



INTRODUCTION

ICAI is a statutory body established by an Act of Parliament, viz. *The Chartered Accountants Act, 1949*, for regulating and developing the profession of Chartered Accountancy in the country. The ICAI is the largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

The GST & Indirect Taxes Committee of the ICAI plays a vital role in supporting the Government's GST initiatives through policy advisory, capacity-building programmes and knowledge dissemination. The Committee extended unwavering support to the Government during the rollout of GST by providing inputs on GST law and procedures and by undertaking extensive awareness and training initiatives.

The GST & Indirect Taxes Committee of ICAI is pleased to present this compiled set of Practical FAQs on the Filing of Form GSTR-3B, submitted pursuant to the request of the Central Board of Indirect Taxes and Customs (CBIC).

In case any further clarification or data is considered necessary, the Committee shall be pleased to furnish the same. The contact details are:

Name and Designation	Contact Details	
	Mobile/Tel. No.	Email Id
CA. Umesh Sharma Chairman GST & Indirect Taxes Committee	9822079900	fcaumeshsharma@gmail.com
CA. Rajendra Kumar P Vice -Chairman GST & Indirect Taxes Committee	9444017087	rk@icai.in
CA. Smita Mishra Secretary GST & Indirect Taxes Committee	9205559863 0120-3045954	gst@icai.in ; smita@icai.in



Practical FAQs on filing of Form GSTR-3B

- 1. Whether a registered person can re-claim Input Tax Credit (ITC) which was inadvertently reversed in Table 4(B)(1) instead of Table 4(B)(2) of FORM GSTR-3B, considering that such reversal is not reflected in the Electronic Credit Reversal and Re-claimed Statement?**

Yes, the registered person is eligible to re-claim such ITC, subject to the statutory time limits under Section 16(4) of the CGST Act, 2017.

However, attention is drawn to the standard reporting mechanism on the common portal:

Table 4(B)(1) of FORM GSTR-3B is earmarked exclusively for **permanent/non-reclaimable reversals** (e.g., blocked credits under Section 17(5) of the CGST Act, or apportionments under Rules 38, 42 & 43 of the CGST Rules, 2017).

Table 4(B)(2) is designated for **temporary/reclaimable reversals** (e.g., reversals under Rules 37/37A or inadvertent mistakes where the invoice is not yet accounted for in the books).

The Electronic Credit Reversal and Re-claimed Statement on the common portal tracks only those reversals reported in Table 4(B)(2). Reclaimed amounts are ordinarily reported in Table 4(A)(5) and disclosed in Table 4(D)(1). Since the reversal in the present case was erroneously reported under Table 4(B)(1), the Reclaim Ledger was not updated, and the re-claim route through Table 4(D)(1) is not available directly.

To rectify this inadvertent error the registered person may adjust the erroneously reversed amount in a subsequent month's FORM GSTR-3B by netting it off against actual, genuine permanent reversals. Specifically, the taxpayer may reduce the equivalent erroneously reversed amount from the total permanent reversals to be reported in Table 4(B)(1) for that subsequent tax period.



- 2. A registered person has correctly discharged RCM liability on the import of services in Table 3.1(d) of FORM GSTR-3B but inadvertently clubbed the corresponding eligible Input Tax Credit (ITC) under Table 4(A)(3) instead of the designated Table 4(A)(2). Will this ITC be denied, and how should this reporting error be rectified?**

Mere misclassification of RCM ITC between Table 4(A)(2) and Table 4(A)(3) is a procedural lapse and will not lead to the denial of ITC, provided the tax has been duly paid under RCM and the credit is otherwise admissible under the law.

