

**PREPARATION OF TAX RETURNS**  
**For**  
**B.Com. (General & Computer Applications)**  
**IV Semester**



**University Arts & Science College**  
**Kakatiya University, Warangal**

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# **Preparation of Tax Returns**

## **BC601: Preparation of Tax Returns**

**Max. Marks: 40UE+10IA**

### **UNIT-I: INTRODUCTION**

E-filing of Income Tax Returns and E-Payment of Income Tax – Application for PAN – Online Registration of PAN Income Tax Returns of Individuals – Utility Available for Preparation of Return – Viewing of Tax Credit Available in Form 26AS – Filing of Various Returns of Income for an individual i.e., ITR-1 to ITR-4 with Digital Signatures and Without Digital Signatures.

### **UNIT-II: GST**

Overview of GST Act – Concepts – Dealer Registration Procedure – Filing of Return – Tax calculation and issues involved in standardization of taxes.

### **REFERENCE BOOKS**

1. Vinod K Singhania and Dr Kapil Singhania, Direct Taxes Law & Practice, Taxman Publications.
2. Dr Girish Ahuja and Ravi Gupta, Direct Taxes Law & Practice, Bharat Publications.

# Preparation of Tax Returns

## UNIT-I: INTRODUCTION

E-filing of Income Tax Returns and E-Payment of Income Tax – Application for PAN – Online Registration of PAN Income Tax Returns of Individuals – Utility Available for Preparation of Return – Viewing of Tax Credit Available in Form 26AS – Filing of Various Returns of Income for an individual i.e., ITR-1 to ITR-4 with Digital Signatures and Without Digital Signatures.

### INCOME TAX RETURN:

**Income Tax Return** is the form in which assessee files information about his Income and tax thereon to Income Tax Department. Various forms are ITR 1, ITR 2, ITR 3, ITR 4, ITR 5, ITR 6 and ITR 7. When you file a belated return, you are not allowed to carry forward certain losses.

The Income Tax Act, 1961, and the Income Tax Rules, 1962, obligates citizens to file returns with the Income Tax Department at the end of every financial year. These returns should be filed before the specified due date. Every Income Tax Return Form is applicable to a certain section of the Assessee. Only those Forms which are filed by the eligible Assessee are processed by the Income Tax Department of India. It is therefore imperative to know which particular form is appropriate in each case. Income Tax Return Forms vary depending on the criteria of the source of income of the Assessee and the category of the Assessee.

### e-Filing of ITR

*The user can file the Income Tax Return (ITR) in two ways:*

1. **Offline:** Download the applicable ITR, fill the form offline, save the generated XML file and then upload it.

To e-File the ITR using the upload XML method, the user must download either of the following ITR utility:

- Excel Utility
- Java Utility

Perform the following steps to download the **Java Utility** or **Excel Utility**, then to generate and Upload the XML:

1. Go to the Income Tax e-Filing portal [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)
2. Download the Appropriate ITR utility under '**Downloads > IT Return Preparation Software**'.
3. Extract the downloaded utility ZIP file and Open the Utility from the extracted folder. (For more information and prerequisites, refer the 'Read me' document).

#### **Note : System Requirements**

Excel Utilities: Macro enabled MS-Office Excel version 2007/2010/2013 on Microsoft Windows 7 / 8 /10 with .Net Framework (3.5 & above)

Java Utilities: Microsoft Windows 7/8/10, Linux and Mac OS 10.x with JRE (Java Runtime Environment) Version 8 with latest updates.

To Enable Macros in Excel Go to > File > Options > Trust Centre > Trust Centre Settings > Macro Settings > Enable All Macro > Click 'OK' button twice to save these settings.

4. Fill the applicable and mandatory fields of the ITR form.

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### Note :

Pre-filled XML can be downloaded post login to the e-Filing portal from 'My Account > Download Pre-Filled XML' and can be imported to the utility for prefilling the personal and other available details.

5. Validate all the tabs of the ITR form and Calculate the Tax.
6. Generate and Save the XML.
7. Login to e-Filing portal by entering user ID (PAN), Password, Captcha code and click 'Login'.
8. Click on the 'e-File' menu and click 'Income Tax Return' link.
9. **On Income Tax Return Page:**
  - PAN will be auto-populated
  - Select 'Assessment Year'
  - Select 'ITR form Number'
  - Select 'Filing Type' as 'Original/Revised Return'
  - Select 'Submission Mode' as 'Upload XML'
10. **Choose any one of the following option to verify the Income Tax Return:**
  - Digital Signature Certificate (DSC).
  - Aadhaar OTP.
  - EVC using Prevalidated Bank Account Details.
  - EVC using Prevalidated Demat Account Details.
  - Generate EVC Option or Bank ATM. Validity of such EVC is 72 hours from the time of generation.◇Already generated EVC through My Account
  - I would like to e-Verify later. Please remind me.
  - I don't want to e-verify this Income Tax Return and would like to send signed ITR-V through normal or speed post to "Centralized Processing Center, Income Tax Department, Bengaluru – 560500"
11. Click 'Continue'
  - Attach the ITR XML file.  
On choosing,  
DSC as verification option, Attach the signature file generated from DSC management utility.
  - Aadhaar OTP as verification option, Enter the Aadhaar OTP received in the mobile number registered with UIDAI.
  - EVC through Bank account, Demat account or Bank ATM as verification option, Enter the EVC received in the mobile number registered with Bank or Demat Account respectively.
  - Other two verification options, the ITR will be submitted but the process of filing the ITRs is not complete until it is verified. The submitted ITR should be e-Verified later by using 'My Account > e-Verify Return' option or the signed ITR-V should be sent to CPC, Bengaluru.
12. Submit the ITR.
13. To view the uploaded ITRs

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2. **Online:** Enter the relevant data directly online at e-filing portal and submit it. Taxpayer can file ITR 1 and ITR 4 online.

1. Go to the Income Tax e-Filing portal, [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)
2. Login to e-Filing portal by entering user ID (PAN), Password, Captcha code and click 'Login'.
3. Click on the 'e-File' menu and click 'Income Tax Return' link.
4. **On Income Tax Return Page:**
  - PAN will be auto-populated
  - Select 'Assessment Year'
  - Select 'ITR Form Number'
  - Select 'Filing Type' as 'Original/Revised Return'
  - Select 'Submission Mode' as 'Prepare and Submit Online'
5. Click on 'Continue'
6. Read the Instructions carefully and Fill all the applicable and mandatory fields of the Online ITR Form.

**Note:** To avoid loss of data/rework due session time out, Click on 'Save Draft' button periodically to save the entered ITR details as a draft. The saved draft will be available for 30 days from the date of saving or till the date of filing the return or till there is no change in the XML schema of the notified ITR (Whichever is earlier).

7. Choose the appropriate Verification option in the 'Taxes Paid and Verification' tab. Choose any one of the following option to verify the Income Tax Return:
  - I would like to e-Verify
  - I would like to e-Verify later within 120 days from date of filing.
  - I don't want to e-Verify and would like to send signed ITR-V through normal or speed post to "Centralized Processing Center, Income Tax Department, Bengaluru - 560 500" within 120 days from date of filing.
  - Click on 'Preview and Submit' button, Verify all the data entered in the ITR.
  - 'Submit' the ITR.
  - On Choosing 'I would like to e-Verify' option, e-Verification can be done through any of the following methods by entering the EVC/OTP when asked for.
    - EVC generated through bank ATM or Generate EVC option under My Account
    - Aadhaar OTP
    - Prevalidated Bank Account
    - Prevalidated Demat Account

### **Note**

On Choosing the other two verification options, the ITR will be submitted but the process of filing the ITRs is not complete until it is verified. The submitted ITR should be e-Verified later by using 'My Account > e-Verify Return' option or the signed ITR-V should be sent to CPC, Bengaluru.

- The EVC/OTP should be entered within 60 seconds else, the Income Tax Return (ITR) will be auto-submitted. The submitted ITR should be verified later by using 'My Account > e-Verify Return' option or by sending signed ITR-V to CPC.
- To view the uploaded ITRs

## **Preparation of Tax Returns**

### **PAN application under Income Tax Act:**

A PAN card is a card issued under the Income Tax Act, 1961 and it contains a unique 10-digit alphanumeric code. This code is computer-generated and is unique to the holder of the card.

### **Who can avail a PAN Card?**

The PAN Card is not only issued to individuals. Companies and partnership firms can also avail a PAN Card and it becomes mandatory for such entities to have a PAN number when they are filing their income tax returns. Even in case of individuals, minors, students and Non-Resident Indians can also apply PAN Card online.

### **History of PAN Card in India**

Before PAN Card was introduced in India, (General Index Register) GIR came into existence. It was a manual system which was unique to the assessing officer's ward/circle which also resulted in errors and miscalculations. However, GIR was not unique to the individual at country level. In the year 1972, the concept of Permanent Account Number (old series) was first introduced by the Government of India and was made statutory under the section 139A of the Income Tax Act, 1961 with effect from 1st April, 1976.

