

# GST – MATCHING & REVERSAL

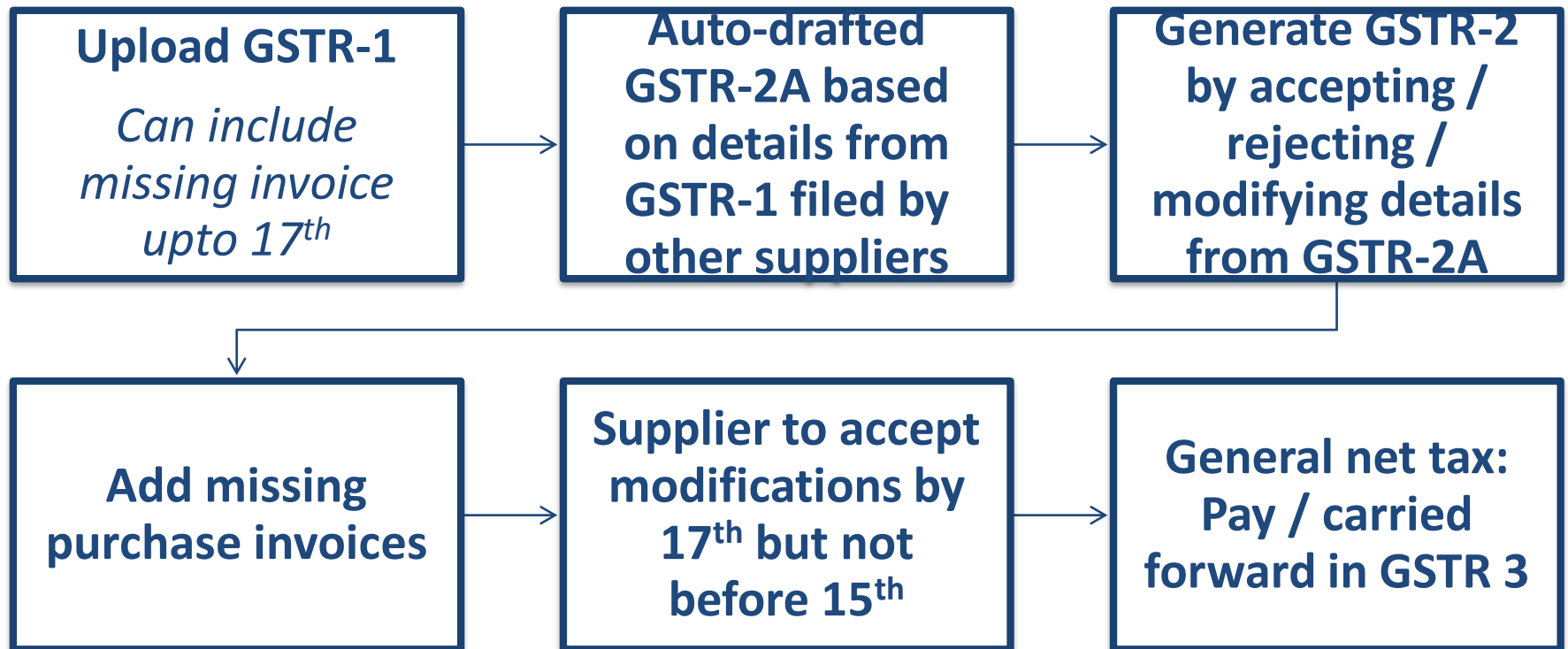


**CA. Rohit R. Bora**

M.com , FCA, DISA, SAP(FI/CO)

[rohit@rcnco.net](mailto:rohit@rcnco.net)

# Returns Process



# Matching of claim of ITC – Sec 42

Details of every inward supply furnished by a recipient for a tax period shall

Be Matched with

The corresponding details of outward supply furnished by the 'supplier' in his valid return

Following things will also be matched

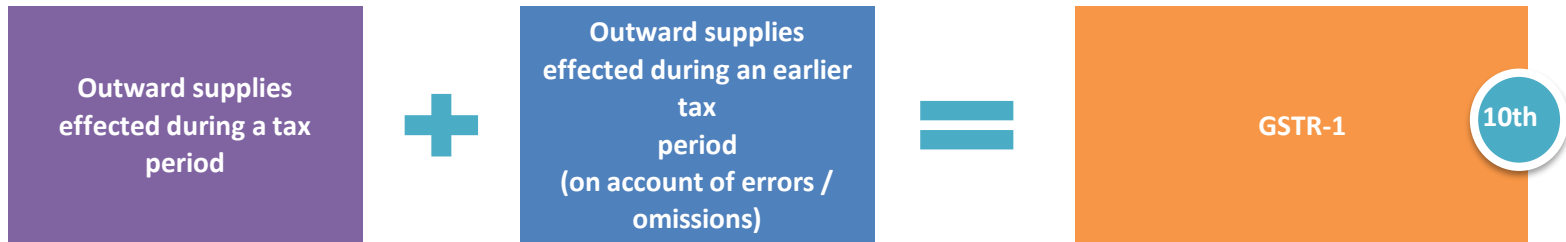
1. GSTIN of supplier
2. GSTIN of recipient
3. Invoice or debit note no
4. Invoice or debit note date
5. Taxable value
6. Tax amount

with the IGST paid under section 3 of the Customs Tariff Act, 1975 (51 of 1975) in respect of goods imported by him

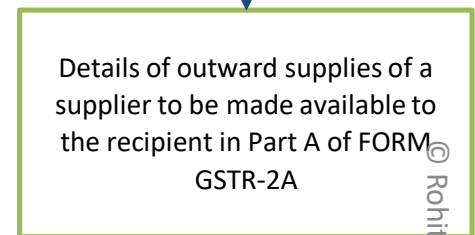
Also in case of duplication of claims of ITC by Recipient

# Manner of furnishing details of outward supplies

## Step 1



## Step 2

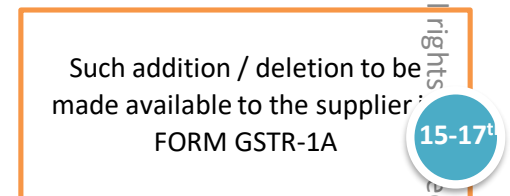


## Step 3

Recipient to add, correct or delete the details of inward supplies in his FORM GSTR-2 or FORM GSTR-4



