

**Notice calling for suggestions, views, comments etc. from stakeholders**  
**on comprehensive changes in FORM GSTR-3B**

A proposal of comprehensive changes in **FORM GSTR-3B** was deliberated by the GST Council in its 47<sup>th</sup> meeting held at Chandigarh on 28<sup>th</sup> and 29<sup>th</sup> June 2022. The Council recommended that the said proposal may be placed in public domain for seeking inputs and suggestions of the stakeholders.

Accordingly, the general public and the trade at large are hereby informed that a detailed Concept Paper on comprehensive changes in **FORM GSTR-3B** is enclosed.

All members of the trade/ stakeholders are requested to kindly furnish their views/comments/suggestions on the Concept Paper latest by 15<sup>th</sup> September 2022 at [gstpolicywing-cbic@gov.in](mailto:gstpolicywing-cbic@gov.in) so as to facilitate finalization of the matter.

Enclosures: Concept Paper along with Annexure-A (**FORM GSTR-3B**) and Annexure-B (Instructions)

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## **Comprehensive changes in FORM GSTR-3B**

A comprehensive study has been done in respect of the return required to be filed under section 39 of the CGST Act by considering *inter alia* various representations and suggestions received over a period of time. Brief history of return filing under GST, amendments made in the Finance Act, 2022 in respect of the provisions related to Returns and elaborate proposal for changes in **FORM GSTR-3B** are discussed below. **The proposed changes ensure that the GSTR1-GSTR2B linkage remains intact and as far as possible, the GSTR-3B should be auto-generated consequent to furnishing details in FORM GSTR-1.**

### **A. Brief history of return filing under GST:**

1. The original design of return involved an elaborate process of filing of GSTR-1, 2 & 3 in a sequence which also envisaged inter-linking with back and forth flow of invoices. However GSTR-1-2-3 model were kept in abeyance. Instead, as an interim measure, a summary return in **FORM GSTR-3B** was introduced, along with the statement of outward supplies in **FORM GSTR-1**.
2. Subsequently, a new return system was envisaged (ANX-1/ ANX-II and RET-01). Section 43A was also inserted into the CGST Act vide CGST Amendment Act, 2018. However, section 43A was not notified.
3. In the 39<sup>th</sup> meeting of the GST Council, it was recommended that the transition to the new return system may be made in an incremental manner by:-
  - i. the linking of the input tax credit in **FORM GSTR-3B** to the details of the supplies reflected in the **FORM GSTR-2A**;
  - ii. linking of the details of the statement of outward supplies in **FORM GSTR-1** to the liability in **FORM GSTR-3B**.
4. In the 42<sup>nd</sup> GST Council meeting, it was recommended that the present system of **GSTR-1/3B return filing to be continued and the GST laws may be amended to make the GSTR-1/3B return filing system as the default return filing system.**

**B. Amendment recommended by the Council in the provisions related to Returns:**

Amendments in CGST Act were recommended by the GST Council in its 43<sup>rd</sup> meeting to align the GST Law with the GSTR-1/ 2B/ 3B return filing system. The salient features of proposed return filing are as below:

- i. Filing of **FORM GSTR-1** to be mandatory before filing of return in **FORM GSTR-3B**;
- ii. Filing of **FORM GSTR-1** to be sequential;
- iii. No two-way communication while filing return;
- iv. Provision of furnishing of details of inward supplies to be removed, instead **FORM GSTR-2B** (static return) shall be made available to recipients;
- v. Restrictions in ITC to extend where details of the Input Tax Credit of such supplies which have not been communicated to the registered persons
- vi. Provisions for Spike Rules to be incorporated in Section 37 & 38

Accordingly, based on the recommendations of GST Council, amendments have been made in the return related provisions of the CGST Act, through the Finance Act, 2022 and will come into effect once the said provisions of the Finance Act, 2022 are notified.

**C. Major demands by taxpayers in GSTR-3B:**

- i. It has been a long pending demand of trade and industry to allow amendment in **FORM GSTR-3B**. At present, any omission or mistake made while filing a GSTR-3B return, can be rectified in the return to be furnished for the month/ tax period during which such omission or mistake are noticed. Such rectifications/ adjustments can be made upto due date of filing return for September of the next year, or the date of filing annual return, whichever is earlier.
- ii. In exceptional circumstances, sometimes value of credit notes issued by a supplier exceeds value of invoices and debit notes issued by him during a tax period. This leads to net negative value of supplies for the taxpayer in the said tax period. Presently, negative values are not allowed to be reported in any table of **GSTR-3B**. Similarly, recipient may have to report negative values in ITC table due to receipt of credit notes in a month whose value is more than the total ITC available for the month. Trade and industry have been asking the facility of reporting negative values since long.

