

Challenges Expected During Preparation & Filing of GSTR-2

After several hiccups and extension by two months, [GSTR-1](#) returns for July month were filed by 45,99,113 tax payers out of approx 54.78 Lakh taxpayers who filed [GSTR-3B](#) by October 10th.

The next phase of compliance "[GSTR-2](#)" return to furnish details of inward supplies has begun since 11th October and will continue till 31st October. Considering Diwali holidays, most action will start only on October 23th. This will leave only 9 days for filing GSTR-2. CAs and tax consultants will face the following challenges in GSTR-2 filing apart from a short window of 9 days.

Data Challenges

GSTR-2 requires several data to be submitted. This requires proper accounting and retrieval of these tables. Being first month, getting these data accurately will be a challenge for most SMEs.

There is some relief as TDS/TCS provisions have been deferred and ISD returns have not been filed. Hence 2 tables marked in red are not required for the month of July.

ITC Challenges

While filing GSTR-3B, tax payers were required to give one summary figure of proportionate ITC claim in terms of Rule 42/43. Several tax payers are looking for the same option in GSTR-2.

However, this time ITC claim amount is to be entered for each invoice/ debit / credit Note. Similarly, in GSTR-3B only one amount of ineligible ITC in terms of Section 17(5). In GSTR-2, ineligible ITC has to be mentioned for each invoice/ debit / credit Note.

Reconciliation Challenges

B2B invoices and Debit/Credit Notes will be auto populated by GSTN based on GSTR-1 filed by the suppliers.

These transactions must be reconciled with accounting ledger. The reconciliation is necessary to find out

1. Invoices appearing in auto populated GSTR-2A but are not present in accounts
2. Invoices NOT appearing in auto populated GSTR-2A but are present in accounts
3. Invoices present in both, but

- Taxable Values or tax amounts are not matching
- Invoice Date, Reverse Charge flag and Place of Supply is not matching

If after investigation, it is found that errors are in accounts, then accounting entries need to be rectified and reconciliation done again

Hence reconciliation is not a one time activity. It is iterative process till one is sure that there are no errors in accounts. Using API driven softwares for reconciliation can make life much easier.

Reconciliation Action Challenges

The following new set of rules have been implemented by GSTN

1. In Auto-populated GSTR-2A data, both returns filed and submitted by suppliers will appear. You can take action Accept/Reject/Pending only for records which are submitted
2. If a record is matching with your accounts, but status is saved, you have to add this record to claim provisional ITC
3. Modify option is not available for Invoice No, Invoice Date, GSTIN, POS, Invoice type, Reverse Charge Flag. To modify, you need to reject it and add correct values again
4. An invoice where everything is matching except Invoice Date has a special treatment. In such a case, you have two options
 - o Accept it
 - o Reject it

When you reject it, supplier will get intimation by GSTR-1, which he can then accept and then put correct values in the next month's GSTR-1

GSTN Portal / Offline Tool Challenges

From data provided by GSTN, 83% of total invoices were uploaded by tax payers using GSTN Offline portal or directly on the portal online.

	Invoices in Crores	% of Total
GSTN Offline Tool	24.2	73
GSTN Online Portal	3.26	10
GSP Solutions	5.56	17
Total	33.02	

Most tax payers were waiting for GSTR-2 functionality in Offline Tool. Our assessment of Offline tool suggests the following:

1. There are several steps involved in filing GSTR-2 (See table below). This involves shuttling between offline tool and online mode.

2. Reconciliation between GSTR-2A and accounts is not provided in the software, so tax payers will have to use external tool or excel vLoopUp to do the reconciliation.

Step	Offline Tool
1 Get Auto Populated Data	<ol style="list-style-type: none"> 1. Login to Portal 2. Request Download and wait 3. Download json file 4. Open Offline Tool 5. Open Downloaded json file
2 Reconcile auto populated data with your accounts	No such option. So use external tool
3 Actions	Accept / Reject / Pending to be done individually for each option or page wise bulk option
4 Eligibility	All records marked Eligible and Input. IF not then individually search and edit the record
5 ITC Claimed	ITC claimed = ITC Available by default for all records. If not then individually search and edit the record
6 Add B2B records	To be separately added on screen or via Excel Template
7 Other than Auto Populated Data	To be entered on screen or via Excel Template
8 Validations	<ol style="list-style-type: none"> 1. In Offline Tool Create json file 2. Login to portal 3. Upload json file 4. Wait for Validations 5. Download Validation Error File 6. In Offline Tool , import Error File to view errors
9 Save Data	<ol style="list-style-type: none"> 1. After removing all errors, create fresh json file 2. Login to portal 3. Upload json File 4. View Summary 5. Save Data

Way forward

It is clear that this time it will be very cumbersome to file GSTR-2 online or via Offline Tool by GSTN. Possibly tax payers having 40-50 inward supply invoices may still use Offline tool.

For a CA/ GST Practitioner, it will be better to invest in a good ASP solution which offers

- Seamless reconciliation and filing experience
- Strong reconciliation feature with auto intelligence
- Dashboard to show status of filing

Source courtesy:caclubindia.com