## Step 4



## Step 5

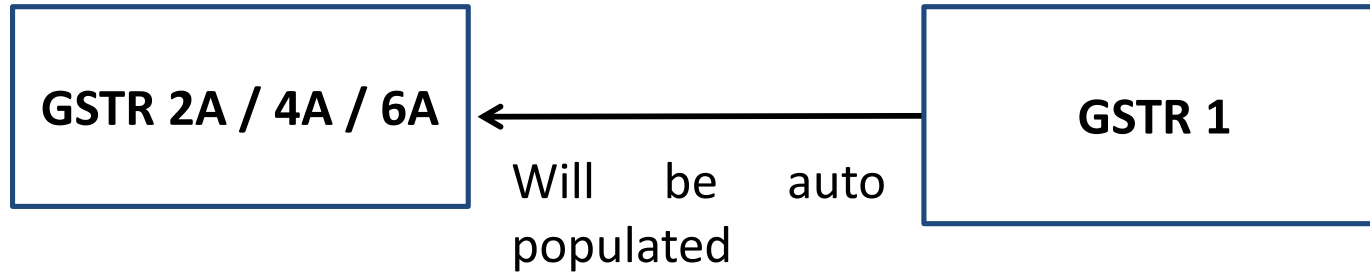
Supplier to either accept or reject the modifications made by the recipient



## Step 6



# GSTR – 1 : Furnishing details of outward supplies

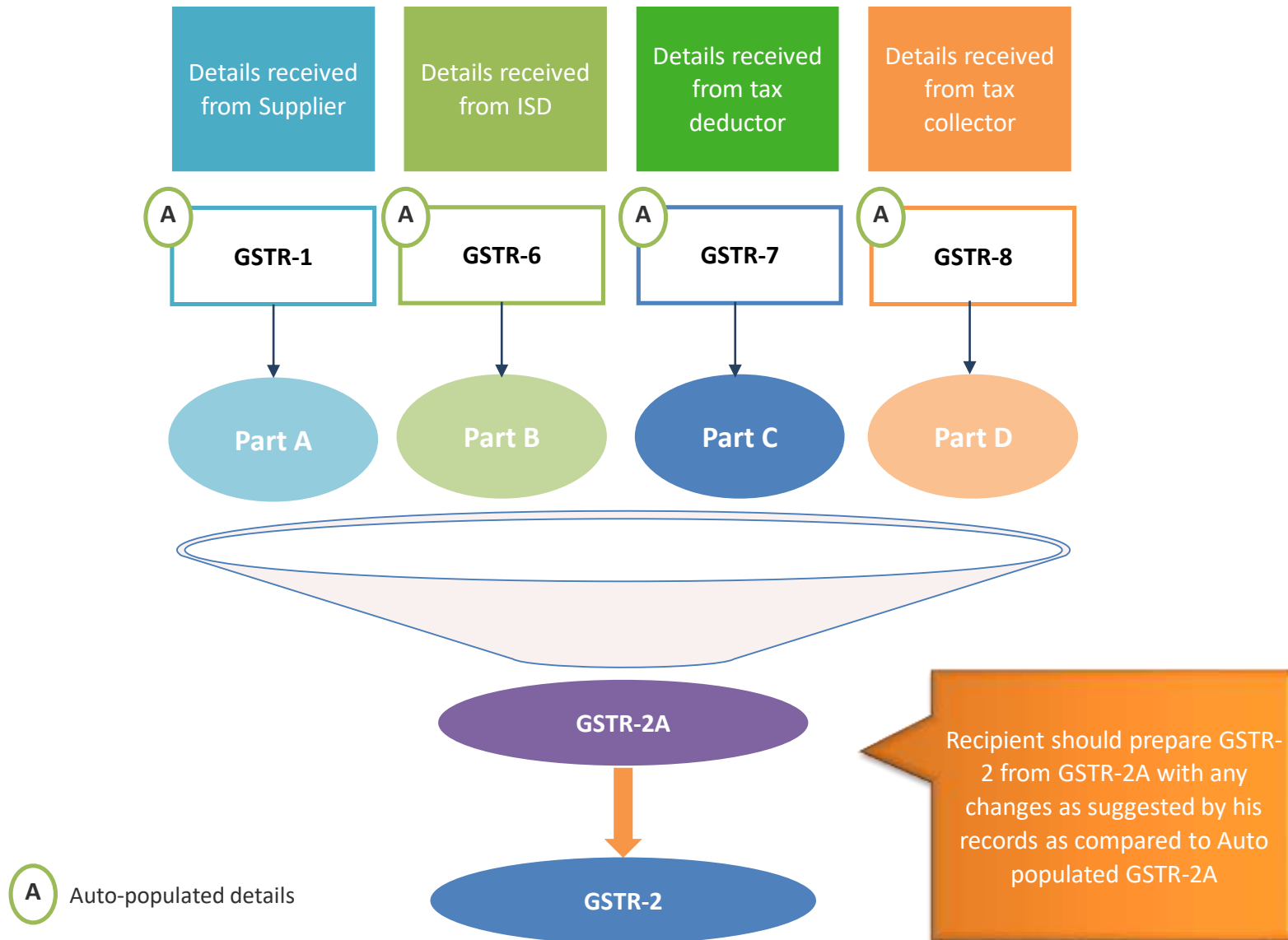


Return can not be filed from 11<sup>th</sup> to 15<sup>th</sup> day of month succeeding the tax period

**Details which were auto generated in GSTR 2A / 4A / 6A can be modified by Receiver in 3 ways**

- **Addition-** Add if invoice not shown by Supplier can add it
- **Correction-** If invoice details is wrongly entered by Supplier than receiver can correct it
- **Deletion** – If invoice is mistakenly added receiver can delete the invoice

# Manner of furnishing details of inward supplies



# Outward and Inward Supplies – Return (GSTR 3)

## Consolidated Return of Outward Supplies and Inward Supplies Return

OUTWARD SUPPLIES includes [goods and / or services]

Zero Rated Supplies and exports	Inter- state / Intra- state supplies and goods return	Debit notes, credit notes and supple mentary invoice	Details to be furnishe d by 10 <sup>th</sup> day succeedi ng the tax period
---	--	---	---