- iii. There is currently no clarity with respect to reporting of various kind of reversals of ITC in specific rows of FORM GSTR-3B. Ineligible ITC as per section 17(5) has to be reported in Table 4(D). However, while some taxpayers report it in Table 4(D), others just take net ITC (after reducing ineligible credit) in Table 4(A).
- iv. Taxpayers face difficulty in reconciling various reversals and subsequent reclaims of ITC. Reversal may be required due to conditions such as goods not received/ non-payment of consideration within 180 days. However, ITC reversed may be reclaimed later. Currently, no specific rows for such reversals and reclaims is provided which makes reconciliation difficult for the taxpayer.

**D. Major demands for better tax administration:**

- i. Auto-population of values from GSTR-1 into GSTR-3B in specific rows: This would establish one-to-one correspondence to a large extent between rows of GSTR-1 & GSTR-3B, thereby providing clarity to the taxpayer and tax officers.
- ii. Restricting editing of values auto-populated in GSTR-3B from GSTR-1: **FORM GSTR-3B** may be designed such that going forward it may be feasible to put restriction on editing of specific rows in GSTR-3B in line with extant provisions of CGST Act.
- iii. Streamlining the process of settlement of IGST revenues: The ITC reversed needs to be considered for Settlement of IGST. Further, amendments made by taxpayer in those details which are required for settlement purpose (viz. in Table-3.2 or section 17(5) reversals etc.) needs to be captured for ensuring accurate settlement of IGST revenues. Distinction must be made between:
  - a. the ITC reversed which need not be reclaimed in future; and
  - b. the ITC which is reversed but may be claimed in future.
- iv. Line-wise entry in **FORM GSTR-3B** will facilitate the process of scrutiny and audit by the tax administration due to availability of better quality of data. This will in turn help in revenue mobilization efforts of tax administration.

**E. Present FORM GSTR-3B structure:**

- i. Auto drafted Input Tax Credit statement in **FORM GSTR-2B** has been made available to the taxpayer w.e.f. August 2020 containing all data regarding ITC available based on B2B supplies received from other persons, imports, ISD and RCM supplies
- ii. Auto-population of ITC and liabilities in **FORM GSTR-3B** (Payment return) from **FORM GSTR-2B** (auto-generated inward supply statement) and **FORM GSTR-1** (Outward supply statement) respectively has been started w.e.f. December 2020 which has simplified the return filing.

**F. PROPOSAL FOR CHANGES IN FORM GSTR-3B:**

Keeping in view the challenges of taxpayers as detailed above and the journey of return enhancements done till date, it is proposed to make changes in the format of GSTR-3B which would cover the following aspects:

- i. **Auto-population of values from GSTR-1 into GSTR-3B in specific rows:**  
This would establish one-to-one correspondence to a large extent between rows of GSTR-1 & GSTR-3B, thereby providing clarity to the taxpayer and tax officers. Further, it would minimize requirement of user input in GSTR-3B and ease GSTR-3B filing process.
- ii. **Provision for allowing amendment in GSTR-3B vide insertion of various amendment tables for outward supplies, input supplies liable to reverse charge and ITC:** Since **FORM GSTR-1** and **FORM GSTR-2B** have been linked with **FORM GSTR-3B**, it is recommended that amendment in **FORM GSTR-3B**, as far as feasible, should flow from amendment in **FORM GSTR-1**, as far as outward liabilities are concerned. Even in the new return system which was envisaged, the amendment in RET-1(RET-1A) was proposed through amendment in details of outward supply (ANX-1/ANX-1A). Therefore, for giving more clarity to the taxpayers, separate amendment table (for liabilities) may be introduced in **FORM GSTR-3B** so that any amendment made in **FORM GSTR-1** gets reflected in **FORM GSTR-3B** clearly. Similarly, an amendment table may also be incorporated in **FORM GSTR-3B** to show any amendment in ITC portion. [*The amendment tables may be activated only on selection by taxpayers*]

- iii. Allowing **negative values in GSTR-3B** & carrying forward the negative values of previous tax period to current tax period.
- iv. Providing specific rows for showing **various reversals and subsequent reclaims of ITC**.
- v. **Streamlining the process of settlement of IGST revenues:** The ITC reversed needs to be considered for Settlement of IGST. Further, amendments made by taxpayer in those details which are required for settlement (viz. in Table-3.2 or section 17(5) reversals etc.) need to be captured for ensuring accurate settlement of IGST revenues. Distinction must be made between:
  - a. the ITC reversed which need not be reclaimed in future; and
  - b. the ITC which is reversed but may be claimed in future.