Different blocks of PAN were allotted to each Commissioner by the Board and Commissioners were responsible for allotment of PAN to the taxpayers under various assessing officers. Allotment of PAN Card was made manually initially, and to avoid duplication, each ward/circle was provided with a certain set of numbers. But Government of India abandoned this process due to various problems associated with it.

### **The PAN under old series faced various problems and eventually could not meet the desired objectives because of the following reasons:**

1. There was no database maintained to check the allotment of multiple PANs to taxpayer.
2. Non-structured database under computerized system was limited to few parameter- Name, Address, Status and Designation of Assessing Officer.
3. There was no centralised authority who could issue the PAN Cards, resulting in the possibility that different centers could allot same number to different individuals in the country.
4. There was no permanent number for the taxpayers which ultimately resulted in the change in PAN number with the address of the cardholder.

To avoid the risk of getting it plagiarised, Government of India took the step of introducing new series of PAN card. Section 139A of Income Tax Act was amended with the effect from 01.07.1995 to enable the allotment of PAN under the new series to persons residing in the areas notified by the Board. Also, applications for allotment of PAN under the new series were made mandatory in Delhi, Mumbai, and Chennai with effect from 01.06.1996 and in the rest of country from 11.02.1998.

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### How to Apply for PAN Card Online/Offline

A PAN Card can be applied for in two ways. One can apply online for pan card through the popular online pan card application process or alternately, the offline mode of PAN card application may also be used. In the following sections we will discuss the methods you can use to apply for and get a PAN card.

#### Online PAN Card Application Process –

Here are the steps which are to be followed when applying for the PAN Card using the online mode of application and PAN card registration:

**Step 1:** Visit the relevant website of NSDL or UTIITSL for online application for PAN Card.

**Step 2:** On the website select the option 'New PAN' on the home page.

**Step 3:** There is a new PAN Card Form 49A which should be selected for individuals whether they are Indian Citizens, NRE/NRI or OCI Individuals.

**Step 4:** This form should be filled with the individual's details.

**Step 5:** The applicant would also be required to pay the processing fee online or through a Demand Draft after submitting the form to initiate processing of the form.

**Step 6:** The final page which is generated after paying the fees and submitting the filled out PAN Form 49A contains the 15-digit acknowledgement number.

**Step 7:** The acknowledgement form should be sent to the NSDL PAN office by courier within 15 days of online submission of Form 49A along with the concerned documents.

**Step 8:** After the acknowledgement form is couriered to the NSDL office, PAN no. verification is done and the Card is generated after the NSDL PAN verification. The physical PAN card is sent to the customer's address as mentioned in the form within a period of 15 days.

#### Offline PAN Card Application Process

Applying for the PAN Card can also be done offline at any district level PAN agency.

- Download the PAN card application form from the NSDL or UTIISL websites or collect a copy from UTIISL agents.
- Fill in the form and attach supporting documents (proof of identity, address and photographs)
- Submit the form and documents to the NSDL office along with the processing fee.
- The PAN card will be sent to the address mentioned in the form within 15 working days.

#### PAN Card Forms

People can apply for a PAN card by filling Form 49A or Form 49AA. In case of Indian individuals/entities, form 49A is filled where as in case of foreigners, PAN card form 49AA is to be filled. Although PAN card for minors and students can also apply by filling PAN card form 49A. Both forms are available online as well as offline. The components of both forms are as follows – Assessing Officer Code (AO Code), name, address, date of birth, mobile number and email id, Aadhaar number, etc. In the end, the applicant has to sign the declaration and send it along with the self-attested copies of document proofs to TIN-NSDL's office.

Documents Required for a PAN Card

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While availing a PAN Card, some key documents are also required to be submitted along with the PAN Card application form (Form 49A or Form 49AA) or the acknowledgement form (if applying online) for PAN card verification process. The requirement of documents varies greatly depending on the applicant. Key documents which are required along with the PAN application form when individuals or other entities apply for a PAN card. Find below the list of documents required for pan card :

### For an individual applicant:

- Identity Proof which can be a copy of any one among the following:
  - Any govt. issued ID – Aadhar, DL, Voter ID, etc.
  - Arm's License
  - Pensioner Card which contains the applicant's photograph
  - A photo ID card which is issued by Central Government, State Government or a Public Sector Undertaking
  - Central Government's Health Scheme Card or Ex-Servicemen's Contributory Health Scheme Photo Card
  - An original bank certificate which is issued on the bank's letterhead from the branch of the bank and attested by the issuing officer. Such a certificate should contain an attested photograph of the applicant along with the bank account number.
- An address proof which can be a copy of any one of the following:
  - Electricity, landline or broadband connection bill
  - Postpaid mobile phone bill
  - Water bill
  - LPG or piped gas connection bill or Gas Connection book
  - Bank account statement
  - Credit card statement
  - Deposit account statement
  - Post Office account Passbook
  - Passport
  - Voter's ID Card
  - Driving License
  - Property registration document
  - Domicile certificate issued by the Indian Government
  - Aadhar Card
  - Original certificate from the employer provided that the employer is a reputed public or private corporation
- Date of birth proof which can be a copy of any one of the following:
  - Birth certificate which is issued by the Municipal Authority or any authorized authority
  - Matriculation certificate
  - Pension Payment order
  - Passport
  - Marriage certificate issued by Registrar of Marriages



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- Driving license
- Domicile certificate issued by the Indian Government
- An affidavit sworn before a magistrate stating the applicant's date of birth

### **For a Hindu Undivided Family (HUF)**

- An affidavit issued by the Karta of the HUF stating the name, address and the father's name of every coparcener as on the date on which the application is made.
- Identity proof, address proof and date of birth proof as in case of an individual for the Karta of the HUF.

### **For a company registered in India**

- A copy of the Certificate of Registration issued by the Registrar of Companies.

### **For firms and Limited Liability Partnerships formed or registered in India**

- A copy of the Certificate of Registration issued by the Registrar of Firms or Limited Liability Partnerships.
- A copy of the Partnership Deed.

### **For Trust formed or registered in India**

- Copy of Trust Deed or a copy of the Certificate of Registration Number issued by a Charity Commissioner.

### **For an Association of Persons**

- Copy of Agreement/Certificate of Registration Number from Registrar of Co-operative Society or Charity Commissioner or other competent authority or any document issued by the Central/State Government which shows identity and address of applicant.

### **For individuals who are not Indian Citizens**

- A proof of identity which can be any one of the following:
- Passport copy
- Copy of PIO card issued by the Indian Government
- Copy of OCI Card issued by the Indian Government
- Copy of other national or citizenship Identification Number or TIN attested by applicable 'Apostille', Indian Embassy, High Commission or Consulate where the applicant is based.
- Address proof can be any one of the following:
- Passport copy
- Copy of PIO card issued by the Indian Government
- Copy of OCI Card issued by the Indian Government
- Copy of other national or citizenship Identification Number or TIN attested by relevant 'Apostille', Indian Embassy, High Commission or Consulate
- Copy of bank statement of the residential country
- Copy of NRE bank statement in India
- Copy of resident certificate or Residential permit
- Copy of registration certificate issued by FRO
- Copy of VISA granted and appointment letter from any Indian company

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### View Tax Credit Statement (Form 26AS)

Perform the following steps to view or download the Form-26AS from e-Filing portal:

1. Logon to 'e-Filing' Portal [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)
2. Go to the 'My Account' menu, click 'View Form 26AS (Tax Credit)' link.
3. Read the disclaimer, click 'Confirm' and the user will be redirected to TDS-CPC Portal.
4. In the TDS-CPC Portal, Agree the acceptance of usage. Click 'Proceed'.
5. Click 'View Tax Credit (Form 26AS)'
6. Select the 'Assessment Year' and 'View type' (HTML, Text or PDF)
7. Click 'View / Download'

### FORMS

#### ITR1

**ITR-1** form is an essential Income Tax Return form for Indian citizens filing their tax returns with the Income Tax Department. This form is issued by the Income Tax Department of India and is an integral part of the rules laid down by the Government of India for filing Income Tax Returns.

#### ***Eligible individuals for ITR-1 SAHAJ (Hindi terminology meaning 'easy')***

Individuals who have earned their Income for a Financial Year only through the following means are eligible to fill the ITR-1 SAHAJ form.

- Through Salary or Pension
- Through One House Property (except in case of losses brought forward from preceding years)
- Through other sources apart from Lottery, Racehorses, Legal Gambling etc. Other sources include FD interest, spousal pension etc.

In case of clubbed Income Tax Returns, where a spouse or a minor is included in the tax returns, this can be done only if their income too is limited to the specifications laid down above.