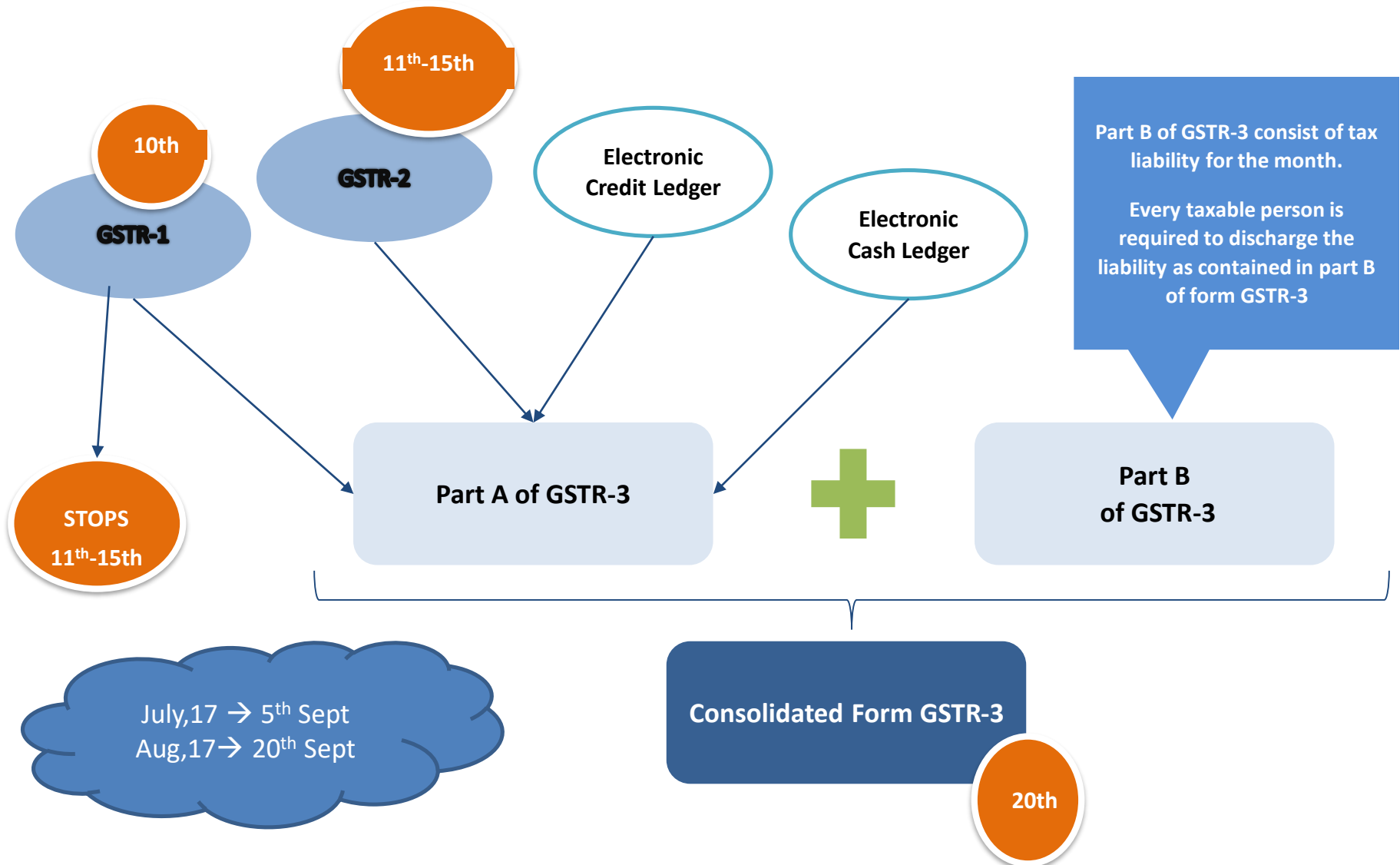
INWARD SUPPLIES includes [goods and / or services]

Credit notes, debit notes	Inward supplies of goods and / or services subject to RCM	Inward supplies of goods and / or services subject to IGST	Details to be furnishe d by 15 <sup>th</sup> day succeedi ng the tax period
------------------------------------	--	---	---

**Note:** Non resident taxable person, ISD and registered person opting composition scheme - not required to file return of Inward Supplies

