



ELECTRONIC CREDIT REVERSAL AND RE-CLAIM STATEMENT

1. What is Electronic Credit Reversal and Re-Claim Statement?

It is a new ledger introduced by GSTN. It aims to report ITC that has been reversed temporarily in the GSTR 3B under Tab 4B(2) - (Other reversals)

2. Where to find this statement?

This can be accessed at the GST Portal in the path mentioned below:

Services>>Ledger>>Electronic Credit Reversal and Re-claimed statement >> Report ITC Reversal Opening Balance

3. Why should this Statement be filled?

Presently the department is not able to verify the authenticity of input tax credit re-claimed in Table 4D(1) of GSTR 3B, by the tax payer which is pertaining to prior period. The introduction of the statement will enable department to easily track the reversal and reclamation of input tax credit (ITC) on a specific date. The goal is to ensure consistency and correctness in reporting.

4. Is it mandatory to submit this Statement?

As mentioned in Circular - 170/02/2022 dated 6th July 2022, in case the statement is not filled, the portal could consider that there is no ITC which has been reversed in the past which the taxpayer wishes to re-claim in future. In such case, when the taxpayer, subsequently claims any ITC relating to past tax periods, the portal will raise a flag against such a claim, which could lead to issuance of notice in Form ASMT-10

5. What are the situations which might require reversal of ITC?

The Situations which might require reversal of ITC includes:

- ✓ Those outlined in CGST Rule 37- reversal of ITC when payment to suppliers is pending for more than 180 days.
- ✓ Instances where goods or services or both are not received - CGST Section 16(2)(b), Section 16(2)(c)
- ✓ Cases involving auto-populated credit notes.

6. What figures are to be filled in this Statement?

Any Credit –

- ✓ Which is appearing in GSTR 2B
- ✓ But not availed by the taxpayer in any of GSTR 3B filed
- ✓ And which can become eligible in future and there is a possibility of availing the credit in future.

7. What is the due date for filing the Electronic Credit Re-claim Statement?

30th November, 2023.

8. Should the reversals made in GSTR 3B from FY 2017-18 to be considered to arrive at the Opening Balance or only ITC reversal in FY 2022-23 be considered for the purpose of filling the statement?

Eligible ITC reversed in any past period can be considered in this statement provided it is claimable in GSTR 3B.

9. Can the tax payer re-claim ITC more than what is declared in the statement?

No, the system will issue a warning message if a taxpayer attempts to claim more ITC than is allowed in Table-4D(1) when compared to the total of ITC reversal balances from earlier periods. By using this approach, taxpayers can claim ITCs while staying within the boundaries set forth by the law.

10. Should this statement be filed every year by the tax payer?

The filing of the Statement is a one-time task. Once filed, the portal will then accumulate the ITC which has been reported in Table 4B(2) by the taxpayer in the subsequent GSTR 3Bs.

11. What are the Steps/Action to be taken by the taxpayers as a one-time task before November 30th,2023

- ✓ Monthly taxpayers should report their opening balance considering the ITC reversal done until the return period of July 2023.
- ✓ Quarterly taxpayers should report their opening balance upto Q1 of the financial year 2023-24, considering the ITC reversal made until the April - October 2023 return period
- ✓ Tax payers have until 30th November 2023 to declare their opening balance for ITC reversal, with three opportunities for amendments during this period. After 30th November until 31st December 2023, only amendments will be allowed, and no fresh reporting will be permitted.

12. What are the Steps to be taken going forward?

- ✓ Establish a separate ledger in their accounting records dedicated to recording all ITC reversals and reclaims.
- ✓ Maintain a distinct ledger specifically for temporary ITC reversals, ensuring they are kept separate from permanent reversals or ineligible ITC

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For more details and assistance feel free to contact pepconsultancycochin@gmail.com