#### ***Non-eligible individuals for ITR-1 SAHAJ***

Individuals who are not eligible to fill the ITR-1 SAHAJ form are those who have earned Income through the following means:

- Through more than one piece of Property
- Through Lottery, Racehorses, Legal Gambling etc.
- Through non tax-exempted capital gains, Short term as well as Long term
- Through exempted income exceeding Rs. 5000
- Through Business and Professions
- Loss under the head other sources
- Any Person claiming relief under section 90 and/or 91
- Having Total Income more than Rs 5 million
- If any Resident Individual who has any Income from any source outside India or has any asset outside India or has signing authority in any account located outside India

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### ***Submission of ITR-1 SAHAJ form***

The form can be submitted physically at any Income Tax Returns Office. An Acknowledgment Receipt can be obtained upon submission.

In case of Electronic Filing of the form there are two alternatives. Firstly, if a Digital Signature is obtained, the Form is uploaded online. Secondly, the Form is downloaded, printed, signed, and a copy of the acknowledgement is sent by post to the Income Tax Department's office in Bengaluru.

ITRV can now be verified online using Aadhaar Card or Electronic Verification Code (EVC). The EVC can be generated either via One Time Password sent to email and registered mobile number (if income is less than INR 500,000) or via Net Banking. After online verification Income Tax Assesses is not required to send ITRV to Bangalore CPC.

The **ITR-2** is a Form used by Income Tax Assesseees in India. The process of filing Tax Returns in India involves the use of various forms for different categories of Assesseees and the ITR-2 is one such form.

### **ITR-2 Form**

The ITR-2 Form is an important Income Tax Return form used by Indian citizens as well as Non Residents to file their Tax Returns with the Income Tax Department of India. The Income Tax Act, 1961, and the Income Tax Rules, 1962, require citizens to file their tax returns with the Income Tax Department at the end of every financial year and this form is a part of the filing process as specified by the Government of India.

The due date for filing return with the Income Tax Department of India is 31 July every year. This is subject to change only if a directive to this effect is issued by the Income Tax Department or the Ministry of Finance, India. The Financial Year ends on 31 March every year so Assesseees have a period of four months to prepare their Income Tax Returns.

### ***Eligibility for the ITR-2 Form***

The use of the ITR-2 Form is applicable to the following means of income only. This form is available for both Individuals as well as Hindu Undivided Families. Individuals earning an income only through the following means are eligible to fill and submit the form to the Income Tax Department.

- Earning Income through a salary or pension
- Income through House Property.
- Earning Income through capital gains (Short Term and Long Term)
- Earnings through Other Sources (includes Income through Lottery Winnings, through bets on Racehorses, and other Legal methods of Gambling)

The Income Tax Returns, if clubbed together with that of a spouse, minor child etc. needs to ensure that their sources of income are similar to those stated above. Only then can their returns be filed together. A difference of earnings in even one category makes the Assesseee liable to fill a separate and applicable Income Tax Returns Form.

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### ***Non-eligibility for the ITR-2 Form***

- Any Individual or Hindu Undivided Family whose income, in whole or in part, is earned either through a Business or a Profession.
- Individuals who are eligible to fill the ITR-1 SAHAJ form.
- An individual who is designated as a partner in a Partnership Firm is not eligible to fill the ITR-2 Form.

### ***Special concession for salaried personnel***

Salaried personnel who earn an income of Rupees Five Lakh or less are exempted from filing Tax Returns as per the directive of the Income Tax Department of India. This rule however is only applicable to those who earn less than Rupees Ten Thousand as Income by way of Interest earned through their Savings Bank Accounts. Those who earn Rupees Ten Thousand or more are required to file their Tax Returns.

### ***E-filing compulsory for a certain section of Income Earners***

The Central Board of Direct Taxes (CBDT) has made it compulsory for Individual and Hindu Undivided Families earning an income in excess of Rupees Five Lakh to file their Tax Returns only through the E-Filing Process. The manual filing of returns is no more an option for Assesseees who come under this category. Electronic Filing of their Tax Returns is the only way to filing the income tax return for the Individual and HUFs

### **ITR-3 Form**

The ITR-3 Form particularly applies to those Individuals and Hindu Undivided Families who are registered as Partners in a firm. As per Rule 12 of the Income Tax Rules, 1962, this form does not apply to those who are Proprietors of a firm. It is mainly for the business which includes partnership deals. It is also applicable for professionals but it should be a partnership profession.

### ***Eligible Assesseees for the ITR-3 Form***

The eligibility criteria of every Income Tax Return form are governed by a set of rules and conditions. The ITR-3 Form is applicable only to those Individuals and Hindu Undivided Families that can be placed under the following categories

- Is a Partner in a firm
- Gains Income through 'Profits or gains of business or profession'
- Gains Income by means of interest, salary, bonus, commission, remuneration, as a partner

If the partner of a firm only earns income from the firm as a share in the profits and not by any other means such as interest, bonus, salary, remuneration, or commission etc. then such an Individual or Hindu Undivided Family should file Income Tax Returns using only the ITR-3 Form, and not the ITR-2 Form.

### ***Non-eligible Assesseees for the ITR-3 Form***

Individuals and Hindu Undivided Families who are not eligible to fill the ITR-3 Form are those who have earned Income through a Business or Profession operated as a Proprietorship firm.<sup>[8]</sup> Assesseees, who apart from being a partner in a firm, also have sources of income from a business or profession, including the speculation market, are also not eligible to file their Income Tax Returns through this form.

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### **ITR-4 Form**

The ITR-4 Form is applicable to those individual and Hindu Undivided Families who want to declare their income from Business or Profession under Presumptive Income Scheme of Income Tax under Section 44AD, Sec 44ADA and Section 44AE of the Income Tax Act.

### **DIGITAL SIGNATURE FOR E-FILING OF INCOME TAX RETURN**

It is mandatory for an individual, HUF and firm to file income tax return using the Digital Signature Certificate. Here's how to do it.

A digital signature is an electronic form of a signature that can be used to authenticate the signatory of a document. It is used to sign the documents digitally and to authenticate the electronic documents. A Digital Signature Certificate (DSC) is the electronic format of physical or paper certificate that serves as a proof of identity of an individual. These certificates can be issued only through licensed Certifying Authorities (CA) approved by the Controller of Certifying Authorities (CCA), Government of India.

DSC comes in the form of USB token, generally has a validity of 1 or 2 years and is renewable on expiry. It is an easy and hassle-free process to file the IT return using the Digital Signature. This is also considered a secure way to file the Income-Tax Return (ITR).

It is mandatory for an individual, HUF, firm, LLP (if their accounts are required to be audited under the provisions of Section 44AB), political parties and companies to file the ITR using the DSC (Class 2). Other taxpayers can also voluntarily use the DSC to file the income-tax return. If the return is signed digitally, then it is neither required to verify the return using Aadhaar-based OTP, nor to send the signed hard copy of ITR-V to the CPC Bengaluru. The taxpayer just needs to affix the DSC to the tax return to authenticate it. Before verifying the ITR using DSC, it is mandatory to register the DSC on the income-tax e-filing website.

DSCs are available in three classes – Class 1, Class 2 and Class 3.

Class 1 Digital Signatures are issued to individuals/private subscribers and offer lowest level of assurance. It is used for both business and private use. It is used to digitally sign the non-commercial or low-value transactions where proof of identity is unnecessary.

Class 2 Digital Signatures are required to file documents electronically with various government authorities like the Income-Tax Department, Ministry of Corporate Affairs, etc. It is used for income-tax e-filing, companies incorporation, ROC filings, etc.

Class 3 Digital Signatures are used to participate in E-auctions/E-tenders. Various government entities like the Railways, Banks, Road Transport authorities, power board, etc., require Class 3 Digital signature to participate in e-auctions.

### **How to Register the DSC on E-filing website?**

The Digital Signature Certificate is to be registered on the website of the Income-Tax Department. This is necessary to ensure that the authorized person and DSC verify the tax return. DSC can be registered in the following steps:

Step 1: Visit [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) and login with registered PAN and Password.

Step 2: After log-in, from main menu go to Profile Settings > Register Digital Signature Certificate.

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Step 3: From the landing page, download DSC Management Utility from the link given on that page. Extract the ZIP folder and open the DSC management utility.

Step 4: Go to the second tab Register/Reset Password using DSC in DSC Management Utility.

Step 5: Insert the DSC USB token in USB port of Computer/Laptop.

Step 6: Enter the E-Filing User ID and PAN of the DSC (Registered in E-Filing).

Step 7: Select the type of DSC (USB Token) and generate the signature file.

Step 8: Go back again to the e-filing portal and attach the Signature File (generated in Step 7) on the page of Register Digital Signature Certificate and submit.

On successful registration of DSC, a confirmation email shall be sent on the registered Email ID.

Registration of DSC is the first step in the process of verification of the Income-Tax Return with DSC. Once it is registered, the next step is to verify the ITR, which can be done with the following process.

### **How to Verify ITR using DSC?**

Step 1: Download the latest DSC management utility from e-filing portal. Extract the zip folder and open the utility.

Step 2: Select the third tab Upload XML in the DSC management utility and Browse the .XML File generated from Excel or Java Return filing Utility. In case the return is being prepared from the online e-filing account, then use the fourth tab of Submit ITR/Form Online.

