

Reconciliation between GSTR 2A and GSTR 3B

- Rule 36(4) of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the CGST Rules) has been inserted vide notification No. 49/2019-Central Tax, dated 09.10.2019. The said sub-rule provides **restriction in availment of input tax credit (ITC)** in respect of **invoices** or debit notes, the details of which have **not been uploaded** by the suppliers under sub-section (1) of section 37 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act).
- As per the said restriction, the **maximum available input tax credit** has been clarified to be **120% of the eligible input tax credit** as per Form GSTR 2A
- This being a new provision, the restriction is not imposed through the common portal and it is the responsibility of the taxpayer that credit is availed in terms of the said rule and therefore, the availment of restricted credit in terms of sub-rule (4) of rule 36 of CGST Rules **shall be done on self-assessment basis** by the tax payers.

The following has been clarified about the mechanism of such restriction of input tax credit vide Circular no. 123/42/2019-GST dated 11th November 2019:

Q. What are the invoices/ debit notes on which the restriction under rule 36(4) of the CGST Rules shall apply?

Ans: The **restriction of availment of ITC is imposed only** in respect of **those invoices / debit notes**, details of which are **required to be uploaded by the suppliers** under sub-section (1) of section 37 and which have not been uploaded. Therefore, taxpayers **may avail full ITC in respect of IGST paid on import, documents issued under RCM, credit received from ISD etc.** which are outside the ambit of sub-section (1) of section 37, provided that eligibility conditions for availment of ITC are met in respect of the same. The restriction of 36(4) will be applicable only on the invoices / debit notes on which credit is availed after 09.10.2019.

Q. Whether the said restriction is to be calculated supplier wise or on consolidated basis?

Ans: The restriction imposed is **not supplier wise**. The credit available under sub-rule (4) of rule 36 is linked to **total eligible credit from all suppliers against all supplies** whose details have been uploaded by the suppliers. Further, the calculation would be based on **only those invoices** which are otherwise **eligible for ITC**. Accordingly, those invoices on which ITC is not available under any of the provision (say under sub-section (5) of section 17) would not be considered for calculating 20 per cent. of the eligible credit available.

Q. FORM GSTR-2A being a dynamic document, what would be the amount of input tax credit that is admissible to the taxpayers for a particular tax period in respect of invoices / debit notes whose details have not been uploaded by the suppliers?

Ans: The amount of input tax credit in respect of the invoices / debit notes whose details have not been uploaded by the suppliers shall not exceed 20% of the eligible input tax credit available to the recipient in respect of invoices or debit notes the details of which have been uploaded by the suppliers under subsection (1) of section 37 **as on the due date of filing of the returns in FORM GSTR-1 of the suppliers for the said tax period.** The taxpayer may have to ascertain the same from his auto populated FORM GSTR 2A as available on the due date of filing of FORM GSTR-1 under sub-section (1) of section 37.

Q. How much ITC a registered tax payer can avail in his FORM GSTR-3B in a month in case the details of some of the invoices have not been uploaded by the suppliers under subsection (1) of section 37?

Ans: Sub-rule (4) of rule 36 prescribes that the ITC to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed 20 per cent. of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37. The eligible ITC that can be availed is explained by way of illustrations, in a tabulated form, below.

In the illustrations, say a taxpayer "R" receives 100 invoices (for inward supply of goods or services) involving ITC of Rs. 10 lakhs, from various suppliers during the month of Oct, 2019 and has to claim ITC in his FORM GSTR-3B of October, to be filed by 20th Nov, 2019.

	Details of suppliers' invoices for which recipient is eligible to take ITC	20% of eligible credit where invoices are uploaded	Eligible ITC to be taken in GSTR-3B to be filed by 20 th Nov.

Case 1	Suppliers have furnished in FORM GSTR-1 80 invoices involving ITC of Rs. 6 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers.	Rs.1,20,000/-	Rs. 6,00,000 (i.e. amount of eligible ITC available, as per details uploaded by the suppliers) + Rs.1,20,000 (i.e. 20% of amount of eligible ITC available, as per details uploaded by the suppliers) = Rs. 7,20,000/-
Case 2	Suppliers have furnished in FORM GSTR-1 80 invoices involving ITC of Rs. 7 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers.	Rs. 1,40,000/-	Rs 7,00,000 + Rs. 1,40,000 = Rs. 8,40,000/-
Case 3	Suppliers have furnished in FORM GSTR-1 75 invoices having ITC of Rs. 8.5 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers.	Rs. 1,70,000/-	Rs. 8,50,000/- + Rs.1,50,000/- = Rs. 10,00,000 The additional amount of ITC availed shall be limited to ensure that the total ITC availed does not exceed the total eligible ITC.

Q. When can balance ITC be claimed in case avilment of ITC is restricted as per the provisions of rule 36(4)?

Ans: The Balance ITC may be claimed by the taxpayer in any of the succeeding months provided details of requisite invoices are uploaded by the suppliers. He **can claim proportionate ITC as and when details of some invoices are uploaded by the suppliers**

provided that credit on invoices, the details of which are not uploaded (under sub-section (1) of section 37) **remains under 20 percent of the eligible input tax credit**, the details of which are uploaded by suppliers. Full ITC of balance amount may be availed, in present illustration by "R", in case total ITC pertaining to invoices the details of which have been uploaded reaches Rs. 8.3 lakhs (Rs 10 lakhs/1.20). In other words, **taxpayer may avail full ITC in respect of a tax period**, as and **when the invoices are uploaded** by the suppliers to the extent **Eligible ITC/1.2**. The same is explained for Case No. 1 and 2 of the illustrations provided at SL No.3 above as under:

Case 1	"R" may avail balance ITC of Rs. 2.8 lakhs in case suppliers upload details of some of the invoices for the tax period involving ITC of Rs. 2.3 lakhs out of invoices involving ITC of Rs. 4 lakhs details of which had not been uploaded by the suppliers. [Rs. 6 lakhs + Rs. 2.3 lakhs = Rs. 8.3 lakhs]
Case 2	"R" may avail balance ITC of Rs. 1.6 lakhs in case suppliers upload details of some of the invoices involving ITC of Rs. 1.3 lakhs out of outstanding invoices involving Rs. 3 lakhs. [Rs. 7 lakhs + Rs. 1.3 lakhs = Rs. 8.3 lakhs]

This publication contains information for general guidance only. It is not intended to address the circumstances of any particular individual or entity. Although the best of endeavour has been made to provide the provisions in a simpler and accurate form, there is no substitute to detailed research with regard to the specific situation of a particular individual or entity. S. Khaitan & Associates or any of its officials do not accept any responsibility for loss incurred by any person for acting or refraining to act as a result of any matter in this publication



OFFICE : MOOKERJEE HOUSE,
17, BRABOURNE ROAD, 2ND FLOOR,
KOLKATA - 700001

PHONE NO : 03340687062, +919831912725

EMAIL ID : office@cakhaitan.com
shubham@cakhaitan.com

WEBSITE : www.cakhaitan.com