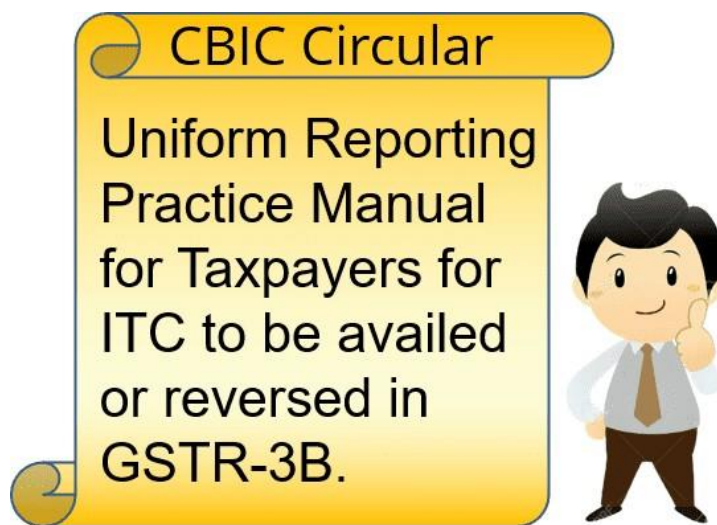




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Uniform Reporting Practice Manual for Taxpayers for ITC to be availed or reversed in GSTR-3B.

Are you still reporting Net ITC claimed in GSTR-3B? You might get notice for mismatch with GSTR-2B?



Recently, CBIC issued a detailed circular on correct and uniform reporting of reversal of ITC as well as ineligible ITC.

It has been observed by GSTN that different practices were being followed to report ineligible ITC as well as various reversals of ITC in GSTR-3B. Therefore CBIC issued a detailed Circular mentioning the procedure to be followed by taxpayers.

- Details of GSTR-2B are auto-populated in Table 4 of GSTR-3B which are editable in the hands of registered person.
- However, various reversals of ITC on account of rule 42 and 43 of the CGST Rules or for any other reasons are required to be made by the registered person, on his own ascertainment, in Table 4(B) of GSTR-3B.
- It may be noted that the amount of Net ITC Available as per Table 4(C) of FORM GSTR-3B gets credited into the electronic credit ledger (ECL) of the registered person. Therefore, it is important that any reversal of ITC or any

ITC which is ineligible under any provision of the CGST Act should not be part of Net ITC Available in Table 4(C) and accordingly, should not get credited into the ECL of the registered person.

- It is pertinent to mention that the ineligible ITC, which was earlier not part of calculation of eligible/available ITC, is now part of calculation of

eligible/available ITC in view of auto-population of Table 4(A) of GSTR-3B from GSTR-2B. Thereafter, the registered person is required to identify ineligible ITCs as well as the reversal of ITC to arrive at the Net ITC available, which is to be credited to the ECL.

Below are the important points, which should be followed by all taxpayers for correct reporting in GSTR-3B:

1. Total ITC (eligible as well as ineligible) is being auto-populated from GSTR-2B to Table 4(A) of GSTR-3B except the below ITC:

- Ineligible ITC, on account of limitation of time period as delineated in section 16(4) of the CGST Act or
- Ineligible ITC, where the recipient of an intra-State supply is located in a different State than that of place of supply.

2. Permanent Reversal -

Registered person will report reversal of ITC, which are absolute in nature and are not reclaimable in future under Table 4(B)(1), such as on account of

- Rule 38 (reversal of credit by a banking company or a financial institution),
- Rule 42 (reversal of credit on input or input services, if the same is used in supply of exempted goods or services or used for non-business purposes),
- Rule 43 (reversal of credit on capital goods, if the same is used in supply of exempted goods or services or used for non-business purposes), or
- Ineligible credit u/s 17(5) of the CGST Act.

3. Temporary Reversal -

Registered person will report reversal of ITC, which are not permanent in nature and can be reclaimed in future under Table 4(B)(2), such as on account of

- Rule 37 of CGST Rules (reversal of credit due to non-payment of consideration to supplier within 180 days),

- Section 16(2)(b) (reversal of credit on account of non-receipt of goods or services in the same tax period in which the invoice has been received)
- Section 16(2)(c) (reversal of credit on account of non-payment of tax by the supplier).