Step 3: Select the type of DSC (USB Token) and generate the signature file.

Step 4: Go back to the e-filing website. Select the radio button of Digital Signature Certificate at the time of uploading of ITR XML file.

Step 5: Upload the Signature file along with XML file at the time of e-filing.

# Preparation of Tax Returns

## UNIT-II: GST

**Overview of GST Act – Concepts – Dealer Registration Procedure – Filing of Return – Tax calculation and issues involved in standardization of taxes.**

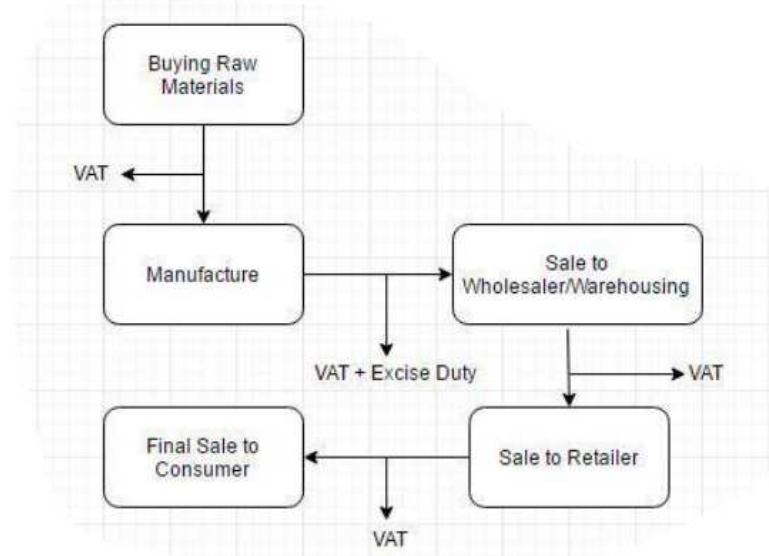
### Overview of GST Act

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a **comprehensive, multi-stage, destination-based tax** that is levied on every **value addition**.

In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST is **one indirect tax** for the **entire country**.

So, before Goods and Service Tax, the pattern of tax levy was as follows:



Under the GST regime, the tax is levied at every point of sale. In the case of intra-state sales, Central GST and State GST are charged. Inter-state sales are chargeable to Integrated GST.

Now let us try to understand the definition of Goods and Service Tax – “GST is a comprehensive, **multi-stage, destination-based tax** that is levied on every **value addition**.”

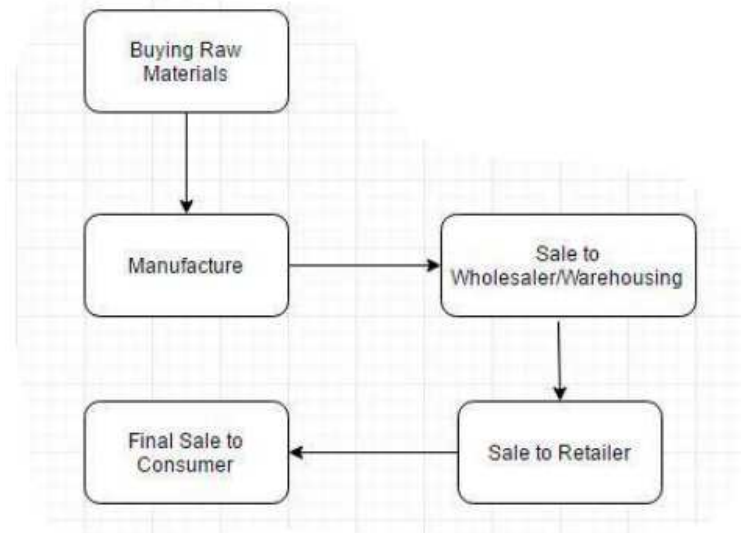
### Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

## Preparation of Tax Returns

Let us consider the following case:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Sale to wholesaler
- Sale of the product to the retailer
- Sale to the end consumer



Goods and Services Tax is levied on each of these stages which makes it a multi-stage tax. Value Addition



The manufacturer who makes biscuits buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into biscuits.

The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of biscuits and labels it. That is another addition of value after which the warehouse sells it to the retailer.

The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits thus increasing its value.

GST is levied on these value additions i.e. the monetary value added at each stage to achieve the final sale to the end customer.



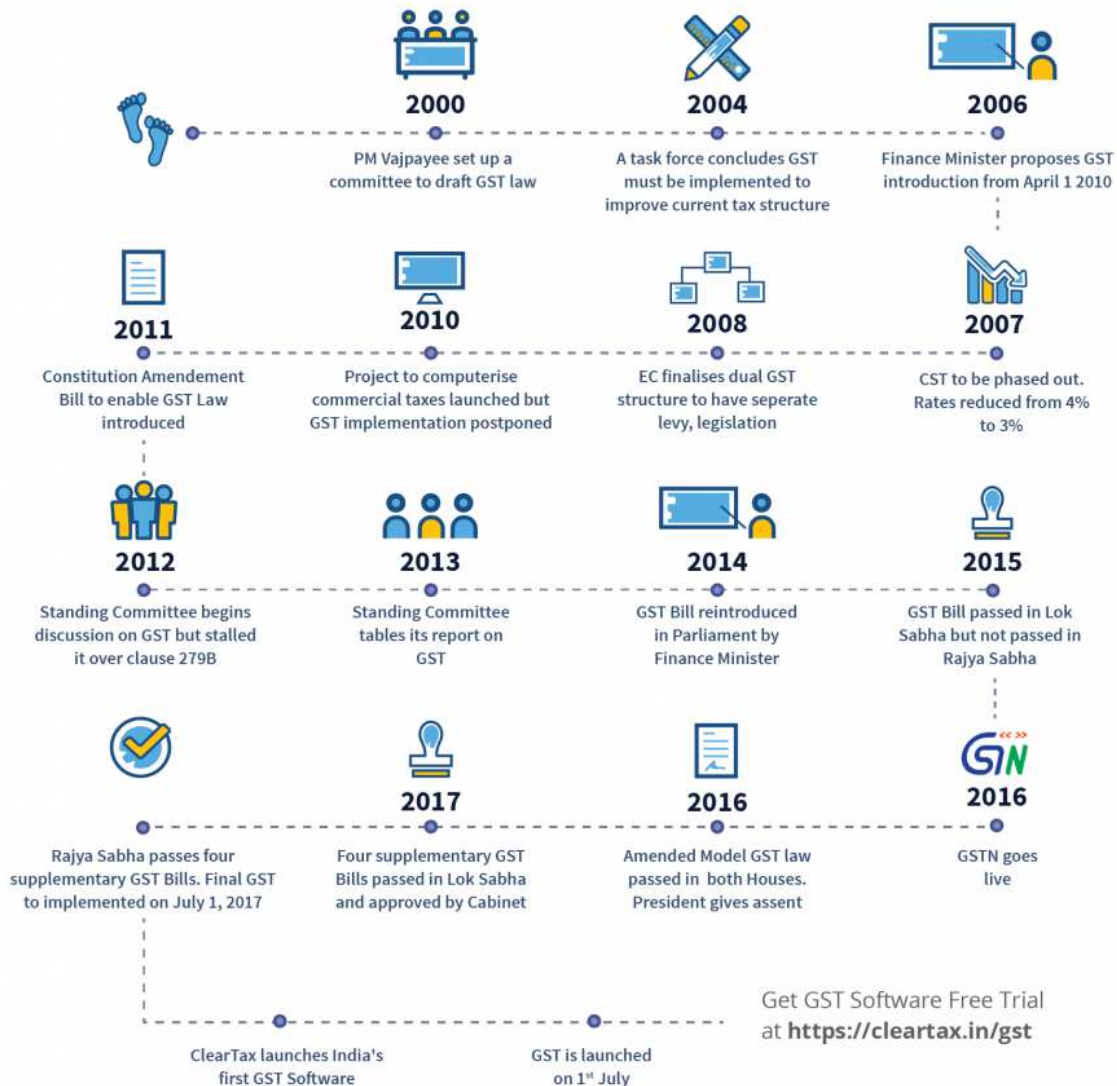
# Preparation of Tax Returns

## Destination-Based

Consider goods manufactured in Maharashtra and are sold to the final consumer in Karnataka. Since Goods & Service Tax is levied at the point of consumption. So, the entire tax revenue will go to Karnataka and not Maharashtra.

## Journey of GST in India

The GST journey began in the year 2000 when a committee was set up to draft law. It took 17 years from then for the Law to evolve. In 2017 the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017 the GST Law came into force.



## Preparation of Tax Returns

### Components of GST:

There are 3 taxes applicable under this system: CGST, SGST & IGST.

- **CGST:** Collected by the Central Government on an intra-state sale (Eg: transaction happening within Maharashtra)
- **SGST:** Collected by the State Government on an intra-state sale (Eg: transaction happening within Maharashtra)
- **IGST:** Collected by the Central Government for inter-state sale (Eg: Maharashtra to Tamil Nadu)

In most cases, the tax structure under the new regime will be as follows:

Transaction	New Regime	Old Regime	
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Centre will then share the IGST revenue based on the destination of goods.