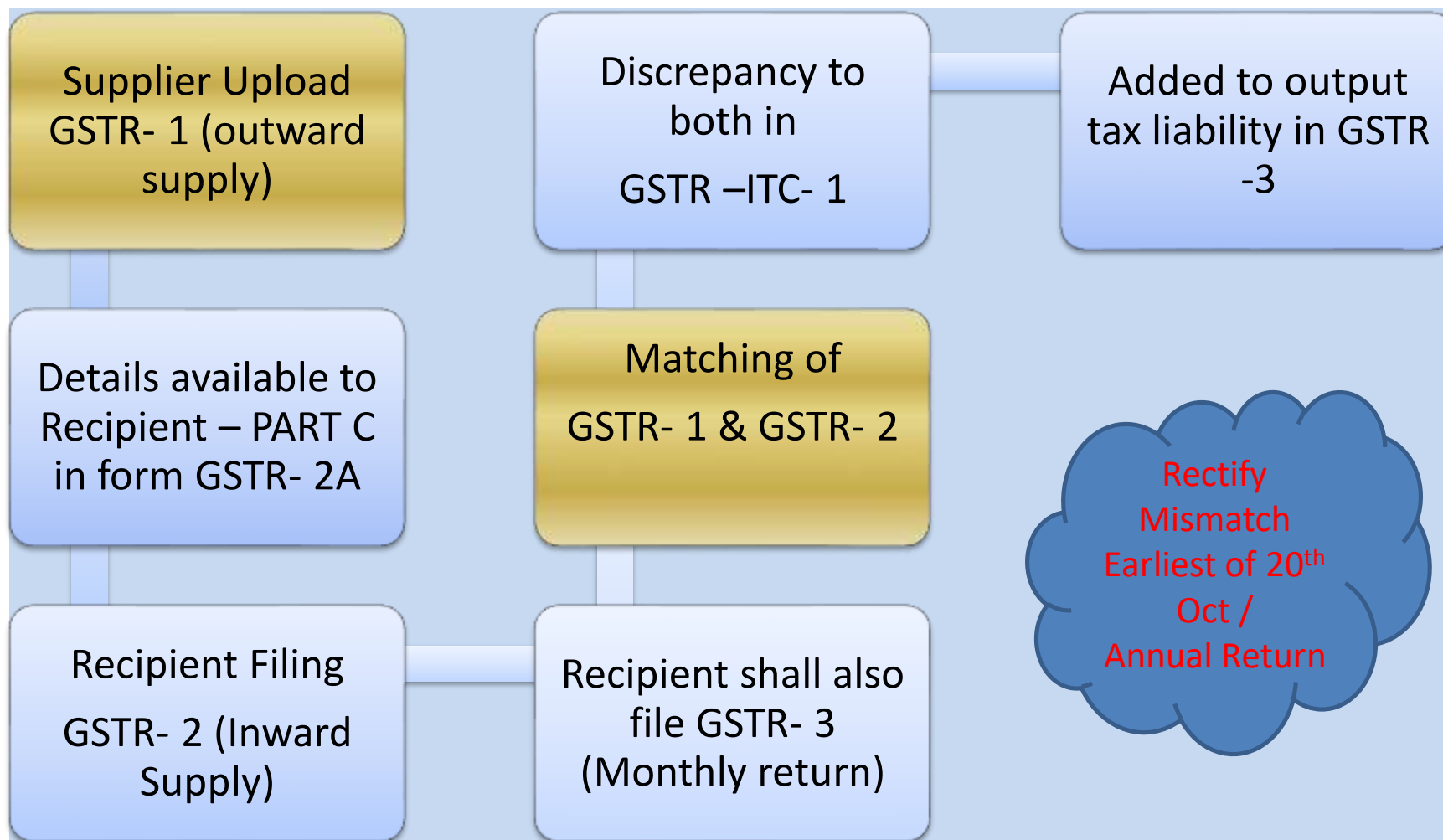
# Manner of furnishing return by a regular person

Form GSTR-3 is divided in two parts as shown below;