Such ITC may be reclaimed in **Table 4(A)(5)** on fulfilment of necessary conditions. Further, all such reclaimed ITC shall also be shown in **Table 4(D)(1)** in that particular month.

Table **4(B)(2)** may also be used by registered person for reversal of any ITC availed in **Table 4(A)** in previous tax periods because of some inadvertent mistake.

4. Therefore, the net ITC Available will be calculated in **Table 4(C)** which is as per the formula $(4A - [4B(1) + 4B(2)])$ and same will be credited to the ECL of the registered person.

5. As the details of ineligible ITC under section 17(5) are being provided in **Table 4(B)(1)**, no further details of such ineligible ITC will be required to be provided in **Table 4(D)(1)**.

6. ITC not available, on account of limitation of time period as delineated in section 16(4) of the CGST Act or where the recipient of an intra-State supply is located in a different State than that of place of supply, to be reported by the registered person in **Table 4D(2)**. Such details are available in Table 4 of **GSTR-2B**.

7. It is clarified that the reversal of ITC of ineligible credit u/s 17(5) or any other provisions of the CGST Act and rules thereunder is required to be made under **Table 4(B)** and not under **Table 4(D)** of **GSTR-3B**.

8. It is also to be noted that **Table 4(D)** of **GSTR-3B** is only for reporting purpose. Its effect is not taken into net ITC to be credited to ECL.

Example:

1. Suppose Mr. A has below ITC in GSTR-2B for Nov 2022.

Details	IGST	CGST	SGST
ITC on Import of goods	2,00,000	-	-
ITC on Import of Services	-	-	-
ITC on Inward Supplies under RCM	-	50,000	50,000
ITC on Inward Supplies from ISD	1,00,000	-	-
ITC on other inward supplies	3,00,000	2,00,000	2,00,000
Total	6,00,000	2,50,000	2,50,000

2. Now lets assume, Mr. A after reconciliation, finds below adjustments which needs to be done in GSTR-3B as compared to GSTR-2B:

S. No.	Adjustment Required to be done in ITC	IGST	CGST	SGST
(A) ITC reflecting in GSTR-2B and auto-populated in GSTR-3B by GSTN.				
1	ITC required to be reversed which is barred u/s 17(5) of CGST Act.	20,000	10,000	10,000
2	ITC required to be reversed under rule 42 and 43 of the CGST Rules.	30,000	15,000	15,000
3	ITC reversal due to invoice received but supply not received during the month.	5,000	4,000	4,000
4	ITC required to be reversed under rule 37 of CGST Rules due to non-payment to supplier within 180 days.	8,000	9,000	9,000

(B) ITC reflecting in GSTR-2B but not auto-populated in GSTR-3B by GSTN.

5	Ineligible ITC on account of limitation of time period as delineated in section 16(4) of CGST Act.	7,000	5,000	5,000
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6	Ineligible ITC, where the recipient of an intra-State supply is located in a different State than that of place of supply.	4,000	3,000	3,000
(C) Other ITC to be claimed (but not reflecting in GSTR-2B).				
7	ITC on Import of Services	1,00,000	-	-
8	ITC on Inward Supplies under RCM e.g. RCM paid on Advocate Fee, RCM on Residential Rent etc.	-	25,000	25,000
9	ITC reversed in previous months under Rule 37 on account of non-payment to supplier within 180 days. (Payment done now and ITC to be claimed in current month)	10,000	8,000	8,000
10	ITC on Import of Goods (Subject to BE fetched by GSTN from ICEGATE)	70,000	-	-

3. Based on the above adjustments, the correct reporting to be done by Mr. A in GSTR-3B should be as follows:

Correct Reporting in Table 4 of GSTR-3B

4. Eligible ITC			
Details	IGST	CGST	SGST
(A) ITC Available (whether in full or part)			
1. Import of Goods	2,00,000 + 70,000 ¹⁰	-	-
2. Import of Services	1,00,000 ⁷	-	-
3. Inward Supplies liable to Reverse Charge (other than 1 & 2 above)	-	50,000 + 25,000 ⁸	50,000 + 25,000 ⁸
4. Inward Supplies from ISD	1,00,000	-	-

