




READINESS FOR NEW RETURN FILING SYSTEM

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AGENDA

1

Introduction to New Returns

2

Stakes Holders Involved

3

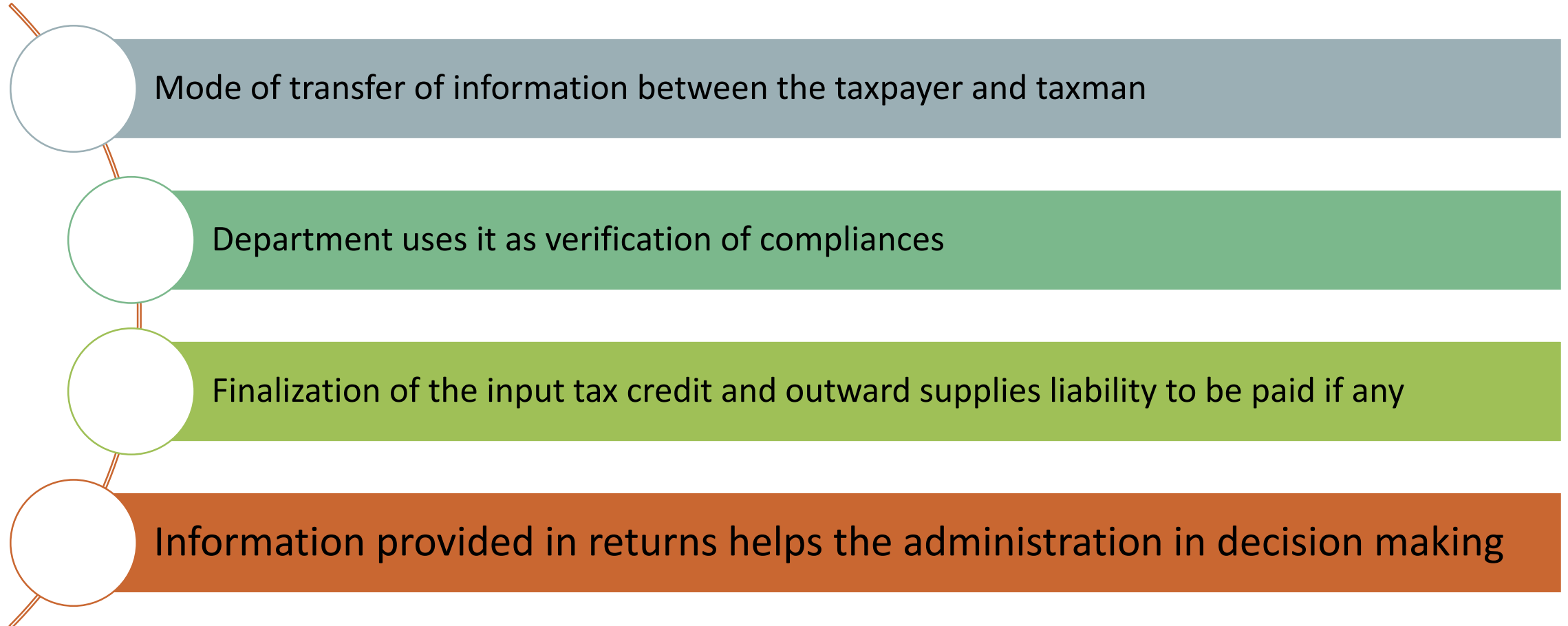
Action Plan

4

Q & A

READINESS FOR NEW RETURN FILING SYSTEM

➤ Why are Returns required to be filed by taxpayers?



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➤ Features of New Returns

Effective from 1st April 2020

HSN is mandatory for reporting in all cases except for B2C

Matching is mandatory for availing ITC

Recipient can update the status as Accept / Reject / Pending for the invoices filed by Supplier