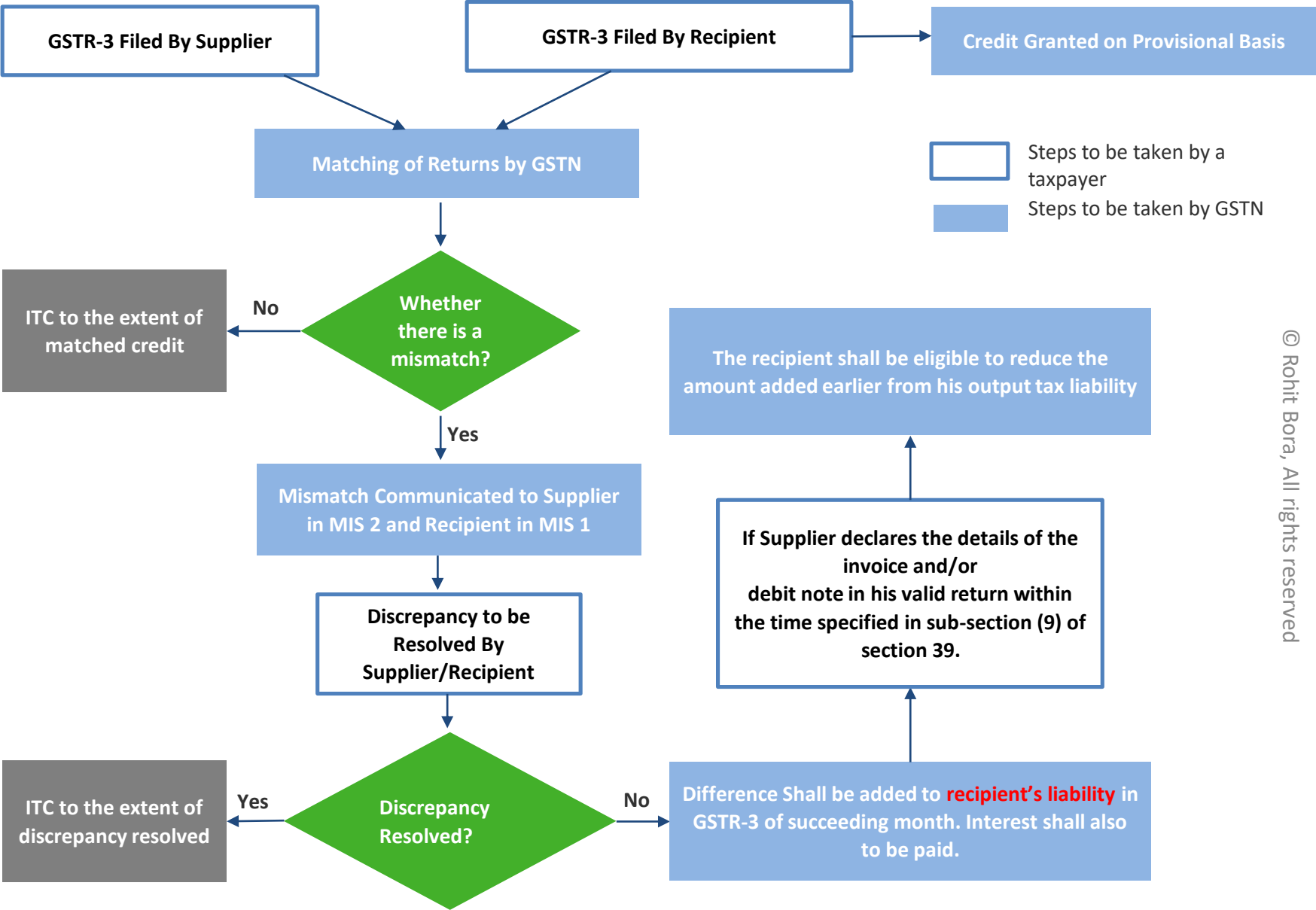




# Matching Concept



# Matching of Returns and Communication of Mismatches

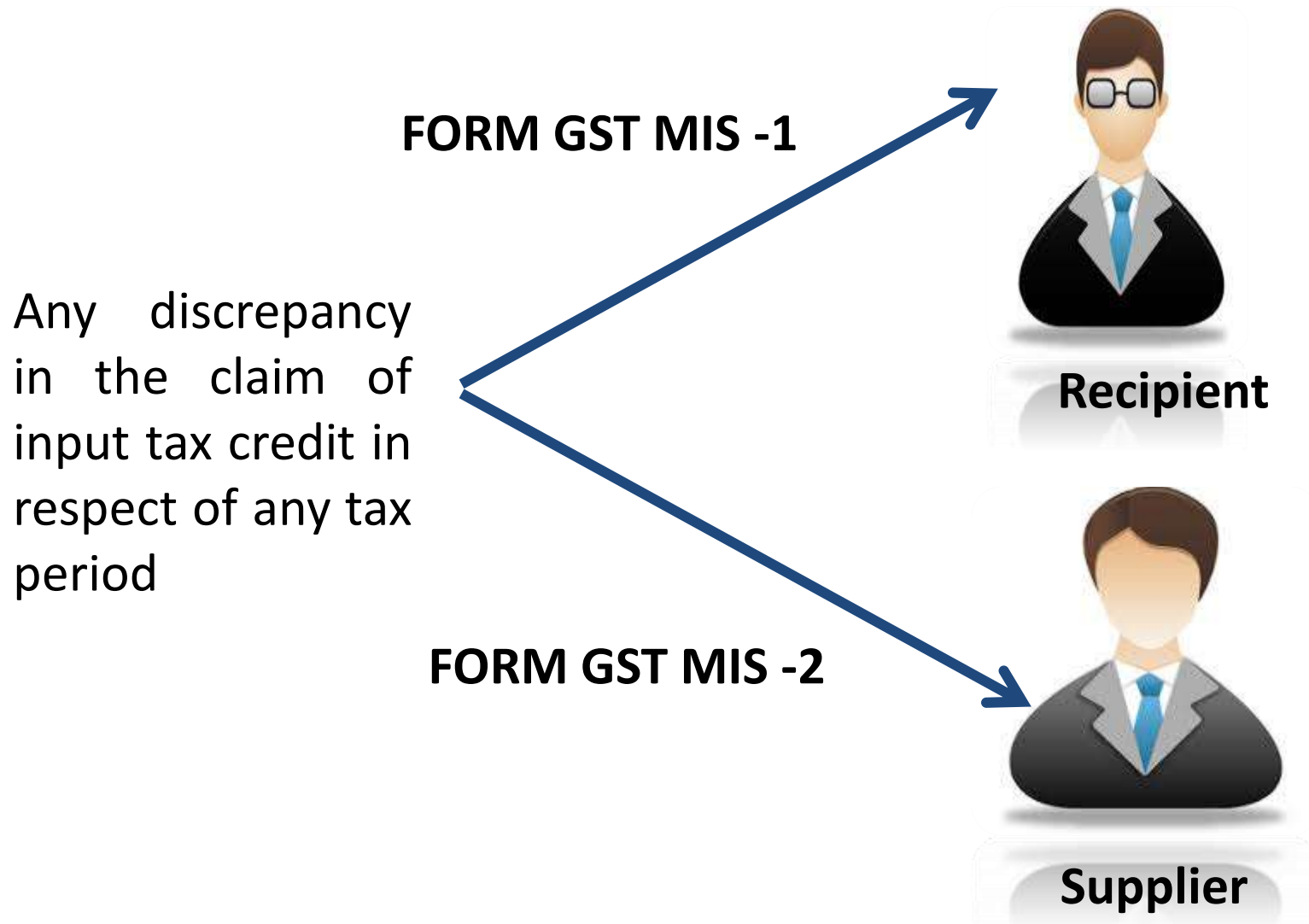


# What are probable Reasons of mismatch

Where the ITC claimed by a recipient in respect of an inward supply is in excess of the tax declared by the supplier for the same outward supply or it is not declared by the supplier in his valid returns, the discrepancy shall be communicated (both parties)

The duplication of claims of input tax credit (shall be communicated to the recipient )

# Process of Communication



# Rectification of Discrepancy

A **supplier** to whom any discrepancy is made available under sub-rule (1) may make **rectifications** in the statement of **outward supplies** to be furnished **for the month** in which the discrepancy is made available

A **recipient** to whom any discrepancy is made available under sub-rule (1) may make suitable **rectifications** in the statement of **inward supplies** to be furnished for the month in which the discrepancy is made available

# What would happen if discrepancy communicated not corrected

ITC shall be added to the  
output tax liability of the  
**recipient**



in his return to be  
furnished in FORM  
GSTR – 3



In his return for the  
month succeeding  
the month in which  
the discrepancy is  
communicated

# Can Recipient claim back the credit

Supplier rectifies before 20<sup>th</sup> oct or Annual return, earlier

```
graph TD; A[Supplier rectifies before 20th oct or Annual return, earlier] --> B[The OTL shall be reduced to the extent of tax paid by recipient]; B --> C[Interest paid be added to Elec Cash ledger]; C --> D[Interest credited shall be least of]; D --> E["(i) Int paid by recipient or (ii) Int paid by supplier"]; E --> F[ ];
```

The OTL shall be reduced to the extent of tax paid by recipient

Interest paid be added to Elec Cash ledger

Interest credited shall be least of

(i) Int paid by recipient or (ii) Int paid by supplier



## Analysis of Sec 42

Situation	Remarks
All Transactions where Input credit details of recipient are matched for output tax as stated by supplier and recipient	The transaction is treated as matched
Transactions where input credit as claimed by the recipient is less than the output tax as declared by the supplier in their return	The transaction is treated as matched
Transactions where the input tax credit is duplicated by the recipient	Shall be communicated to the registered person in <b>FORM GST MIS 1</b>
Transactions where the claim for input tax credit is higher than the output tax as declared by the supplier	Shall be added to the output tax liability of the recipient
Transactions where the claim for input tax credit is higher than the output tax as declared by the supplier because the supplier has not furnished a particular Transaction	Shall be added to the output tax liability of the recipient



# Matching of claim of ITC – Sec 43

Details of every reduction of Output Tax Liability by a Supplier for a tax period shall

