding month along with payment of taxes; else interest shall be paid @18%, for the period tax remains unpaid.

after the end of such month. The TCS is also required to be deposited along with furnishing of such return.

#### ***Details on inward supplies by UIN holder (R.82)***

Every person, who has been issued a UIN and claims refund of the taxes paid on his inward supplies, shall furnish the details of such supplies, in Form GSTR-11, along with an application for such refund claimed.

#### ***First return (S.40)***

Every registered person who has made outward supplies in the period between the date on which he became liable for registration and the date on which the registration has been granted, shall declare the same in the first return filed by him after grant of registration.

#### ***Annual return (S.44 read with R.80)***

- i. Every registered person, other than an ISD, TDS deductor, TCS collector, a casual taxable person, a non-resident taxable

person, a person supplying OIDAR from a place outside India to a person in India, any department of the CG/ SG/ local authority whose books of accounts are subject to audit by CAG of India, an airline company (NN-9/ 2020-CT, dated 16-Mar-2020), shall furnish an annual return in Form GSTR-9, for every financial year.

- ii. Taxable person paying tax under composition levy shall furnish the annual return in Form GSTR-9A.
- iii. Every electronic commerce operator who is required to collect tax at source under section 52 shall furnish the annual statement in the Form GSTR-9B.
- iv. Every registered person, whose aggregate turnover during a financial year exceeds Rs. 5 crore, shall furnish a self-certified reconciliation statement in the Form GSTR-9C along with a copy of his audited annual accounts.
- v. All such returns are to be filed on or before the 31<sup>st</sup> day of December, following the end of such financial year. However, taxpayers having AATO upto Rs. 2 crores are exempt from the requirement of furnishing annual return for FY 2020-21.

#### ***Final return (S.45 read with R.81)***

Every registered person who is required to furnish return under section 39 and whose

registration has been cancelled shall furnish a final return in the Form GSTR-10, within three months from the date of cancellation or date of order of cancellation, whichever is later.

#### **5. Payment of taxes**

Every taxpayer shall discharge his tax liability on or before the due date of furnishing his return. Under GST law, returns cannot be filed without discharging the applicable liability. Amount available in electronic cash ledger may be used for payment of tax, interest, penalty, fee or any other amount payable in the manner prescribed in rule 87. Amount available in electronic credit ledger may be used for payment of tax in the manner prescribed in the rule 86. Electronic credit ledger cannot be used for making payments on account of interest, fee, penalty or any other payments. The manner of utilization of ITC available in electronic credit ledger is given under section



Every registered person who is required to furnish return under section 39 and whose registration has been cancelled shall furnish a final return in the Form GSTR-10, within three months from the date of cancellation or date of order of cancellation, whichever is later.

49(5), 49A and 49B of the Act. Interest for delayed payment of taxes shall be charged as per section 50.

## 6. Job work compliances (S.143)

The word 'job work' has been defined under section 2(68) to mean any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly. In case, inputs are sent for job work and are not brought back or supplied within 1 year and if capital goods are sent to a job worker and are not brought back or supplied within 3 years, it would be considered as deemed supply on the date when such inputs/ capital goods were originally sent to the job worker. The details of challans in respect of goods dispatched to a job worker or received from a job worker during a quarter shall be reported in Form GST ITC-04 to be furnished for that period, on or before the 25<sup>th</sup> day of the month succeeding the said quarter.



The word 'job work' has been defined under section 2(68) to mean any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly.

## 7. Accounts and Records (S. 35, 36 read with R.56, 57, 58)

### *Maintenance of accounts and records*

As per the provisions of section 35, every registered person has to maintain accounts and records at principal place of business in respect of- (i) production or manufacture of goods (ii) inward and outward supply of goods/ services (iii) stock of goods (iv) ITC availed (v) output tax payable and paid. In case of more than one place of business, such records are to be maintained at every place of business specified in the certificate of registration. The Central Government vide *Circular No. 23/ 23/ 2017-GST dated 21-Dec-2017* provided clarification on issues in respect of maintenance of books of accounts relating to additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber, etc.

### *Retention of records*

Section 36 provides that the period of retention of such accounts and records shall be for 72 months from due date of furnishing of annual return. However, in case of appeal, revision or any other Court proceedings, accounts pertaining to the subject matter of such proceeding are required to be maintained for a period of one year after disposal of such matter or 72 months, whichever is later.

### *Types of records*

Rule 56 gives detailed information about the accounts and records to be maintained by a registered person in a comprehensive manner. This rule talks about various types of records to be maintained, whether stock records are to be maintained, records relating to advances received from customer,



Rule 57 gives us an understanding about the generation and maintenance of electronic records. This rule comprehensively covers the manner of taking backup of electronic records, production of records before the proper officer along with passwords.

records relating to payment of taxes made, records relating to sundry debtors and creditors, consequences of goods stored at place other than declared places, place where books are to be kept, log of entries edited or removed, serial number of books, presumption of ownership of documents, records to be maintained by an agent, additional records to be maintained by a manufacturer, additional records to be maintained by a service provider, specific records to be maintained by a works contractor, records in electronic form, preservation of records, records by a transporter or clearing and forwarding agent.

### *Electronic records*

Rule 57 gives us an understanding about the generation and maintenance of electronic records. This rule comprehensively covers the manner of taking backup of electronic records, production of records before the proper officer along with passwords.

Rule 58 talks about records to be maintained by the owner or operator of godown or warehouse and transporters. ■■■