3. Based on the above mentioned principles, GST Council in its 47<sup>th</sup> meeting held at Chandigarh on 28<sup>th</sup> and 29<sup>th</sup> June 2022 has recommended that proposal for comprehensive changes in **FORM GSTR-3B** to be placed in public domain for seeking inputs/ suggestions of the stakeholders. Accordingly, a draft **FORM GSTR-3B** return which is enclosed to this note as **Annexure A** and Explanatory instructions relating to the draft return are enclosed as **Annexure B** are placed **for seeking inputs/suggestions of the stakeholders**.

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**FORM GSTR-3B**

[See rule 61(1)]

**Monthly / Quarterly Return**

Year	y	y	y	y
Month/ Quarter				

1.	GSTIN																
2(a).	Legal name of the registered person	<Auto >															
2(b)	Trade name, if any	<Auto >															
2(c)	ARN	<Auto >(after filing)															
2(d)	Date of filing	<Auto >(after filing)															

**3. Details of Outward Supplies and inward supplies liable to reverse charge****Part A: Outward Supplies, inward supplies liable to reverse charge, supplies under section 9(5) and advances received/adjusted**

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(a) Taxable outward supplies (other than zero rated, deemed export, reverse charge, nil rated, exempted)	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
(b) Exports	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
(c) Supplies made to SEZ unit or SEZ developer	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
(d) Deemed exports	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
(e) Outward supplies attracting reverse charge	<Auto>	<NIL>	<NIL>	<NIL>	<NIL>
(f) Inward supplies (liable to reverse charge)					
(1) Import of services	<Manual>	< Manual>	< Manual>	< Manual>	< Manual>
(2) Others	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
(g) Supplies on which ECO is required to pay tax u/s 9(5) [To be furnished by ECO]	< Auto >	< Auto >	< Auto >	< Auto >	< Auto >
(h) Supplies made through ECO on which ECO is required to pay tax u/s 9(5) [To be furnished by the supplier]	<Auto>	<NIL>	<NIL>	<NIL>	<NIL>
(i) Other outward supplies (Nil rated, exempted)	<Auto>	<NIL>	<NIL>	<NIL>	<NIL>
(j) Non-GST outward supplies	<Auto>	<NIL>	<NIL>	<NIL>	<NIL>

(k) Advances received/Advances adjusted in the current tax period	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>
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**Part B: Out of the supplies shown in Part-A above, details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders**

Nature of Supplies	Place of Supply (State/UT)	Total Taxable value	Amount of Integrated Tax
1	2	3	4
(a)Supplies made to unregistered persons	<Auto>	<Auto>	<Auto>
(b) Supplies made to composition taxable persons	<Auto>	<Auto>	<Auto>
(c) Supplies made to UIN holders	<Auto>	<Auto>	<Auto>

**Part C: Amendment Table**

Nature of Supplies	Tax Period to which it pertains	Differential taxable value	Differential Integrated Tax	Differential Central Tax	Differential State/UT Tax	Differential Cess	Place of Supply
1	2	3	4	5	6	7	8
(a) Amendment made in the statement of outward supplies relating to details furnished in Part-A in earlier tax period	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	
(b) Amendment to inward supplies attracting reverse charge i.e. row (f) of Part-A furnished in earlier tax period	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>	<Auto>	
(c) Amendments made in the statement of outward supplies relating to details furnished in Part-B in earlier tax period <i>[This being subset of (a), not to be added in tax liability; only required for settlement purpose]</i>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>	<Auto,NE>

**Part D: Negative value carried forward from previous tax period**

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(a) Negative value carried forward other than (b)	<Auto, NE>	<Auto, NE>	<Auto, NE>	<Auto, NE>	<Auto, NE>
(b) Negative value carried forward in respect of RCM supplies	<Auto, NE>	<Auto, NE>	<Auto, NE>	<Auto, NE>	<Auto, NE>