Be Matched with

The corresponding reduction of ITC by the 'Recipient' in his valid return

Following things will also be matched

1. GSTIN of supplier
2. GSTIN of recipient
3. Credit note no
4. Credit note date
5. Taxable value
6. Tax amount

Also in case of duplication of reduction of OTL by Supplier

# Matching, Reversal and Re-credit

## Matching

Details of reduction of OTL by a supplier to be matched with details of ITC as reduced by recipient

Credit details of matching supplies only to be accepted - manner to be prescribed

## Reversal

Details not matching resulting in excess to be communicated to both supplier and receiver

Details communicated but not rectified by Recipient to be added to the output tax liability of **Supplier**

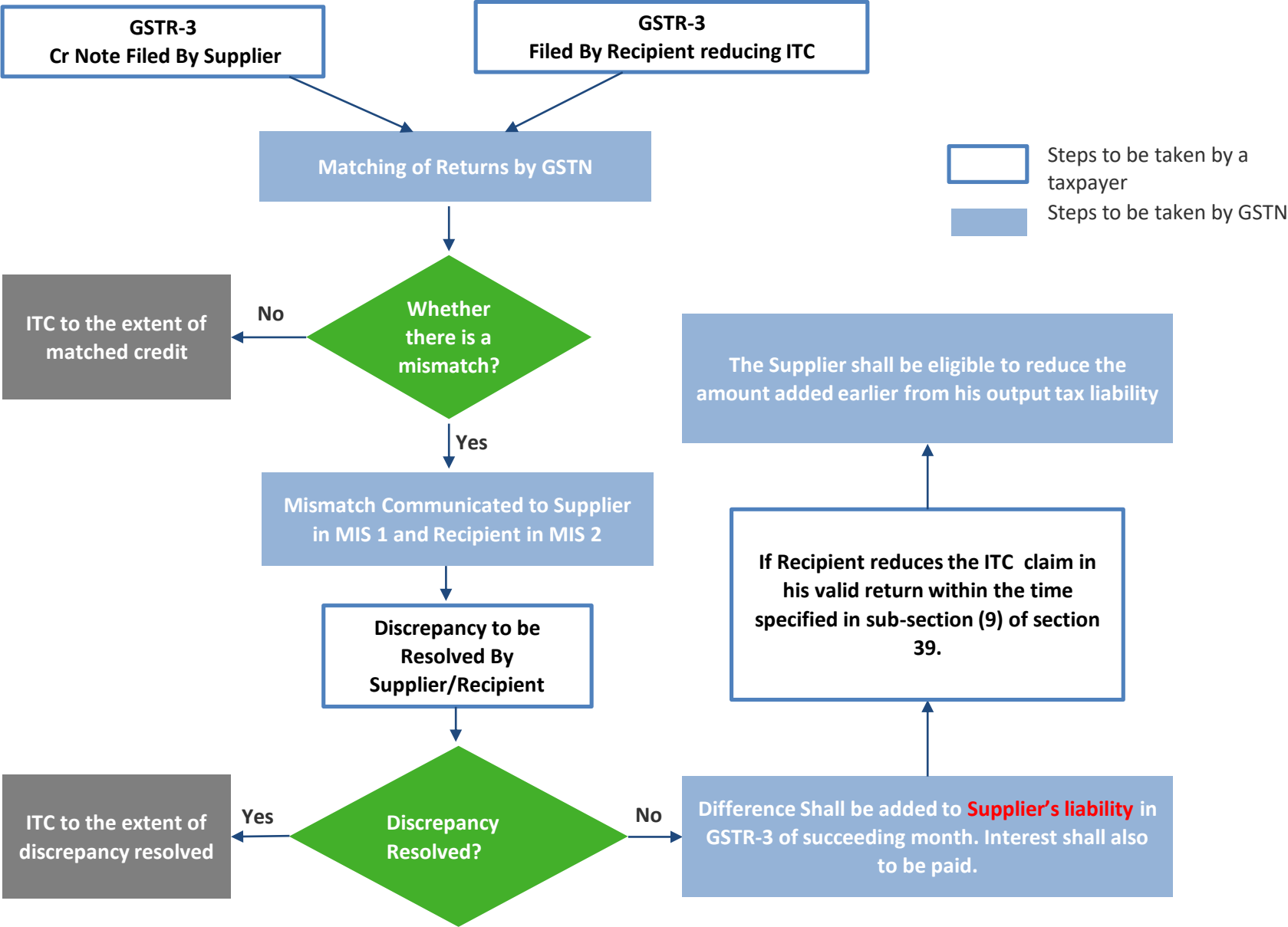
Duplication in reducing the OTL added to output tax liability of **Supplier**

## Reclaim

Supplier entitled to reduce output tax liability if Recipient rectifies the return within prescribed timelines u/s 39(9)

Also Interest paid not exceeding interest paid by recipient be added to Elec cash ledger of supplier.

# Matching of Returns and Communication of Mismatches



## Analysis of Sec 43

Situation	Remarks
When credit note and claim for reduction of output tax liability by the supplier matches with the corresponding reduction in input tax credit claim by the recipient	The transaction is treated as matched
When credit note and claim for reduction of output tax is lower than the ITC claim by the recipient for the said credit note	The transaction is treated as matched
Transactions where the output tax reduction is duplicated by the supplier	Shall be communicated to the supplier in <b>FORM GST MIS 1</b>
When credit note and claim for reduction of output tax liability by the supplier exceeds partly/ wholly corresponding reduction in input tax credit by the recipient as declared in his returns	Shall be added to the output tax liability of the supplier

Dashboard Services Notifications & Circulars Acts & Rules Downloads

Registration Ledgers Returns Payments User Services

GSTR 1  
Outward supplies made by taxpayer

GSTR 3  
Monthly return

GSTR 5  
Periodic return by Non-Resident Foreign Taxpayer

GSTR 7  
Return for Tax Deducted at Source

GSTR 9  
E-Commerce Entities

GSTR 11  
Annual Return by Compounding Taxpayers

View Tax Deducted at source

View e-filed Returns

View Mismatch Reports

GSTR 2  
Inward supplies received by a taxpayer

GSTR 4  
Quarterly return for compounding Taxpayer

GSTR 6  
Return for Input Service Distributor (ISD)

GSTR 8  
Annual Return

GSTR 10  
Government Entities

GSTR 12  
Final Returns

Application for refund of interest on re-credited ITC

Track Return Status

This section shows all the services available on the GST portal. You can select one to proceed further.