Debit Note / Credit Note need not be mapped to a tax invoice

Different returns based on the taxpayers profile

Staggered Dates for Return filing

Locking of Invoices

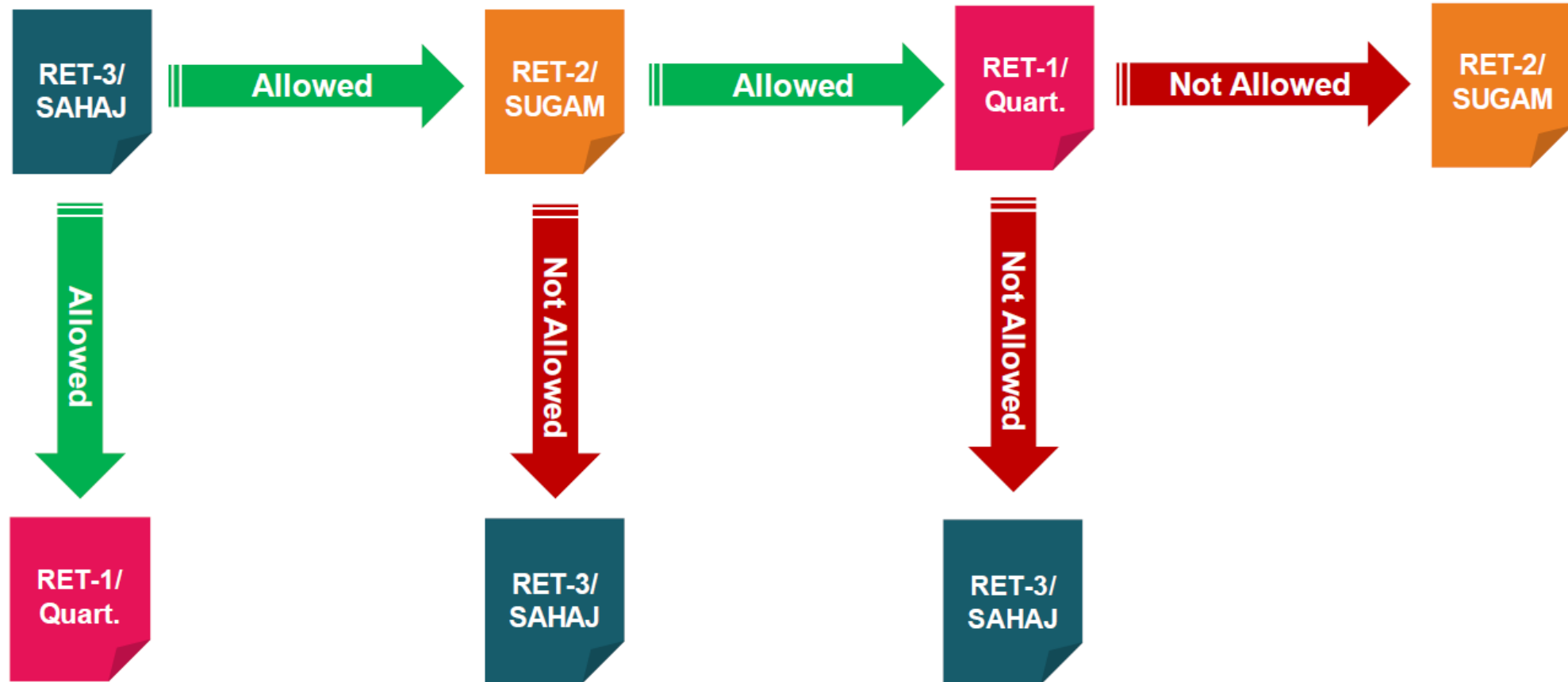
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➤ New Returns – Some more info

Sl.No	Return	Periodicity	Name of the Return	Target Taxpayers
1	GST RET – 1	Monthly Quarterly	/ Normal	Regular Taxpayers
2	GST RET – 2	Quarterly	Sahaj	Small Taxpayers with only B2C transactions
3	GST RET – 3	Quarterly	Sugam	Small Taxpayers with B2C & B2B transactions
4	GST PMT – 08	Monthly		For Payment of Taxes for all taxpayers
5	GST Anx – 1	Monthly Quarterly	/ Outward Supplies	All Taxpayers & Mandatory
6	GST Anx – 2	Monthly Quarterly	/ Inward Supplies	All Taxpayers & it is auto-populated

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- New Returns – Change from one Type of Return to Another



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➤ New Returns – Proposed due dates for filling of returns

Si.No	Category of Taxpayers	Due Date
1	Monthly files	20 th of every month
2	Quarterly filers	25 th of every month

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➤ New Returns – Comparison between three returns for outward supplies

Sl.No	Transaction Type	Sahaj	Sugam	Normal
1	B2C Outward Supplies	✓	✓	✓
2	B2B Outward Supplies	✗	✗	✓
3	Nil Rate, Non GST & Exempted Supplies	✗	✗	✓
4	Inward Supplies attracting reverse charge	✓	✓	✓
5	Supplies through e-commerce operators	✗	✗	✓
6	Other types of Outward Supplies	✗	✗	✓