#### 4. Eligible and ineligible ITC

Description	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5
<b>(A) ITC Available</b>				
(1) Import of goods	<Auto>	<Auto>	<Auto>	<Auto>
(2) Import of services	<Manual>	<Manual>	<Manual>	<Manual>
(3) Inward supplies liable to reverse charge (other than 2 above)	<Auto>	<Auto>	<Auto>	<Auto>
(4) Inward supplies from ISD	<Auto>	<Auto>	<Auto>	<Auto>
(5) ITC on Domestic Inwards Supplies excluding 1 to 4	<Auto>	<Auto>	<Auto>	<Auto>
(6) ITC reclaimed				
(a) ITC which was reversed in (B)(4)(a) in earlier tax period	<Manual>	<Manual>	<Manual>	<Manual>
(b) ITC which was reversed in (B)(4)(b) in earlier tax period	<Manual>	<Manual>	<Manual>	<Manual>
(c) ITC which was reversed in (B)(4)(c) in earlier tax period	<Manual>	<Manual>	<Manual>	<Manual>
<b>(B) ITC Reversed</b>				
(1) As per rules 38,42 and 43	<Manual>	<Manual>	<Manual>	<Manual>
(2) As per section 17(5)	<Manual>	<Manual>	<Manual>	<Manual>
(3) On account of credit notes in respect of inward supplies	<Auto>	<Auto>	<Auto>	<Auto>
(4) Others				
(a) On account of section 16(2)(b) i.e. goods/services not received in the current tax period	<Manual>	<Manual>	<Manual>	<Manual>
(b) On account of second proviso to section 16(2)	<Manual>	<Manual>	<Manual>	<Manual>
(c) Others	<Manual>	<Manual>	<Manual>	<Manual>
<b>(C) Net ITC Available [(A) – (B)]</b>	<Auto>	<Auto>	<Auto>	<Auto>

#### 4A. Amendments to details of ITC available and ITC reversed furnished in earlier tax periods

Description	Tax Period to which it pertains	Differential tax			
		IGST	CGST	SGST/UT GST	Cess
1	2	3	4	5	6
(A) Amendment to ITC available		<Manual>	<Manual>	<Manual>	<Manual>
(B) Amendment to ITC reversed					
(1) As per rules 38,42 and 43		<Manual>	<Manual>	<Manual>	<Manual>
(2) As per section 17(5)		<Manual>	<Manual>	<Manual>	<Manual>

Taxpayer will be able to see the tax period to which the amendment pertains

Taxpayer will be able to select the sub-category of ITC available to be amended from drop-down menu

## 5. Payment of tax

[illegible]

**Instructions –**

1. Terms used:
  - a. Auto: Auto-populated
  - b. NE: Non-editable
  - c. POS: Place of Supply
2. Table 3 will capture information related to outward supplies and inward supplies liable to reverse charge:
  - a. **Part-A** will contain details of outward supplies, inward supplies liable to reverse charge, supplies under section 9(5) and advances received/adjusted. Any debit/credit notes issued in the current tax period will not be declared here. Further, any amendment to an invoice, including amendment to debit/credit note, pertaining to earlier tax periods will not be reported here. Part-A will be auto-populated from Tables 4, 6, 8, 11 and proposed Table 14 of **FORM GSTR-1** other than row (f) which will be partly auto-populated from **FORM GSTR-2B** and partly user entry.
  - b. **Part-B** will contain details of inter-state outward supplies made to unregistered persons, composition taxable persons and UIN holders out of the supplies declared in Part-A. It will be auto-populated from relevant entries of Table 4, 5 and 7 of **FORM GSTR-1**.
  - c. **Part-C** will contain amendment made to statement of outward supplies relating to details furnished in Part-A and Part-B in earlier tax period and amendment to inward supplies attracting reverse charge furnished in Part-A of earlier tax period.
    - i. Row (a) will contain amendment made in the statement of outward supplies relating to details furnished in rows (a), (b), (c), (d), (e), (g), (h) and (k) of Part-A furnished in earlier tax period. It will be auto-populated from Tables 9, 10 & 11 of GSTR-1 and will be non-editable. This row will be displayed to the taxpayer only if he shows any amendment/debit note/credit note in **FORM GSTR-1**. PoS column of this row will be masked i.e no value will be entered in the PoS column of this row.
    - ii. Row (b) will contain amendment made to inward supplies attracting reverse charge i.e. row (f) of Part-A furnished in earlier tax period. It will be auto-populated from **FORM GSTR-2B**. However, it can be edited by the taxpayer. Further, taxpayer can select the time period to which such amendment pertains. This table will be activated either on selection by taxpayers or if the debit note, amendment to invoice or amendment to debit note is done by the supplier. PoS column of this row will be masked i.e no value will be entered in the PoS column of this row.
    - iii. Row (c) will contain amendment made in the statement of outward supplies relating to details furnished in Part-B furnished in earlier tax period. It will be auto-populated from Tables 9 & 10 of GSTR-1 and will be non-editable. Further, row (c) being a sub-set of row (a), it will not to be added in tax liability. This row will be displayed to the taxpayer only if he shows any amendment/debit note/credit note in **FORM GSTR-1**.