5. All other ITC	3,00,000	2,00,000	2,00,000
	+	+	+
	10,000 ⁹	8,000 ⁹	8,000 ⁹

(B) ITC Reversed

1. As per rules 38,42 & 43 of CGST Rules and section 17(5)	20,000 ¹ +	10,000 ¹ +	10,000 ¹ +
	30,000 ²	15,000 ²	15,000 ²
2. Others	5,000 ³ +	4,000 ³ +	4,000 ³ +
	8,000 ⁴	9,000 ⁴	9,000 ⁴
(C) Net ITC Available (A - B) [To be credited to Electronic Credit Ledger]	7,17,000	2,45,000	2,45,000
(D) Ineligible ITC (For reporting only)			
1. ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period	10,000 ⁹	8,000 ⁹	8,000 ⁹
2. Ineligible ITC under section 16(4) & ITC restricted due to PoS rules	7,000 ⁵ +	5,000 ⁵ +	5,000 ⁵ +
	4,000 ⁶	3,000 ⁶	3,000 ⁶

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Author: [TaxReply](#)
Nov 24, 2022

F.No. CBIC-20001/2/2022-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 6th July, 2022

To,

The Principal Chief Commissioners/Chief Commissioners/Principal Commissioners/
Commissioners of Central Tax (All)
The Principal Directors General/Directors General (All)

Madam/Sir,

Subject: Mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1 –reg.

The process of return filing has been simplified over a period of time. With effect from December 2020, **FORM GSTR-3B** is getting auto-generated on the portal by way of auto-population of input tax credit (ITC) from **FORM GSTR-2B** (auto-generated inward supply statement) and auto-population of liabilities from **FORM GSTR-1** (Outward supply statement), with an editing facility to the registered person. However, it has been observed that there still are some infirmities in information being furnished by the registered person in relation to inter-State supplies effected to unregistered person, registered person paying tax under section 10 of the Central Goods and Services Tax Act, 2017 (composition taxable persons) and UIN holders. Also, there appears to be lack of clarity regarding reporting of information about reversal of Input Tax Credit (hereinafter referred to as the “ITC”) as well as ineligible ITC in Table 4 of **FORM GSTR-3B**.

2. It is desirable that correct reporting of information is done by the registered person in **FORM GSTR-3B** and **FORM GSTR-1** so as to ensure correct accountal and accurate settlement of funds between the Central and State Governments. Accordingly, in order to ensure uniformity in return filing, the Board, in exercise of its powers conferred under sub-section (1) of section 168 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the “CGST Act”), hereby clarifies various issues in succeeding paragraphs.

3. Furnishing of information regarding inter-State supplies made to unregistered persons, composition taxable persons and UIN holders:

3.1 It has been noticed that a number of registered persons are not reporting the correct details of inter-State supplies made to unregistered persons, to registered person paying tax

under section 10 of the CGST Act (composition taxable persons) and to UIN holders, as required to be declared in Table 3.2 of **FORM GSTR-3B**, under the notion that the taxable value of the same along with tax payable has already been reported in Table 3.1 of the said **FORM**. In certain cases, it has also been noticed that the address of unregistered person are captured incorrectly by the supplier, especially those belonging to banking, insurance, finance, stock broking, telecom, digital payment facilitators, OTT platform services providers and E-commerce operators, leading to wrong declaration of Place of Supply (PoS) in both the invoices issued under section 31 of the CGST Act, as well as in Table 3.2 of **FORM GSTR-3B**.

3.2 In this context, it may be noted that the information sought in Table 3.2 of **FORM GSTR-3B** is required to be furnished, **place of supply-wise**, even though the details of said supplies are already part of the supplies declared in Table 3.1 of the said **FORM**. For assisting the registered persons, Table 3.2 of **FORM GSTR-3B** is being auto-populated on the portal based on the details furnished by them in their **FORM GSTR-1**.

