

# Introduction of new ledger for reporting of ITC Reversal and Re-claim

**In line with changes notified last year towards the manner of reporting the Input Tax Credit ('ITC') availed, reversed, re-claimed, and ineligible ITC in Form GSTR-3B<sup>1</sup>, the Goods and Services Tax Network ('GSTN') has enabled a new functionality on August 31, 2023, to monitor the ITC re-claimed by a taxpayer.**

## **Electronic Credit Reversal and Re-claimed Statement:**

- A new ledger has been introduced on the GST portal viz. 'Electronic Credit Reversal and Re-claimed Statement' ('Statement') to track the amount of ITC which has been reversed in Table 4B(2) of Form GSTR-3B and re-claimed in Table 4D(1) of the said form.
- The aim of the Statement is to improve the overall consistency and correctness of ITC reversal and re-claim transactions.
- The said functionality shall be available for monthly return filers from August 2023 return and, for quarterly return filers from July to September 2023 return onwards.
- The GST portal shall maintain a record of reversal and re-claim amount on a periodic return basis. For the past periods, taxpayers would need to report

the reversal amount which has not been re-claimed as 'ITC Reversal Opening Balance' in the Statement.

- A validation mechanism has been incorporated in Form GSTR-3B. Accordingly, a warning message shall appear if the taxpayer re-claims excess ITC in Table 4D(1) than the ITC reversal amount available in the Statement.
- Note that the taxpayer will have the option to file the return even after the warning.

## **ITC Reversal Opening Balance:**

- Taxpayers have been given a facility to report their cumulative past ITC reversal amount viz. ITC reversed earlier and not yet re-claimed as opening balance in the Statement.
- It can be accessed on the GST portal by following the below path:
  - Login > Report ITC Reversal opening Balance; OR
  - Services > Ledger > Electronic Credit Reversal and Re-claimed Statement > Report ITC Reversal Opening Balance
- Monthly return filers are required to report their opening balance considering the reversals made upto the return of July 2023. For quarterly filers,

<sup>1</sup> Notification No. 14/2022 – Central Tax dated July 05, 2022, read with circular 170/02/2022-GST dated July 06, 2022



reversal upto the return of April to June 2023 shall be considered.

- Such opening balance can be declared upto November 30, 2023, and three opportunities shall be provided for its amendment. Post November 30, 2023 and upto December 31, 2023, only amendments shall be permitted and fresh reporting (of the opening balance) will be restricted.

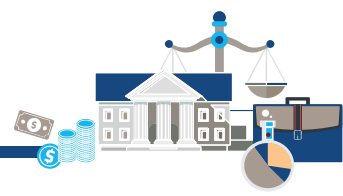
### **Dhruva Comments**

The compliance mechanism and available systems are constantly evolving under the GST Law. This new feature (Statement) is an additional check introduced by the Government to keep a track on the ITC being re-claimed.

Taxpayers would need to be cautious while reporting the ITC reversals and re-claimed amounts. Also, taxpayers would need to duly reconcile the past records while reporting in ITC Reversal Opening Balance, as it could well be used by the department to dispute re-claimed ITC (if it is more than the reversals made). This would also be a concern for taxpayers who have not adopted the ITC availment / reversal mechanism in the Form GSTR-3B filed till date.

A pertinent question which arises herein is towards reporting of ITC which remained unclaimed for the period of April 2022 to July 2022, i.e., period prior to introduction of such availment / reversal reporting mechanism in Form GSTR-3B.

A clarification by the Board on detailed procedure towards filing of the Statement and on the open points would support the industry at large.



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