Illustration:

- Let us assume that a dealer in Gujarat had sold the goods to a dealer in Punjab worth Rs. 50,000. The tax rate is 18% comprising of only IGST.

In such case, the dealer has to charge Rs. 9,000 as IGST. This revenue will go to the Central Government.

- The same dealer sells goods to a consumer in Gujarat worth Rs. 50,000. The GST rate on the good is 12%. This rate comprises of CGST at 6% and SGST at 6%.

The dealer has to collect Rs. 6,000 as Goods and Service Tax. Rs. 3,000 will go to the Central Government and Rs. 3,000 will go to the Gujarat government as the sale is within the state.

### Tax Laws before GST

In the earlier indirect tax regime, there were many indirect taxes levied by both state and centre. States mainly collected taxes in the form of Value Added Tax (VAT). Every state had a different set of rules and regulations.

Interstate sale of goods was taxed by the Centre. CST (Central State Tax) was applicable in case of interstate sale of goods. Other than above there were many indirect taxes like entertainment tax, octroi and local tax that was levied by state and centre.

This led to a lot of overlapping of taxes levied by both state and centre.

For example, when goods were manufactured and sold, excise duty was charged by the centre. Over and above Excise Duty, VAT was also charged by the State. This led to a tax on tax also known as the cascading effect of taxes.

## Preparation of Tax Returns

The following is the list of indirect taxes in the pre-GST regime:

- Central Excise Duty
- Duties of Excise
- Additional Duties of Excise
- Additional Duties of Customs
- Special Additional Duty of Customs
- Cess
- State VAT
- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entertainment Tax
- Entry Tax
- Taxes on advertisements
- Taxes on lotteries, betting, and gambling

CGST, SGST, and IGST has replaced all the above taxes.

However, the chargeability of CST for Inter-state purchase at a concessional rate of 2%, by issue and utilisation of c-Form is still prevalent for certain Non-GST goods such as:

- i. Petroleum crude;
- ii. High-speed diesel
- iii. Motor spirit (commonly known as petrol);
- iv. Natural gas;
- v. Aviation turbine fuel; and
- vi. Alcoholic liquor for human consumption.

in respect of following transactions only:

- Resale
- Use in manufacturing or processing
- Use in the telecommunication network or in mining or in the generation or distribution of electricity or any other power

### What changes has GST brought in?

In the pre-GST regime, every purchaser including the final consumer paid tax on tax. This tax on tax is called Cascading Effect of Taxes.

**GST has removed** this cascading effect as the tax is calculated only on the value-addition at each stage of the transfer of ownership.

This indirect tax system under GST has improved the collection of taxes as well as boosted the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate.

## Preparation of Tax Returns

### Illustration:

Based on the above example of biscuit manufacturer along with some numbers, let's see what happens to the cost of goods and the taxes in the earlier and GST regimes.

#### Tax calculations in earlier regime:

Action	Cost	10% Tax	Total
Manufacturer	1,000	100	1,100
Warehouse adds a label and repacks @ 300	1,400	140	1,540
Retailer advertises @ 500	2,040	204	2,244
Total	1,800	444	2,244

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the **Cascading Effect of Taxes** where a tax is paid on tax and the value of the item keeps increasing every time this happens.

#### Tax calculations in current regime:

Action	Cost	10% Tax	Actual Liability	Total
Manufacturer	1,000	100	100	1,100
Warehouse adds label and repacks @ 300	1,300	130	30	1,430
Retailer advertises @ 500	1,800	180	50	1,980
Total	1,800		180	1,980

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input. What happens in this case is, the individual who has paid a tax already can claim credit for this tax when he submits his taxes.

In the end, every time an individual is able to claim the input tax credit, the sale price is reduced and the cost price for the buyer is reduced because of lower tax liability. The final value of the biscuits is therefore reduced from Rs. 2,244 to Rs. 1,980, thus reducing the tax burden on the final customer.

GST regime also brought a centralised system of waybills by the introduction of "E-way bills". This system was launched on 1st April 2018 for Inter-state movement of goods and on 15th April 2018 for intra-state movement of goods in a staggered manner. Under the e-way bill system, manufacturers, traders & transporters are now able to generate e-way bills for the goods transported from the place of its origin to its destination on a common portal with ease. Tax authorities are also benefitted as this system has reduced time at check -posts and help reduce tax evasion.

#### How to Register for GST India Online –GST Registration process Online

Every dealer whose Annual turnover exceeds Rs 20 lakh (for special states, the amount is Rs 10 lakh) has to register for GST.

## Preparation of Tax Returns

Here is a step-by-step guide on how to complete registration process online on the GST Portal-

**Step 1** – Go to GST portal. Click on Register Now under Taxpayers (Normal)

**Step 2** – Enter the following details in Part A –

- Select New Registration
- In the drop-down under I am a – select Taxpayer
- Select State and District from the drop down
- Enter the Name of Business and PAN of the business
- Key in the Email Address and Mobile Number. The registered email id and mobile number will receive the OTPs.
- Click on Proceed

## Preparation of Tax Returns

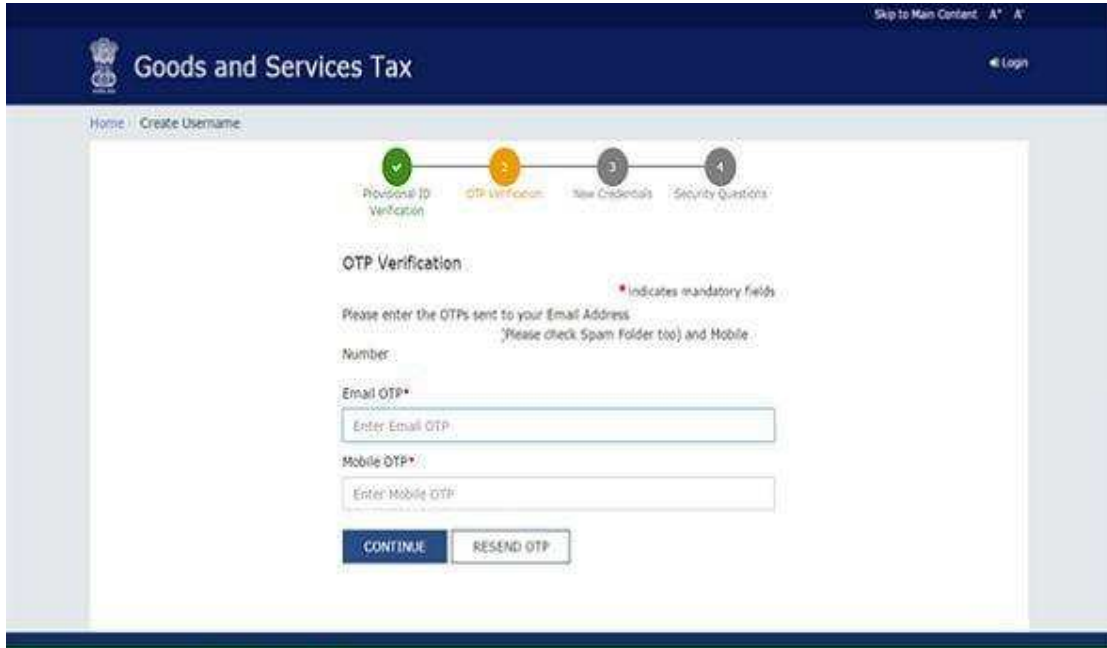
The screenshot displays the 'Goods and Services Tax' portal. The header includes the logo, the title 'Goods and Services Tax', and a 'Login' link. The navigation menu contains 'Home', 'Services', 'Notifications & Circulars', 'Acts & Rules', 'Downloads', and 'Search Taxpayer'. The breadcrumb trail shows 'Home > Registration'. A progress indicator at the top shows two steps: '1 User Credentials' (active) and '2 OTP Verification'. The main content area is titled 'New Registration' and includes a legend indicating that a red asterisk (\*) denotes mandatory fields. The form contains the following fields and options:

- Registration Type:** Radio buttons for 'New Registration' (selected) and 'Temporary Reference Number (TRN)'.
- I am a:** A dropdown menu with 'Select' as the current value.
- State / UT:** A dropdown menu with 'Select' as the current value.
- District:** A dropdown menu with 'Select' as the current value.
- Legal Name of the Business (As mentioned in PAN):** A text input field with the placeholder 'Enter Legal Name of Business'.
- Permanent Account Number (PAN):** A text input field with the placeholder 'Enter Permanent Account Number (PAN)'.
- Email Address:** A text input field with the placeholder 'Enter Email Address' and an email icon.
- OTP:** A checkbox labeled 'OTP will be sent to this Email Address'.
- Mobile Number:** A text input field with the placeholder '+91 Enter Mobile Number'.
- Mobile OTP:** A checkbox labeled 'Separate OTP will be sent to this mobile number'.