3.3 Accordingly, it is hereby advised that the registered persons making inter-State supplies –

- (i) to the unregistered persons, shall also report the details of such supplies, **place of supply-wise**, in Table 3.2 of **FORM GSTR-3B** and Table 7B or Table 5 or Table 9/10 of **FORM GSTR-1**, as the case may be;
- (ii) to the registered persons paying tax under section 10 of the SGST/CGST Act (composition taxable persons) and to UIN holders, shall also report the details of such supplies, **place of supply-wise**, in Table 3.2 of **FORM GSTR-3B** and Table 4A or 4C or 9 of **FORM GSTR-1**, as the case may be, as mandated by the law.
- (iii) shall update their customer database properly with correct State name and ensure that correct PoS is declared in the tax invoice and in Table 3.2 of **FORM GSTR-3B** while filing their return, so that tax reaches the Consumption State as per the principles of destination-based taxation system.

3.4 It is further advised that any amendment carried out in Table 9 or Table 10 of **FORM GSTR-1** or any entry in Table 11 of **FORM GSTR-1** relating to such supplies should also be given effect to while reporting the figures in Table 3.2 of **FORM GSTR-3B**.

4. Furnishing of information regarding ITC availed, reversal thereof and ineligible ITC in Table 4 of GSTR-3B

4.1 Table 4(A) of the **FORM GSTR-3B** is getting auto-populated from various entries of **FORM GSTR-2B**. However, various reversals of ITC on account of rule 42 and 43 of the CGST Rules or for any other reasons are required to be made by the registered person, on his own ascertainment, in Table 4(B) of the said **FORM**. It has been observed that different practices are being followed to report ineligible ITC as well as various reversals of ITC in **FORM GSTR-3B**.

4.2 It may be noted that the amount of Net ITC Available as per Table 4(C) of **FORM GSTR-3B** gets credited into the electronic credit ledger (ECL) of the registered person. **Therefore, it is important that any reversal of ITC or any ITC which is ineligible under any provision of the CGST Act should not be part of Net ITC Available in Table 4(C) and accordingly, should not get credited into the ECL of the registered person.**

4.3 In this context, it is pertinent to mention that the facility of static month-wise auto-drafted statement in **FORM GSTR-2B** for all registered persons has been introduced from August, 2020. The statement provides invoice-wise total details of ITC available to the registered person including the details of the ITC on account of import of goods. Further, details of the said statement are auto-populated in Table 4 of return in **FORM GSTR-3B** which are editable in the hands of registered person. **It may be noted that the entire set of data that is available in FORM GSTR-2B is carried to the table 4 in FORM GSTR-3B, except for the details regarding ITC that is not available to the registered person either on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act or where the recipient of an intra-State supply is located in a different State / UT than that of place of supply.** It is pertinent to mention that the ineligible ITC, which was earlier not part of calculation of eligible/available ITC, is now part of calculation of eligible/available ITC in view of auto-population of Table 4(A) of **FORM GSTR-3B** from various tables of **FORM GSTR-2B**. Thereafter, the registered person is required to identify ineligible ITC as well as the reversal of ITC to arrive at the Net ITC available, which is to be credited to the ECL. In light of the above, the procedure to be followed by registered person is being detailed hereunder for correct reporting of information in the return:

- A. Total ITC (eligible as well as ineligible) is being auto-populated from statement in **FORM GSTR-2B** in different fields of Table 4A of **FORM GSTR-3B** (*except for the ineligible ITC on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act or where the recipient of an intra-State supply is located in a different State / UT than that of place of supply*).
- B. Registered person will report reversal of ITC, which are absolute in nature and are not reclaimable, such as on account of rule 38 (reversal of credit by a banking company or a financial institution), rule 42 (reversal on input and input services on account of supply of exempted goods or services), rule 43 (reversal on capital goods on account of supply of exempted goods or services) of the CGST Rules and for reporting ineligible ITC under section 17(5) of the CGST Act in **Table 4 (B) (1)**.
- C. Registered person will report reversal of ITC, which are not permanent in nature and can be reclaimed in future subject to fulfilment of specific conditions, such as on account of rule 37 of CGST Rules (non-payment of consideration to supplier within 180 days), section 16(2)(b) and section 16(2)(c) of the CGST Act in **Table 4 (B) (2)**. Such ITC may be reclaimed in **Table 4(A)(5)** on fulfilment of necessary conditions. Further, all such reclaimed ITC shall also be shown in **Table 4(D)(1)**. **Table 4 (B) (2)** may also be used by registered person for reversal of any ITC availed in **Table 4(A)** in previous tax periods because of some inadvertent mistake.