## Receiver Mismatch Reports

Download

Total Invoices  
3

Total Taxable Amount  
₹ 4,60,000

Total Mismatched Credit  
₹ 12,000



## Supplier Mismatch Reports

Download

Total Invoices  
3

Total Taxable Amount  
₹ 4,50,000

Output Tax Liability to be Added  
₹ 3,400



## Receiver Mismatch Reports

[Download](#)

Total Invoices

3

Total Taxable Amount

₹ 4,60,000

Total Mismatched Credit

₹ 12,000



Shows Receiver Mismatch reports

By Keyword



Supplier GSTIN	Supplier Name	Invoice Date	Invoice / Credit Note	Taxable Value (₹)		Input Tax Credit Claimed (₹)			Total Credit (₹)	Mismatched Credit (₹)
				Receiver	Supplier	IGST	CGST	SGST		
11AWBCO9087K2Z2	Oyster Private Limited	18/06/2016	45284	1,10,000	1,00,000	22,000	-	-	22,000	2,000
07ACDCA3029K1Z3	Air India Limited	19/06/2016	12345	1,20,000	1,00,000	24,000	-	-	24,000	4,000
29APLCB2019L2Z4	BSNL Limited	20/06/2016	23456	2,30,000	2,00,000	-	23,000	23,000	46,000	6,000

## Supplier Mismatch Reports

[Download](#)

Total Invoices

3

Total Taxable Amount

₹ 4,50,000

Output Tax Liability to be Added

₹ 3,400



Shows Supplier Mismatch reports

By Keyword



Receiver GSTIN	Receiver Name	Invoice Date	Invoice / Debit Note	Taxable Value (₹)		Tax Liability (₹)			Total Credit (₹)	Output tax liable to be added on Account of Mismatch (₹)
				Supplier	Receiver	IGST	CGST	SGST		
11AAKCO9087P1Z1	Ola Limited	21/06/2016	13139	1,00,000	1,10,000	22,000	-	-	22,000	2,000
07AKPCA3029Q1Z3	Accenture India Limited	22/06/2016	13103	2,00,000	2,05,000	41,000	-	-	41,000	1,000
29ALPCB2019L2Z4	Bharati Airtel Limited	24/06/2016	72189	1,50,000	1,52,000	-	15,200	15,200	30,400	400

## Amended B2B Invoices - Summary

[Uploaded by Taxpayer](#)
[Uploaded by Receiver](#)
[Modified by Receiver-Accepted by Taxpayer](#)

Financial Year

2015-16

Month

January

Invoice No.

Enter Invoice No

AMEND INVOICE



Search Keywords

Original Invoice No.	Original Invoice Date	Revised Invoice No.	Revised Invoice Date	Receiver Details	Total Invoice Value (₹)	Total Taxable Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Actions
1151	13/02/2016	1151	13/02/2016	Manuj Industries Ltd. 28AAACM1090A1Z1	2,42,810.00	2,02,342.00	-	10,117.00	10,117.00	

1-1 of 1



BACK

This section helps you to do amendments to details of Outward Supplies to a registered person of earlier tax periods.







# Goods and Services Tax

A<sup>+</sup> A<sup>-</sup>

Ganesh Harvest Solutions ▾

Dashboard Services ▾ Notifications &amp; Circulars ▾ Acts &amp; Rules ▾ Downloads ▾

This section helps you to amend Credit/ Debit Notes.

Dashboard &gt; Returns &gt; GSTR-1

English

## Amended Credit/Debit Notes - Summary

Uploaded by Taxpayer    Uploaded by Receiver    Modified by Receiver

Financial Year

2015-16 ▾

Month

January ▾

Credit/Debit Note No. \*

Enter Credit/Debit Note No.

AMEND NOTE



Search Keywords

Original Credit/Debit Note No. ▾	Original Credit/Debit Note Date ▾	Revised Credit/Debit Note No. ▾	Revised Credit/Debit Note Date ▾	Differential Value (Plus or Minus) (₹) ▾	IGST (₹) ▾	CGST (₹) ▾	SGST (₹) ▾	Actions
C-R028	12/03/2016	C-R028	12/03/2016	(50000)	10,000.00	-	-	

1-1 of 1 &lt; &gt;

BACK



# GSTR 1:Amended Credit/Debit



## Goods and Services Tax

A<sup>+</sup> A<sup>-</sup>

Ganesh Harvest Solutions

Dashboard Services ▾ Notifications & Circulars ▾ Acts & Rules ▾ Downloads ▾

Dashboard > Returns > GSTR-1

English

### Amended Credit/Debit Notes - Details

This section helps you to amend Credit/ Debit Notes.

GSTIN/UID/GDI/Name

28AAACM1090A1Z1

Original Debit/Credit Note No.

C-R028

Original Debit/Credit Note Date

12/03/2016

Revised/Original Credit/Debit Note No. •

Revised/Original Credit/Debit Note Date •

Reason For Issuing Note •

Select

Total Differential Value •

Note Type •

Supply Type •

Select

Select

### Item Details

ADD ITEM

Sr. No.	Original Invoice		Differential Value	IGST		CGST		SGST		Action
	No.	Date		Rate (%)	Amount (₹)	Rate (%)	Amount (₹)	Rate (%)	Amount (₹)	
1.	0099	12/01/2016								

BACK

SAVE

- Ammedments in GSTR -2



# Goods and Services Tax

- Dashboard
- Services ▼
- Notifications & Circulars ▼
- Acts & Rules ▼
- Downloads ▼

Dashboard > Returns > GSTR-2

## Amended B2B Invoices - Summary

[Uploaded by Supplier](#)
[Uploaded by Taxpayer](#)
[Modified by Supplier](#)

Financial Year

2015-16
▼

Month

January
▼

Enter Invoice No.

Enter Invoice No

AMEND INVOICE

Date ▼	Supplier Details ▼	Invoice No ▼	Total Taxable value (₹) ▼	Total Invoice Value (₹) ▼	Actions
21/01/2016	29ADECS9084R5Z4	1191	4,18,408.00	5,02,090.00	

1-5 of 13 < >

BACK

## Taxpayer Details

This section helps you to Amend Invoices uploaded by Taxpayer.