Column of Place of Supply of this row will be auto-populated from GSTR-1 and will be non-editable.

- d. **Part-D** will contain negative value carried forward from previous tax period. It will contain negative value carried forward from previous tax period in respect of RCM supplies and negative value carried forward from previous tax period in respect of non-RCM supplies. It will be non-editable.
3. Unreported invoice i.e. invoice which has not been declared in **FORM GSTR-1** will be declared in Table 3 Part-A and/or Table 3 Part-B as applicable and not in Table 3 Part-C.
4. Table 4 will capture information related to details of ITC. All availment/reclaim in ITC are to be reported in 4(A) and all reversals in ITC are to be reported in 4(B).
  - a. **4(A)** will contain ITC available on account of import of goods, import of services, inward supplies liable to reverse charge (other than import of services), inward supplies from ISD, any other ITC on domestic inwards supplies and any reclaim of ITC. It is to be noted that row (6) i.e. “ITC reclaimed” will contain all reclaims other than the reclaims pertaining to rule 38, 42 & 43 and section 17(5). Details in 4(A) will be auto-populated from **FORM GSTR-2B** other than ITC pertaining to import of services[4(A)(2)] and ITC reclaimed[4(A)(6)] which will both be entered manually by the taxpayer. Details in 4(A)(3) will be auto-populated from **FORM GSTR-2B** in respect of invoices pertaining to supplies received from registered person only and the taxpayer would be required to manually enter the ITC, if any, pertaining to tax paid on supplies received from unregistered person.
  - b. **4(B)** will contain ITC reversed on account of rule 38, 42 & 43, section 17(5), credit notes and other reversals. Other reversals will include such reversals which are not covered under section 17, viz where invoice is received but supply of corresponding goods/services is not yet received, where consideration has not been paid for the said supply within the time specified under second proviso to section 16(2), etc. Once the eligibility conditions for availing ITC are satisfied, the taxpayer can claim the ITC under “ITC reclaimed” category [Table 4(A)(6)]. Entries in 4(B) will be made manually by the user. However, ITC reversed on account of credit notes[4(B)(3)] will be auto-populated from **FORM GSTR-2B**.
  - c. **4(C)** i.e. “Net ITC Available” will be calculated as difference of values reported in 4(A) and 4(B).
5. Table 4A will contain amendments to details of ITC available and ITC reversed furnished in earlier tax periods. This table will be activated only on selection by taxpayers. Taxpayer will make the entries in this table tax period-wise. While filling Table 4A the following must be ensured:
  - a. Any amendment in ITC due to debit/credit notes will be reported in Table 4 and not in Table 4A.
  - b. Further, it is to be noted that any downward/upward revision in reversal of ITC on account of rule 38, 42 & 43, section 17(5) will be reported in table 4A and not in Table 4.
  - c. Any upward amendment/revision in reversal of ITC other than on account of rule 38, 42 & 43, section 17(5) will be reported in row (B)(4) of Table 4 and any

downward amendment/revision in reversal of such ITC will be reported in row (A)(6) of Table 4.

- d. Any upward amendment/revision in reclaim of ITC other than on account of rule 38, 42 & 43, section 17(5) will be reported in row (A)(6) of Table 4 and any downward amendment/revision of such ITC will be reported in row (B)(4) of Table 4.
6. Table 5 i.e. the payment table will be auto-populated from other tables in **FORM GSTR-3B** and will be non-editable.