- D. Therefore, the net ITC Available will be calculated in Table 4 (C) which is as per the formula (4A - [4B (1) + 4B (2)]) and same will be credited to the ECL of the registered person.
- E. **As the details of ineligible ITC under section 17(5) are being provided in Table 4(B), no further details of such ineligible ITC will be required to be provided in Table 4(D)(1).**
- F. **ITC not available, on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act or where the recipient of an intra-State supply is located in a different State / UT than that of place of supply, may be reported by the registered person in Table 4D (2). Such details are available in Table 4 of FORM GSTR-2B.**

4.4 Accordingly, it is clarified that the reversal of ITC of ineligible credit under section 17(5) or any other provisions of the CGST Act and rules thereunder is required to be made under Table 4(B) and not under Table 4(D) of FORM GSTR-3B.

4.5 For ease of understanding, the manner of reversals is being elucidated in the illustrations enclosed as **Annexure** to this Circular.

5. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

6. Difficulty if any, in the implementation of this Circular may be brought to the notice of the Board. Hindi version will follow.

(Sanjay Mangal)
Principal Commissioner (GST)

Illustration:

1. A Registered person M/s ABC is a manufacturer (supplier) of goods. He supplies both taxable as well as exempted goods. In a specific month, say April, 2022, he has received input and input services as detailed in Table 1 below. The details of auto-population of Input Tax Credit on all Inward Supplies in various rows of Table 4 (A) of FORM GSTR-3B are shown in column (7) of the Table 1 below:

Table 1

S. No.	Details	IGST	CGST	SGST	Total	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ITC on Import of goods	1,00,000	-	-	1,00,000	Auto-populated in Table 4(A)(1)
2	ITC on Import of Services	50,000	-	-	50,000	
3	ITC on Inward Supplies under RCM	-	25,000	25,000	50,000	Auto-populated in Table 4(A)(3)
4	ITC on Inward Supplies from ISD	50,000	-	-	50,000	Auto-populated in Table 4(A)(4)
5	ITC on other inward supplies	2,00,000	1,50,000	1,50,000	5,00,000	Auto-populated in Table 4(A)(5)
6	Total	4,00,000	1,75,000	1,75,000	7,50,000	

Other relevant facts:

Note 1: Of the other inward supplies mentioned in row (5), M/s ABC has received goods on which ITC is barred under section 17(5) of the CGST Act having integrated tax of Rs. 50,000/-

Note 2: In terms of rule 42 and 43 of the CGST Rules, M/s ABC is required to reverse ITC of Rs. 75,500/- integrated tax, Rs. 52,000/- central tax and Rs. 52,000/- state tax.

Note 3: M/s ABC had not received the supply during April, 2022 in respect of an invoice for an inwards supply auto-populated in row (5) having integrated tax of Rs. 10,000/-.

Note 4: M/s ABC has reversed ITC of Rs. 500/- central tax and Rs. 500/- state tax on account of Rule 37 i.e. where consideration was not paid to the supplier within 180 days.

Note 5: An amount of ITC of Rs 10,000/ central Tax and Rs 10,000/- state tax, ineligible on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act, has not been auto-populated in Table 4(A) of FORM GSTR-3B from GSTR-2B.

2. Based on the facts mentioned in Table 1 above, M/s ABC is required to avail ITC after making necessary reversals in Table 4 of FORM GSTR-3B as detailed in Table 2 below:

Table 2

4. Eligible ITC				
Details	IGST	CGST	SGST/ UTGST	Explanation
1	2	3	4	
(A) ITC Available (whether in full or part)	----	----	----	
1. Import of Goods	1,00,000	----	----	
2. Import of Services	50,000	----	----	
3. Inward Supplies liable to Reverse Charge (other than 1 & 2 above)	----	25,000	25,000	
4. Inward Supplies from ISD	50,000	----	----	
5. All other ITC	2,00,000	1,50,000	1,50,000	
(B) ITC Reversed / Reduced	----	----	----	