A blue 'PROCEED' button is located at the bottom of the form.

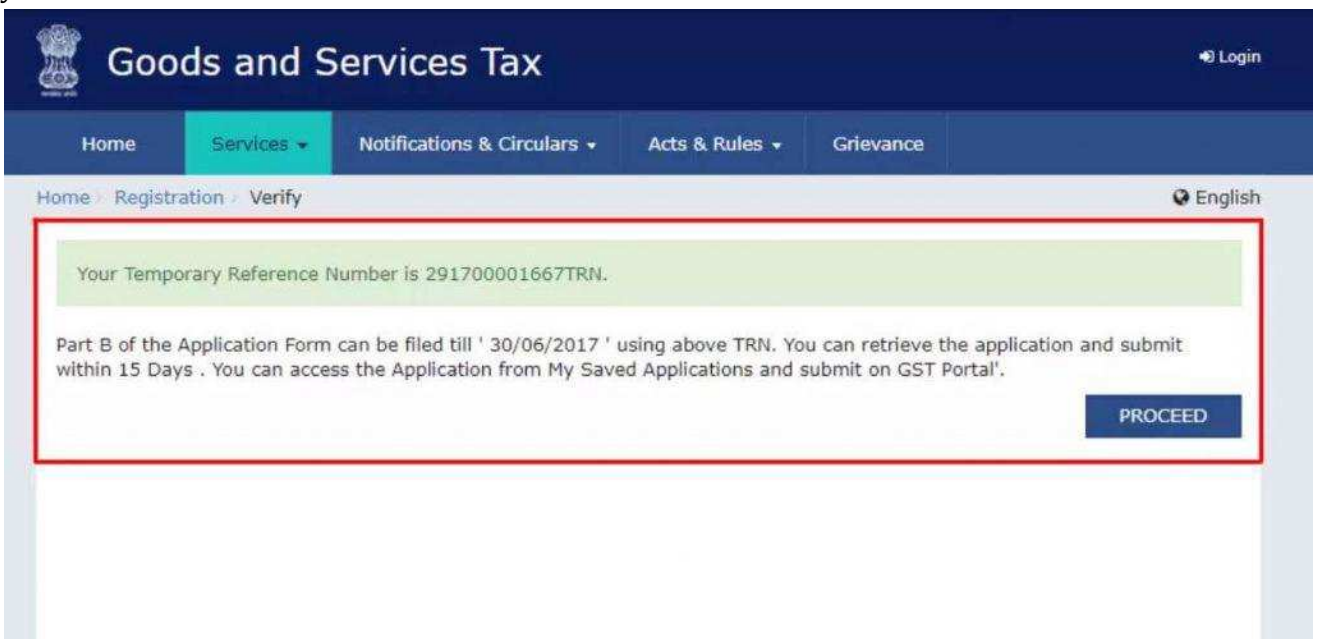
**Step 3** – Enter the OTP received on the email and mobile. Click on Continue. If you have not received the OTP click on Resend OTP.

## Preparation of Tax Returns



The screenshot shows the 'Goods and Services Tax' portal. At the top, there is a navigation bar with the logo and the text 'Goods and Services Tax'. Below this, there is a progress indicator with four steps: 1. Personal ID Verification (completed), 2. OTP Verification (current step), 3. New Credentials, and 4. Security questions. The main content area is titled 'OTP Verification' and contains the following text: 'Please enter the OTPs sent to your Email Address (Please check Spam Folder too) and Mobile'. There are two input fields: 'Email OTP\*' and 'Mobile OTP\*'. Below the input fields are two buttons: 'CONTINUE' and 'RESEND OTP'.

**Step 4** – You will receive the Temporary Reference Number (TRN) now. This will also be sent to your email and mobile. Note down the TRN.



The screenshot shows the 'Goods and Services Tax' portal. At the top, there is a navigation bar with the logo and the text 'Goods and Services Tax'. Below this, there is a navigation menu with 'Home', 'Services', 'Notifications & Circulars', 'Acts & Rules', and 'Grievance'. The main content area is titled 'Verify' and contains the following text: 'Your Temporary Reference Number is 291700001667TRN.' Below this text, there is a paragraph: 'Part B of the Application Form can be filed till ' 30/06/2017 ' using above TRN. You can retrieve the application and submit within 15 Days . You can access the Application from My Saved Applications and submit on GST Portal'. There is a 'PROCEED' button at the bottom right.

**Step 5** – Once again go to GST portal. Click on Register Now.

**Step 6** – Select Temporary Reference Number (TRN). Enter the TRN and the captcha code and click on Proceed.

## Preparation of Tax Returns

The screenshot shows the 'Goods and Services Tax' portal. The navigation bar includes 'Home', 'Services', 'Notifications & Circulars', 'Acts & Rules', 'Downloads', and 'Search Taxpayer'. The breadcrumb trail is 'Home > Registration'. The page title is 'New Registration'. A progress indicator shows '1' (User Credentials) and '2' (OTP Verification). The 'New Registration' step is active. There are two radio buttons: 'New Registration' (selected) and 'Temporary Reference Number (TRN)'. Below, there is a text input field for 'Temporary Reference Number (TRN)' with the placeholder 'Enter Temporary Reference Number (TRN)'. Below that is a CAPTCHA field with the placeholder 'Enter characters as displayed in the CAPTCHA image' and a CAPTCHA image showing the characters '107'. A 'PROCEED' button is at the bottom.

**Step 7** – You will receive an OTP on the registered mobile and email. Enter the OTP and click on Proceed

The screenshot shows the 'Goods and Services Tax' portal. The navigation bar includes 'Home', 'Services', 'Notifications & Circulars', 'Acts & Rules', and 'Grievance'. The breadcrumb trail is 'Home > Registration > Verify'. The page title is 'Verify OTP'. A progress indicator shows '1' (User Credentials) and '2' (OTP Verification). The 'Verify OTP' step is active. There is a text input field for 'Mobile / Email OTP' with a red border. Below the field is a message: 'Fill OTP sent to Mobile and Email'. Below that is a link: 'Click here to resend the OTP'. At the bottom are 'BACK' and 'PROCEED' buttons.

**Step 8** -You will see that the status of the application is shown as drafts. Click on Edit Icon.



## Preparation of Tax Returns

The screenshot shows the 'Goods and Services Tax' portal dashboard. The top navigation bar includes 'Dashboard', 'Services', 'Notifications & Circulars', 'Acts & Rules', and 'Grievance'. The main content area is titled 'My Saved Application' and contains a table with the following data:

Creation Date	Form No.	Form Description	Expiry Date	Status	Action
15/06/2017	GST REG-01	Application for Registration of Goods and Services Tax Act, 2017	30/06/2017	Draft	 

Below the table, there is a section titled 'Track Application Status' with the message 'No Records Found'.

**Step 9** – Part B has 10 sections. Fill in all the details and submit appropriate documents. Here is the list of documents you need to keep handy while applying for GST registration-

- Photographs
- Constitution of the taxpayer
- Proof for the place of business
- Bank account details
- Authorization form

The screenshot shows the 'Business Details' page of the 'Goods and Services Tax' portal. The page displays the following information:

Application Type	Due Date to Complete	Last Modified	Profile
New Registration	30/06/2017	15/06/2017	13%

Below this information is a row of ten icons representing different sections of the application process:

- Business Details
- Promoter / Partners
- Authorized Signatory
- Authorized Representativ
- Principal Place of Business
- Additional Places of Business
- Goods and Services
- Bank Accounts
- State Specific Information
- Verification

A red dot next to the 'Verification' icon indicates a mandatory field.

**Step 10** – Once all the details are filled in go to the Verification page. Tick on the declaration and submit the application using any of the following ways –

- Companies must submit application using DSC
- Using e-Sign – OTP will be sent to Aadhaar registered number
- Using EVC – OTP will be sent to the registered mobile

## Preparation of Tax Returns

The screenshot shows the 'Verification' step of the GST registration process. At the top, a navigation bar contains ten tabs: Business Details, Promoter / Partners, Authorized Signatory, Authorized Representative, Principal Place of Business, Additional Places of Business, Goods and Services, Bank Accounts, State Specific Information, and Verification. The 'Verification' tab is active. Below the navigation bar, a red asterisk indicates mandatory fields. The form includes a declaration checkbox: 'I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.' Below this are four input fields: 'Name of Authorized Signatory' (a dropdown menu), 'Place' (a text input), 'Designation / Status' (a text input), and 'Date' (a date picker showing 15/06/2017). A note states 'DSC is compulsory for Companies & LLP'. At the bottom, there are three buttons: 'BACK', 'SUBMIT WITH DSC', and 'SUBMIT WITH E-SIGN'.

**Step 11** – A success message is displayed and Application Reference Number(ARN) is sent to registered email and mobile.