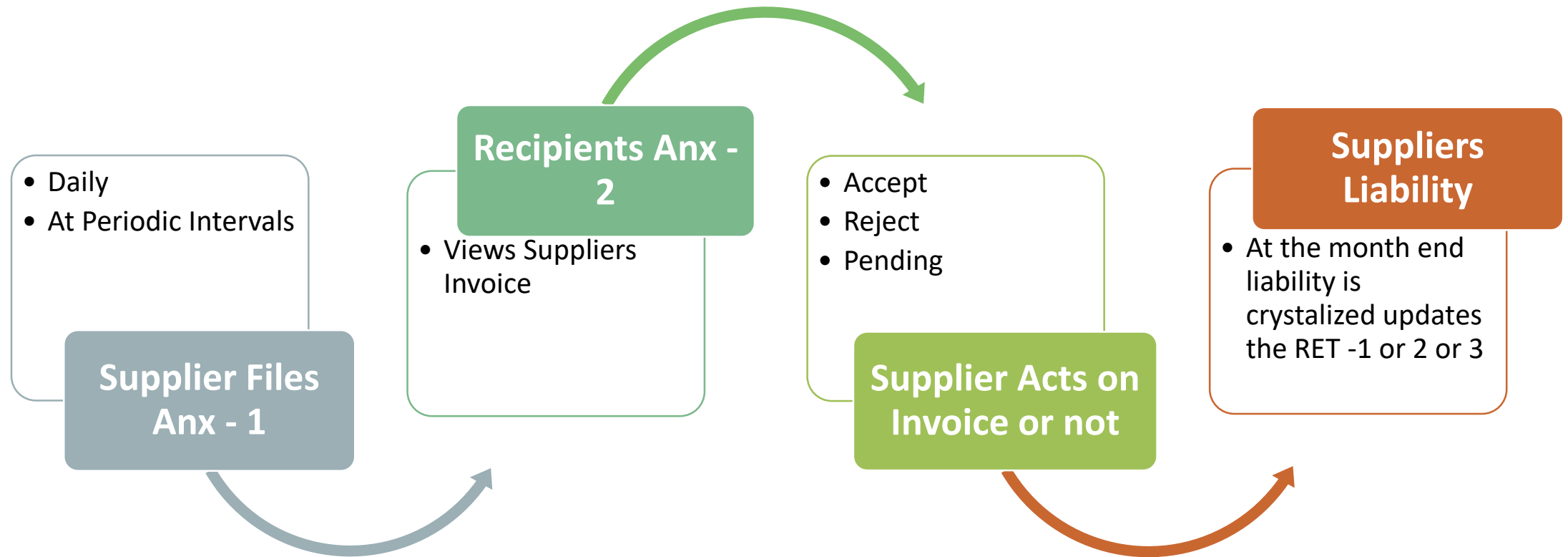
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➤ New Returns – Comparison between three returns for inward supplies

Sl.No	Transaction Type	Sahaj	Sugam	Normal
1	B2B inward supplies	✓	✓	✓
2	Import of Goods from SEZ /SEZ Developers	✗	✗	✓
3	Import of Goods	✗	✗	✓
4	Import of Services	✗	✗	✓
5	Reverse Charge	✓	✓	✓
6	ISD Credit	✗	✗	✓
7	Provisional Credit	✓	✓	✓
8	ITC on invoices not claimed in the previous return filing system	✓	✓	✓

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➤ New Returns – Transaction flow



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➤ New Returns – Transaction flow

Invoice # 1 5th
April 2020

Supplier
Uploads before
15th of April
2020

Accepted –
Credit can be
claimed in April
2020

Invoice # 2 25th
April 2020

Supplier
Uploads before
27th of May
2020

Accepted –
Credit will be
available in May
2020

Invoice # 3 29th
April 2020

Supplier
Uploads on 29th
of April 2020

Pending –
Credit cannot be
claimed in May
2020

STAKE HOLDERS



IT TEAM

Internal IT Team
Oursourced IT Team
OEM
Third Party



MANAGEMENT

Top Management
Senor Management
Top down approach



FINANCE & ACCOUNTS

Taxation Team
Finance Team
Accounts Team



PROCUREMENT

Procurement Team
Supply Management
Team

PREPARATION FOR NEW RETURNS

1. DECODING THE PROVISIONS

2. TRAINING

3. ACCOUNTING

4. AUTOMATION

5. Changes in Procurement Process

6. FOLLOW UP WITH VENDORS

7. FUND MANAGEMENT

8. MANAGEMENT INVOLVEMENT

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DECODING THE PROVISIONS

- The legal requirements of the New Return formats have to be understood in toto.
- The impact of the provisions on the business process has to be identified
- If required organizations have to engage the external teams for the impact analysis.
- Impact of the e-invoicing is also required to be considered
- In case of organizations having turnover above Rs 500 crores, impact of the generation of the dynamic QR Code on the tax invoices for the B2C also has to be factored.