1. Reversal of ITC as per rule 42 and 43 of CGST Rules	125,500	52,000	52,000	<p>1. Refer para 4.3 (B) of circular</p> <p>2. Reversal of Rs. 75,500/- integrated tax, Rs. 52,000/- central tax and Rs. 52,000/- state tax under rule 42 and 43 [Note 2]</p> <p>3. Ineligible ITC of Integrated tax of Rs. 50,000/- under section 17(5) [Note 1]</p>
2. Others	10,000	500	500	<p>1. Refer para 4.3 (C) of circular</p> <p>2. Reversal of integrated tax of Rs. 10,000/-, where supply is not received [Note 3]</p> <p>3. Reversal of ITC of Rs 500/- central tax and Rs 500/- state tax on account of Rule 37 [Note 4]</p>
(C) Net ITC Available (A)-(B)	2,64,500	122500	122500	C=A1+A2+A3+A4+A5-B1-B2
(D) Ineligible ITC				
1. As per section 17(5)	-	-	-	<p>1. Refer para 4.3 (E) of circular</p> <p>2. Reversals under section 17(5) are not required to be shown in this row. The same are to be shown under 4(B)(1)</p>
2. Others		10,000	10,000	<p>1. Refer para 4.3(F) of circular</p> <p>2. Ineligible ITC on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act, which has not been auto-populated in Table 4(A) of GSTR-3B</p>



Office of the Commissioner of State Tax,
State GST Department, Kerala,
Tax Tower, Killipalam, Karamana, Thiruvananthapuram.
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File No. CT/9151/2022-C11

Date:21-11-2022

Trade Circular No. **..1.** /2022

Sub:- Mandatory furnishing of correct and proper information of ineligible / blocked Input Tax Credit and reversal thereof in return in **FORM GSTR-3B** – instructions issued-reg.

- Ref:-
1. Notification No. 14/2022-Central Tax dated 05.07.2022 of the CBIC, Dept. of Revenue, Ministry of Finance and corresponding notification of the State in S. R.O No. 871/2022 dated 13.09.2022 of the Taxes (B) Dept., Govt. of Kerala.
 2. Circular No. 170/02/2022 dated 06.07.2022 of the CBIC, Dept. of Revenue, Ministry of Finance.
 3. Trade Circular No. 01/2021 dated 30.01.2021 of the Commissioner of State Tax, Thiruvananthapuram.

1. The process of filing returns under the GST has been substantially changed over a period of time. One of the significant changes is the method for declaration of input tax credit (ITC) in the return in Form GSTR 3B. After the 43rd GST Council Meeting, the procedure for declaring the input tax credit in the return in Form GSTR 3B has been amended, and the same was notified in the notification referred 1st above. The GST Policy Wing of the Central Board of Indirect Taxes and Customs (CBIC) had already issued a clarification in the matter, vide the circular referred to above.

1.1 The input tax credit on the inward taxable supplies of goods or services or both to a registered person is not eligible under certain circumstances provided under Section 17(1), 17(2), 17(4) and 17(5) of the Central GST and Kerala State GST Act, 2017 read with Rules 38, 42 and 43 of the Central GST and Kerala GST Rules, 2017 (*refer to the Central GST Act and Kerala State GST Act, 2017 for detailed provisions*)

1.2 After the recent amendments, **Table 4(A)** of **FORM GSTR 3B** pertaining to the particulars of the input tax credit available get auto populated from the auto drafted input tax credit statement in **FORM GSTR 2B**. The utilization of input tax credit towards output tax dues in **Table 6** of **FORM GSTR 3B** also get auto populated from the available balance in the electronic credit ledger and also from the **Table 4(C)** - “Net ITC available” of the **FORM GSTR 3B** of the respective tax period.

1.3 Instances have been noticed where the taxpayers are deducting the amount of ineligible input tax credit directly by editing the total amount of input tax credit auto populated in **Table 4(A)** of **FORM GSTR 3B**. This will result in incorrect settlement of

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funds to the State. Also, in some cases the taxpayers are not declaring the “ineligible” input tax credits, under **Table 4(B)** of **FORM GSTR 3B** resulting in wrong utilization of ineligible credit. Such taxpayer shall be liable to reverse/pay such input tax credit along with interest @ 18% per annum from the date of utilization till the date of reversal/repayment and shall also be penalized.