The screenshot shows the 'Goods and Services Tax' portal. The header includes the GST logo, the text 'Goods and Services Tax', and a 'Logout' link. A navigation menu contains 'Dashboard', 'Services', 'Notifications & Circulars', 'Acts & Rules', and 'Grievance'. The 'Dashboard' tab is selected, and the breadcrumb trail shows 'Dashboard > Application for New Registration'. The main content area displays a green success message: 'SUCCESS Thank you for submission. System will verify / validate the information submitted after which acknowledgement will be sent in next 15 minutes'. The language is set to 'English'.

You can check the ARN status for your registration by entering the ARN in GST Portal.

# Preparation of Tax Returns

## Filing a Return under GST:

A return is a document containing details of income which a taxpayer is required to file with the tax administrative authorities. This is used by tax authorities to calculate tax liability.

Under GST, a registered dealer has to file GST returns that include:

- Purchases
- Sales
- Output GST (On sales)
- Input tax credit (GST paid on purchases)

To file GST returns, GST compliant sales and purchase invoices are required. You can generate GST compliant invoices for free on ClearTax BillBook.

Who should file GST Returns?

In the GST regime, any regular business has to file two monthly returns and one annual return. This amounts to 26 returns in a year.

The beauty of the system is that one has to manually enter details of one monthly return – GSTR-1. The other return GSTR 3B will get auto-populated by deriving information from GSTR-1 filed by you and your vendors.

There are separate returns required to be filed by special cases such as composition dealers.

## Types of GST Returns

### 1. GSTR-1

GSTR-1 is the return to be furnished for reporting details of all outward supplies of goods and services made, or in other words, sales transactions made during a tax period, and also for reporting debit and credit notes issued. Any amendments to sales invoices made, even pertaining to previous tax periods, should be reported in the GSTR-1 return.

GSTR-1 is to be filed by all normal taxpayers who are registered under GST. It is to be filed monthly, except in the case of small taxpayers with turnover up to Rs.1.5 crore in the previous financial year, who can file the same on a quarterly basis.

### 2. GSTR-2A

GSTR-2A is the return containing details of all inward supplies of goods and services i.e. purchases made from registered suppliers during a tax period. The data is auto-populated based on data filed by the suppliers in their GSTR-1 return. GSTR-2A is a read-only return and no action can be taken.

### 3. GSTR-2

GSTR-2 is the return for reporting the inward supplies of goods and services i.e. the purchases made during a tax period. The details in the GSTR-2 return are auto-populated from the GSTR-2A. Unlike GSTR-2A, the GSTR-2 return can be edited.

GSTR-2 is to be filed by all normal taxpayers registered under GST, however, the filing of the same has been suspended ever since the inception of GST.

## **Preparation of Tax Returns**

### **4. GSTR-3**

GSTR-3 is a monthly summary return for furnishing summarized details of all outward supplies made, inward supplies received and input tax credit claimed, along with details of the tax liability and taxes paid. This return is auto-generated on the basis of the GSTR-1 and GSTR-2 returns filed. GSTR-3 is to be filed by all normal taxpayers registered under GST, however, the filing of the same has been suspended ever since the inception of GST.

### **5. GSTR-3B**

GSTR-3B is a monthly self-declaration to be filed, for furnishing summarized details of all outward supplies made, input tax credit claimed, tax liability ascertained and taxes paid. GSTR-3B is to be filed by all normal taxpayers registered under GST.

### **6. GSTR-4 / CMP-08**

GSTR-4 is the return that was to be filed by taxpayers who have opted for the Composition Scheme under GST. CMP-08 is the return which has replaced the now erstwhile GSTR-4. The Composition Scheme is a scheme in which taxpayers with turnover up to Rs.1.5 crores can opt into and pay taxes at a fixed rate on the turnover declared.

The CMP-08 return is to be filed on a quarterly basis.

### **7. GSTR-5**

GSTR-5 is the return to be filed by non-resident foreign taxpayers, who are registered under GST and carry out business transactions in India. The return contains details of all outward supplies made, inward supplies received, credit/debit notes, tax liability and taxes paid.

The GSTR-5 return is to be filed monthly for each month that the taxpayer is registered under GST in India.

### **8. GSTR-6**

GSTR-6 is a monthly return to be filed by an Input Service Distributor (ISD). It will contain details of input tax credit received and distributed by the ISD. It will further contain details of all documents issued for the distribution of input credit and the manner of distribution.

### **9. GSTR-7**

GSTR-7 is a monthly return to be filed by persons required to deduct TDS (Tax deducted at source) under GST. GSTR 7 will contain details of TDS deducted, the TDS liability payable and paid and TDS refund claimed, if any.

### **10. GSTR-8**

GSTR-8 is a monthly return to be filed by e-commerce operators registered under the GST who are required to collect tax at source (TCS). GSTR-8 will contain details of all supplies made through the E-commerce platform, and the TCS collected on the same.

The GSTR-8 return is to be filed on a monthly basis.

### **11. GSTR-9**

GSTR-9 is the annual return to be filed by taxpayers registered under GST. It will contain details of all outward supplies made, inward supplies received during the relevant previous year under different tax heads i.e. CGST, SGST & IGST and HSN codes, along with details of taxes payable and paid. It is a consolidation of all the monthly or quarterly returns (GSTR-1, GSTR-2A, GSTR-3B) filed during that year.

## Preparation of Tax Returns

GSTR-9 is required to be filed by all taxpayers registered under GST\*, except taxpayers who have opted for the Composition Scheme, Casual Taxable Persons, Input Service Distributors, Non-resident Taxable Persons and persons paying TDS under section 51 of CGST Act.

\*The 37th GST Council meeting took the decision to make GSTR-9 filing optional for businesses with turnover up to Rs.2 crore in FY 17-18 and FY 18-19.

### 12. GSTR-9A

GSTR-9A is the annual return to be filed by taxpayers who have registered under the Composition Scheme in a financial year\*. It is a consolidation of all the quarterly returns filed during that financial year.

\*GSTR-9A filing for Composition taxpayers has been waived off for FY 2017-18 and FY 2018-19 as per the decision taken in the 27th GST Council meeting.

### 13. GSTR-9C

GSTR-9C is the reconciliation statement to be filed by all taxpayers registered under GST whose turnover exceeds Rs.2 crore in a financial year. The registered person has to get their books of accounts audited by a Chartered/Cost Accountant. The statement of reconciliation is between these audited financial statements of the taxpayer and the annual return GSTR-9 that has been filed.

GSTR-9C is to be filed for every GSTIN, hence, one PAN can have multiple GSTR-9C forms being filed.

### 14. GSTR-10

GSTR-10 is to be filed by a taxable person whose registered has been cancelled or surrendered. This return is also called a final return and has to be filed within 3 months from the date of cancellation or cancellation order, whichever is earlier.

### 15. GSTR-11

GSTR-11 is the return to be filed by persons who have been issued a Unique Identity Number(UIN) in order to get a refund under GST for the goods and services purchased by them in India. UIN is a classification made for foreign diplomatic missions and embassies not liable to tax in India, for the purpose of getting a refund of taxes. GSTR-11 will contain details of inward supplies received and refund claimed.

## Due Dates of Filing GST Returns

These returns are as per the CGST Act\*

Return Form	Particulars	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services affected	Monthly	11th* of the next month with effect from October 2018 *Previously, the due date was 10th
GSTR-2	Details of inward supplies	Monthly	15th of the next month

## Preparation of Tax Returns

<b>Suspended</b>	of taxable goods and/or services affected claiming the input tax credit.		
<b>GSTR-3 Suspended</b>	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of tax.	Monthly	20th of the next month
<b>GSTR-3B</b>	Simple Return in which summary of outward supplies along with Input Tax Credit is declared and payment of tax is affected by taxpayer	Monthly	20th of the next month
<b>CMP-08**</b>	Return for a taxpayer registered under the composition levy	Quarterly	18th of the month succeeding quarter
<b>GSTR-5</b>	Return for a Non-Resident foreign taxable person	Monthly	20th of the next month
<b>GSTR-6</b>	Return for an Input Service Distributor	Monthly	13th of the next month
<b>GSTR-7</b>	Return for authorities deducting tax at source.	Monthly	10th of the next month
<b>GSTR-8</b>	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
<b>GSTR-9</b>	Annual Return for a Normal Taxpayer	Annually	31st December of next financial year*
<b>GSTR-9A</b>	Annual Return a taxpayer registered under the	Annually	31st December of next financial year*

## Preparation of Tax Returns

	composition levy anytime during the year		
GSTR-10	Final Return	Once, when GST Registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed

\* Subject to changes by Notifications/ Orders  
 \*\*Statement of self-assessed tax by composition dealers – same as the erstwhile form GSTR-4, which is now made an annual return with effect from FY 2019-2020 onwards.

### Late filing of GST Returns

Return filing is mandatory under GST. Even if there is no transaction, you must file a Nil return.

- You cannot file a return if you do not file previous month/quarter's return.
- Hence, late filing of GST return will have a cascading effect leading to heavy fines and penalty.
- The late filing fee of the GSTR-1 is populated in the liability ledger of GSTR-3B filed immediately after such delay.