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TRAINING

- Stake holder who are impacted by the new provisions has to be identified – Taxation team, Accounts, Finance, Purchases, Sales, IT, Internal Audit & any other teams if impacted
- Training calendar has to be published
- Identification of the Trainer
- The trainer should be inhouse person preferably as he/she can talk the language of the organization with examples
- End of the training program a small evaluation exercise can be conducted to gauge the impact of the training.

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ACCOUNTING

- The impact of the Accounting policy has to be analyzed
- If the organization has implemented for adoption of the changes announced in Notification No 49 – Central Tax Dated 9th Oct 2019.
- If the changes are not impacted, the accounting process has to be changed
- At the time of creation of Goods Receipt Note / Material Receipt Note, the actual Input Tax Credit ledger should not be updated, it should be updating the Interim / Suspense Account
- At the time of matching of the Purchase Register with GSTR – 2A, the actual input tax credit should be updated.

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ACCOUNTING

- New Ledgers to be created

Ledgers

Inventory / Services A/c

Interim / Suspense / Provisional ITC – SGST A/c

Interim / Suspense / Provisional ITC – CGST A/c

Interim / Suspense / Provisional ITC – IGST A/c

Interim / Suspense / Provisional ITC – Compensation Cess Alc

- The ledgers to be created is based on the number of registrations/line of business, etc.,

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ACCOUNTING

- Revised Accounting Entry at the time of GRN/MRN/ Purchase Entry

Ledgers	Debit / Credit
Inventory / Services A/c	Dr
Interim / Suspense / Provisional ITC – SGST A/c	Dr
Interim / Suspense / Provisional ITC – CGST A/c	Dr
To Suppliers A/c	Cr

- The ledgers to be created is based on the number of registrations/line of business, etc.,

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ACCOUNTING

- New Accounting Entry at the time of Matching

Ledgers	Debit / Credit
Input Tax Credit – SGST A/c	Dr
Input Tax Credit – CGST A/c	Dr
Interim / Suspense / Provisional ITC – SGST A/c	Cr
Interim / Suspense / Provisional ITC – CGST A/c	Cr

- The new accounting entry can be done manual basis for each and every and transaction or on a consolidated basis with proper workings
- Automation process should be explored as it will reduce the manual errors and save time and cost.

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AUTOMATION

- If the organization is using any of the ERP's or Accounting packages, check with them for an automation solution.
- Automation always helps to save time, cost and saves human errors.
- Deploy the solution first on the test environment and do a complete testing
- Once satisfied with the outcome of the testing move to the production.
- Ensure that the above process is completed before Feb 2020 and do a trial during the month of March, it will help in re configuration if required.
- If the OEM's do not have a solution explore of the third party solutions.
- Have an automated process to reconcile the Anx – 2 data with the Purchase Register basis of the e-invoice data auto populated.

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CHANGE IN PROCUREMENT PROCESS

- Procurement policy should be modified to have GST Compliance as one of the parameters for release of PO/WO/SO
- Have mechanism to identify the Vendors GST compliance at regular intervals
- ERP's can be tweaked with BOLT on applications using the Public API's released by the GSTN – “View & Track Returns”
- To promote the MSME growth we need to handhold them by revising the payment terms so that all the stake holders are not impacted by way of
 - Paying the tax amount upfront and claiming the input tax credit
 - Reducing the credit days
- Have a back up plan for the panel vendors if the existing vendors are not GST compliant wherever possible

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FOLLOW UP WITH VENDORS

- Responsibility has to be fixed on who will follow up with the vendors for return filing status
- The responsible team at regular intervals has to chase the vendors for filing of the returns.
- Alternatively the same can be outsourced for the follow up, reconciliation and filing of the returns after doing the Cost Benefit Analysis.

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FUND MANAGEMENT

- Cost benefit analysis of the availing restricted 10% has to be carried out before taking any decision and implementing it.
- If the organization decides to opt for the same then proper planning has to be done and executed.
- Budgets have to be allocated for training and upgrading the ERP's or Accounting packages.
- Additional fund requirements for the 10% restricted Input Tax Credit has to be projected.
- Basis on the projection, the funds should be raised through additional working capital limits or short term borrowings or decreasing the credit days or promoters infusing additional funds.

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MANAGEMENT INVOLVEMENT

- Change in any organization is challenging, involvement of management should be there from day one.
- The management should be apprised of the impact and the plan to uptake the same.
- If the organization intends to opt for 10% of the restricted input tax credit, then the impact on the additional funds should be apprised to the management so that they can be arranged.