Accordingly, in order to ensure uniformity in return filing the Commissioner of State Tax, in exercise of the powers conferred by section 168 of the Kerala State Goods and Services Tax Act, 2017 hereby clarifies the issues detailed hereunder:

2. The procedure to be followed for furnishing of information regarding input tax credit availed, reversal thereof and ineligible input tax credit in Table 4 of FORM GSTR-3B

2.1 Total ITC (**eligible** as well as **ineligible**) of the taxpayer will be auto-populated from statement in **FORM GSTR 2B** in different fields of **Table 4A of FORM GSTR 3B** (except for the ineligible input tax credit on account of limitation of time period as specified in section 16 (4) of the CGST and KSGST Act, 2017 or where the recipient of an intra-State supply is located in a different State than that of place of supply).

2.2 The taxpayer shall not deduct the amount of ineligible input tax credit directly by editing the total amount of input tax credit auto populated in **Table 4A of FORM GSTR 3B**. If the taxpayer has to declare any amount of ineligible input tax credit under any of the provision, they should strictly adhere to the ensuing instructions in this regards.

2.3 Out of the amounts available in **Table 4A of FORM GSTR 3B**, if the taxpayer have any ineligible input tax credit which is to be reversed on account of **Rule 38** (reversal of credit by a banking company or a financial institution) or **Rule 42** (reversal of credit on inputs and input services if the same is used for non business purpose or used for the outward supply of exempted goods or services) or **Rule 43** (reversal of credit on capital goods if the same is used for non business purpose or used for the outward supply of exempted goods or services) of the CGST and KGST Rules, 2017, as the case may be, the same shall be declared in **Table 4 (B) (1) of FORM GSTR 3B**. In addition to that, if the taxpayer has any input tax credit which is blocked as per **Section 17(5)** of the CGST and KSGST Act, 2017 the same shall also be declared in **Table 4 (B) (1) of FORM GSTR 3B**.

2.4 The taxpayer shall report reversal of ITC which are not permanent in nature and can be reclaimed in future subject to fulfilment of specific conditions, such as on account of **Rule 37** (non-payment of consideration to supplier within 180 days) of CGST and KGST Rules, 2017, **Section 16(2)(b)** (non receipt of goods or services or both in the same tax period in which the invoice has been received) and **Section 16(2)(c)** (non payment of tax by the supplier) of the CGST and KSGST Act, 2017 in **Table 4 (B) (2) of FORM GSTR 3B**. Such input tax credit may be reclaimed in the appropriate table in **Table 4 (A) of FORM GSTR 3B** on fulfilment of necessary conditions. Further, all such reclaimed input tax credit shall also be shown in **Table 4 (D) (1) of FORM GSTR 3B**. **Table 4 (B) (2) of FORM GSTR 3B** may also be used by the taxpayer for reversal of any input tax credit availed in **Table 4(A) of FORM GSTR 3B** wrongly in any previous tax periods due to any inadvertent/clerical mistakes.

2.5 Accordingly, the “Net ITC Available” in **Table 4 (C) of FORM GSTR 3B** will be as

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per the formula (4A - [4B (1) + 4B (2)]) and the same will be credited to the electronic credit ledger of the taxpayer and also in **Table 6** of **FORM GSTR 3B** to set-off the out put tax dues, if any.

2.6 Input tax credit not available, on account of limitation of time period as specified in **Section 16 (4)** of the CGST and KSGST Act, 2017 or where the recipient of an intra-State supply is located in a different State / UT than that of place of supply, may be reported by the taxpayer in **Table 4 D (2)** of **FORM GSTR 3B**. Such details are available in **Table 4** of **FORM GSTR-2B**.

3.If any taxpayer has availed ineligible or blocked credits and in cases where the time limit prescribed under Section 39(9) of the Act for rectification by filing **FORM GSTR 3B** is over, they may reverse such input tax credit on his own ascertainment by filing **FORM GST DRC-03**, electronically on the common portal, in accordance with prevailing Acts and Rules, to avoid further litigations and proceedings such as Show Cause Notices demanding tax, interest, imposition of penalty etc.

The Trade Circular vide reference cited as 3rd above stands amended to the above extent.

All the stakeholders including trade associations/organisations are requested to bring the contents of this circular to the attention of their members in particular and to the trade in general.

Sd/-
COMMISSIONER