### Interest/late fees to be paid

- Interest is 18% per annum. It has to be calculated by the taxpayer on the amount of outstanding tax to be paid. It shall be calculated on the Net tax liability identified in the ledger at the time of payment. The time period will be from the next day of filing due date till the actual date of payment.
- As per GST Act Late fee is Rs. 100 per day per Act. So it is 100 under CGST & 100 under SGST. Total will be Rs. 200/day. The maximum is Rs. 5,000. There is no late fee on IGST.
- To learn more about late fees charged across the GST Return periods, read our article on Late fees under GST.

### Method to calculate GST using the GST calculator:

Under the new tax structure, taxpayers can learn about different GST rates applicable at different categories. These are 0%, 5%, 12%, 18% and 28%, these are necessary while calculating GST.

### Different tax heads under GST:

GST can be categorised in four different heads such as

## Preparation of Tax Returns

1. State Goods and Services Tax (SGST): State Government collects this tax
2. Central Goods and Services Tax (CGST): Central Government collects this tax
3. Union Territory Goods and Services Tax (UTGST): Union Territory Government collects this tax
4. Integrated Goods and Services Tax (IGST). It is collected by the Central Government for inter-state transactions and imports.

IGST is applied to interstate products where the supplier of the product is in different state and the product is supplied in a different state. In such a case, an equal rate of CGST and SGST is levied for interstate supplies.

### **GST Calculation Formula:**

For calculating GST, following mentioned formula can be used by the taxpayer. Following formula helps to calculate net price of the product after application of GST and removing GST as well.

The formula for GST calculation:

#### **1. Add GST:**

$$\text{GST Amount} = (\text{Original Cost} \times \text{GST}\%)/100$$

$$\text{Net Price} = \text{Original Cost} + \text{GST Amount}$$

#### **2. Remove GST:**

$$\text{GST Amount} = \text{Original Cost} - [\text{Original Cost} \times \{100/(100+\text{GST}\%)\}]$$

$$\text{Net Price} = \text{Original Cost} - \text{GST Amount.}$$

### **GST calculation Example:**

Let's assume that a product is sold for Rs. 2,000 and GST applicable to that product is 12 %.

Then the net price of the product becomes Rs. 2,000 + 12% of Rs.2,000.

This comes out as Rs. 2,000 + Rs. 240 = Rs. 2,240

### **Calculation of Tax under GST:**

Input tax credit can benefit manufacturers and dealers under the GST scheme. Following table shows a comparison between the old tax system and GST tax system

Below is an example to show the difference in the amount of tax payable under the old tax system and the GST system:



## Preparation of Tax Returns

Value to Manufacturer	Old Tax system	GST System
Cost of production	Rs.2,00,000	Rs.2,00,000
Profit Margin of 10%	Rs.20,000	Rs.20,000
Excise duty of 12%	Rs.24,000	–
Total production cost	Rs.2,44,000	Rs.2,20,000
VAT of 12.5%	Rs.30,500	–
SGST of 6%	–	Rs.13,200
CGST of 6%	–	Rs.13,200
Invoice value for manufacturer	Rs.2,74,500	Rs.2,46,400
Value to Wholesaler		
Cost of goods	Rs.2,74,500	Rs.2,46,400
Profit margin of 10%	Rs.27,450	Rs.24,640
Total Value	Rs.3,01,950	Rs.2,71,040
VAT of 12.5%	Rs.37,743.75	–
SGST of 6%	–	Rs.16,262.40
CGST of 6%	–	Rs.16,262.40
Invoice value to wholesaler	Rs.3,39,693.75	Rs.3,03,564.80
Value to Retailer		
Cost of goods	Rs.3,39,693.75	Rs.3,03,564.80
Profit margin of 10%	Rs.33,969.375	Rs.30,356.48
Total Value	Rs.3,73,663.125	Rs.3,33,921.28
VAT of 12.5%	Rs.46,708	–
SGST of 6%	–	Rs.20,035.28
CGST of 6%	–	Rs.20,035.28
Invoice value to retailer	Rs.4,20,371.125	Rs.3,73,991.84

## **Preparation of Tax Returns**

### **Issues under Standardization of taxes:**

To make "One Nation, One Tax" a reality, the government is training its officers on taxation of services. GSTN, the technology backbone for the reform, has a massive IT mandate of securely handling mammoth volumes of data that GST will generate. The legislation cuts across all enterprises, requiring them to relook at their business models, business policies, and procedures.

### **GST preparedness among clients is missing**

Clients' understanding of GST provisions and its impact on their business is still at a nascent stage, and many are still identifying the locations and places they need to be registered in. These businesses are also assessing the mandated GST-compliance their relevant functional departments need to adhere to, including their Supply Chain, IT Systems, and Legal. This is necessary for identifying their new Working Capital, Cash Flow, and Fund Flow needs. To be on the right side of the GST anti-profiteering clause, businesses are also assessing their cost sheets while performing Comparable Analysis of the pricing of goods and services, pre-and post GST.

### **Lack of Clarity on GST Provisions (Rules and Regulation)**

Various provisions of GST are still ambiguous. Categorisation of goods and services in various cases is still unclear. Provisions for anti-profiteering, as well as the now-deferred e-way bill, which tracks consignments across states, are unclear.

The new tax regime requires transporters to generate e-way bills on the GST portals which includes incurring substantial costs to install radio frequency identification devices (RFIDs). Currently there is no clarity on who will bear the bill for the infrastructure. The government has also made the rules related to assessment and audit public, but the absence of actual forms in the public domain challenges the effectiveness of the rule.

### **Increased compliance, with increase in the number of returns to be filed annually**

Businesses will need to file multiple returns, a minimum of 37 in most cases for assesseees, and this can increase multifold in accordance with business models. Clients will need to ensure timely compliance by registered suppliers to ensure there is no loss of input credit. This will necessitate correct data and reports to fill accurate GST returns.

### **Preparedness of IT Systems**

Various businesses are yet to map the accounting software and IT systems in line with the new tax provisions, to create GST invoices, and extract required reports. Tax and accounting professionals jointly need to ensure that their clients' current systems are compatible with their GST Service Provider (GSP).

With GST demanding compliance, only days after guidelines were issued in their entirety, India Inc is rushed for time to modify the entire IT framework. Seamless implementation will require six million micro, small, and medium enterprises (MSMEs) to adapt their invoicing approaches for which they do not have adequate IT support and systems.

## **Preparation of Tax Returns**

### **Lack of skilled resources and need for re-skilling**

With GST rates and their complexities only recently becoming a part of our policy framework, skilled staff with updated GST subject knowledge and training are not easily available. This has placed an additional work load on personnel across industries, and created an urgent need for additional GST-skilled resources to ensure swift implementation.

While GST aims to streamline business and protect consumer interests, the legislation should not allow a sense of apprehension to impact industrial interests. GST is both a challenge and an opportunity for tax and accounting professionals, and a knowledge of cloud, big data, analytics, and business applications along with financial knowledge is the need of the hour.

## Preparation of Tax Returns

6007/1

FACULTY OF COMMERCE AND BUSINESS MANAGEMENT  
B.COM IIIYEAR VI SEMESTER EXAMINATION -APRIL/MAY- 2019

### PREPARATION OF TAX RETURNS

(Skill Enhancement Course)

Paper - I

Time: 1½ Hours

Max. Marks: 40

Answer ALL questions

Each question carries equal marks (4X10=40 Marks)

1. Answer the following

- |                                 |                                      |
|---------------------------------|--------------------------------------|
| a. Essentials for Applying PAN  | PANదరఖాస్తుయొక్క అవసరము              |
| b. Digital Signature            | డిజిటల్ సంతకము                       |
| c. Direct & Indirect Tax System | ప్రత్యక్ష మరియు పరోక్ష పన్ను వ్యవస్థ |
| d. CGST & SGST                  | CGST & SGST                          |

2. a. Explain the procedure for Online Registration of PAN of Individuals.

వ్యక్తిగత PAN యొక్క అన్లైన్ దరఖాస్తు ప్రక్రియను వివరించుము.

Or

b. Write about various methods for filing returns of Income for an Individual.

వ్యక్తిగత ఆదాయ దాఖలు కుగల వివిధ మార్గాలను గూర్చి రాయుము.

3. a. Explain the procedure for Dealer Registration in GST.

GST లో డీలర్ రిజిస్ట్రేషన్ ప్రక్రియను వివరించుము.

Or

b. Discuss the procedure for filing of returns using GST.

GST ఆదాయ దాఖలు యొక్క ప్రక్రియను వివరించుము.

4. a. Define Income Tax. Explain the process of E-Payment of Income Tax.

ఆదాయ పన్నును నిర్వచించి, ఆదాయ పన్ను యొక్క ఇ-పేమెంట్ ప్రక్రియను వివరించుము.

Or

b. Discuss the issues involved in Standardization of Taxes.

పన్నుల యొక్క ప్రామాణీకరణలో గల వివిధ అంశాలను గూర్చి చర్చించుము.

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