Dashboard > Returns > GSTR-2

### Amended B2B Invoices - Amend Invoice

Supplier GSTIN/UID *	Supplier Name *	Original Invoice No *
29ADECS9084R5Z4	STARK PVT LTD.	1191
Original Invoice Date *	Revised Invoice No *	Revised Invoice Date **
21/01/2016		
Total Taxable Value (₹)	Supply Attract Reverse Charge	% Reverse Charges
0.00	Select	0
Total tax available at ITC (₹)	ITC Available this month (₹)	Supply Type *
		Select
POS (only if different from location of recipient)		
Select		

### Item Details

ADD ITEM

Sr.No.	Invoice			IGST		Eligibility of ITC	Total Tax Available as ITC	ITC Available this month	Action
	HSN/SAC	Category	Taxable value (₹)	Rate (%)	Amount (₹)		IGST	IGST	
							Amount (₹)	Amount (₹)	
1		Select				Select			

BACK

SAVE AMENDED INVOICE

# GSTR 2 : Credit/Debit Notes



## Goods and Services Tax

A<sup>+</sup> A<sup>-</sup>

Ganesh Harvest Solutions ▾

Dashboard Services ▾ Notifications & Circulars ▾ Acts & Rules ▾ Downloads ▾

This section shows you the summary of Credit/ Debit Notes.



### Credit/Debit Notes- Summary

Uploaded by Taxpayer    Uploaded by Supplier    Modified by Supplier




Credit/Debit Note No ▾	Credit/Debit Note Date ▾	Note Type ▾	Differential Value(Plus or Minus) (₹) ▾	IGST (₹) ▾	CGST (₹) ▾	SGST (₹) ▾	Actions
D-T1028	19/04/2016	Debit	+10,000	-	1,000.00	1,000.00	

1-5 of 13 < >

BACK

ADD DETAILS

## Credit/Debit Notes - Add

This section helps you to add Credit / Debit Notes.

Supplier GSTIN/UID *	Supplier Name	Debit/Credit Note No. *
<input type="text"/>	<input type="text"/>	<input type="text"/>
Debit/Credit Note Date *	Reason for Issuing Note	Differential value
<input type="text"/>	Sales Return	<input type="text"/>
Total tax available at ITC (₹)	ITC available this month (₹)	Supply Type *
<input type="text"/>	<input type="text"/>	Intra-state
Supply Attract Reverse Charge	% Reverse Charges	Note Type
No	0	Dedit

### Details

ADD ITEM

Sr. No.	Original Invoice		Differential Tax				Eligibility for ITC	Total Tax available as ITC		ITC available this month		Action
	No.	Date	CGST		SGST			CGST	SGST	CGST	SGST	
			Rate (%)	Amount (₹)	Rate (%)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Input ▾	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

BACK

SAVE

# GSTR 2: Credit / Debit Summary



## Goods and Services Tax

A<sup>+</sup> A<sup>-</sup>

Ganesh Harvest Solutions

Dashboard Services ▾ Notifications & Circulars ▾ Acts & Rules ▾ Downloads ▾

This section shows you the summary of Credit/ Debit Notes uploaded by Supplier.



### Credit/Debit Notes- Summary

Uploaded by Taxpayer Uploaded by Supplier Modified by Supplier




<input type="checkbox"/>	Credit/Debit Note No ▾	Credit/Debit Note Date ▾	Note Type ▾	Differential Value(Plus or Minus) (₹)▾	IGST (₹) ▾	CGST (₹) ▾	SGST (₹) ▾	Status▾	Actions
<input type="checkbox"/>	C-T1028	12/04/2016	Credit	+10,000	-	1,000.00	1,000.00	Submitted	

1-5 of 13 < >

BACK

PENDING

ACCEPT

REJECT

# FAQs

## **1. If a return has been filed, how can it be revised if some changes are required to be made?**

Ans. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. Instead of revising the return already submitted, the system will allow changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR- 1/2 in the tables specifically provided for the purposes of amending previously declared details.



# FAQs cont...

**2. Whether the amount of credit detected by the system on account of mis-match between GSTR-1 and GSTR-2 and recovered as output tax can be reclaimed?**

Ans. Yes, once the mismatch is rectified by the supplier by declaring the details of the invoices or debit notes, as the case may be, in his valid return for the month/quarter in which the error had been detected. The said amount can be reclaimed by way of reducing the output tax liability during the subsequent tax period. [section 42(7)]. Similar provisions have also been made in Section 43 of the Act in respect of the credit notes issued by the supplier.

# FAQs Cont....

3. How interest will be calculated?

Ans. In case of Sec 42, from the date the recipient has availed the credit.

In case of Sec 43, from the date of claim of reduction by supplier.

4. What is the rate of interest?

Ans. 18% p.a.

In contravention of Sec 42(10)/43(10), interest @24% p.a.

# FAQs Cont....

5. If A issues a credit note for Rs 10000 reduction in output tax liability as compared to an reduction in input tax credit for Rs 11000 by the recipient will it also be treated as a matched transaction ?

Ans- YES.

6.If a credit note that results in the reduction of output tax liability for Rs 10000 has been accounted for Rs 4000 by the recipient and stated as such in his return at Rs 4000,what will be the consequences ?

Ans. The transaction is treated as unmatched and discrepancy shall be communicated to both, if not solved, Rs.6000 shall be added to OTL of supplier.

7. What if a credit note that results in the reduction of output tax liability for Rs 10000 has not been accounted at all or considered in recipient's returns?

Ans- The transaction is treated as unmatched and discrepancy shall be communicated to both, if not solved, Rs.10000 shall be added to OTL of supplier.

8. What are Penalties or charge of interest if discrepancy is not solved?

Ans- Supplier will be liable to payment of interest in every case when discrepancy by way of amount of output tax liability is added and interest will be paid on reversal of the liability added earlier after due rectification by the recipient.



9. What if discrepancy are accepted and resolved?

Ans- If the recipient accepts the discrepancy and rectifies the same by filing a valid return subsequently, then the tax amount involved will be excluded from the output liability of the supplier for the month in which the discrepancy is communicated.

*Thank  
you*



© Rohit Bora, All rights reserved

CA Rohit R. Bora

- M.com , FCA, DISA, SAP(FI/CO)

[rohit@rcnco.net](mailto:rohit@rcnco.net)