Furthermore, the GSTN system validates that the combined ITC claimed in Table 4(A)(2) and Table 4(A)(3) does not exceed the declared RCM liability. Since the total ITC claimed remains accurate despite the clubbing, it will not trigger a negative balance error. As FORM GSTR-3B cannot be revised once filed, the registered person may rectify this disclosure error by adopting either of the following methods:

- ◆ Making the necessary adjustments (segregation of the clubbed amounts) in FORM GSTR-3B of a subsequent tax period; or
 - ◆ Correctly declaring the segregated and accurate figures while filing the Annual Return (FORM GSTR-9) for the relevant financial year.
- 3. What is the procedure for a registered person to rectify an inadvertent non-compliance with Rule 86B of the CGST Rules, 2017, where the output tax liability was discharged using Input Tax Credit (ITC) in excess of 99%, thereby resulting in a failure to pay the mandatory minimum 1% through the Electronic Cash Ledger?**

Rule 86B of the CGST Rules, 2017 restricts utilisation of ITC beyond 99% of output tax liability where taxable turnover exceeds Rs. 50 lakhs in a month (subject to certain exceptions). In cases where a taxpayer has utilised ITC in excess of the permissible limit under Rule 86B, such excess utilisation does not render the ITC itself ineligible or invalid. However, it results in a shortfall in the mandatory cash payment portion (i.e., the minimum 1% of output tax liability), thereby leading to a procedural non-compliance.



To regularise the said non-compliance, the taxpayer is required to recompute the liability for the relevant tax periods and ensure that at least 1% of the output tax has been discharged in cash. Any shortfall in such cash payment must be paid by the taxpayer through Form DRC-03 on the GST portal.

Subsequent to making the differential payment, the taxpayer may seek appropriate relief by filing a refund application under Section 54(1) of the CGST Act, 2017 for the amount of tax earlier discharged through ITC to the extent of 1%. The taxpayer may also request the jurisdictional officer to re-credit such amount to the Electronic Credit Ledger through issuance of Form PMT-03, in accordance with the provisions of the Act and Rules.

4. What is the procedure for a registered person to rectify an error where permanent Input Tax Credit (ITC) reversals were inadvertently reported under Table 4(B)(2) of FORM GSTR-3B instead of Table 4(B)(1), resulting in unintended inflation of the Electronic Credit Reversal and Re-claimed Statement (Reclaim Ledger)?

The Electronic Credit Reversal and Reclaimed Statement (ECRRS) capture only temporary reversals reported under Table 4(B)(2) of GSTR-3B along with subsequent reclaims, and therefore any permanent reversal wrongly reported under 4(B)(2) leads to an artificial balance in the ledger.

In such cases, the taxpayer should first identify the specific tax periods and amounts where ineligible ITC was incorrectly disclosed as a temporary reversal, supported by a proper reconciliation of IGST, CGST, and SGST components. Since GSTR-3B does not permit amendments, the correct treatment of any fresh permanent ineligible ITC, if applicable, should be made in the current return under Table 4(B)(1). For past errors where permanent reversals were wrongly reported in 4(B)(2), the appropriate course is to neutralize the impact on the ECRRS by making an offsetting adjustment in Table 4(B)(2) in the current tax period to the extent of such misreported amounts, thereby bringing the ledger balance to its correct position.

This adjustment should be strictly revenue-neutral and must not result in any excess availment of ITC.



- 5. When a taxpayer temporarily reverses an Input Tax Credit (such as an RCM credit) under Table 4(B)(2) of GSTR-3B and intends to reclaim it in a subsequent tax period, should the reclaimed credit be reported back in its original specific category – i.e., Table 4(A)(2) or 4(A)(3) for RCM credits – or in Table 4(A)(5)?**

To appreciate this issue, it is important to understand how the reclaim mechanism operates on the common portal.

When ITC is temporarily reversed under Table 4(B)(2) of GSTR-3B, the same is tracked in the Electronic Credit Reversal and Re-claimed Statement. Upon reclaim, the system validates the reclaimed amount against the balance available in this Reclaim Ledger. The portal now also maintains a separate RCM Ledger, which tracks ITC availed under Table 4(A)(2) and 4(A)(3) against the RCM liability paid under Table 3.1(d) for the current period plus the closing balance of the RCM Ledger.

The reclaimed credit should be reported in Table 4(A)(5) "All other ITC" and simultaneously disclosed in Table 4(D)(1). It should not be reported back in its original specific category such as Table 4(A)(2) or 4(A)(3), even if the credit originally pertained to RCM transactions.

This is because the system now strictly validates that ITC claimed in Tables 4(A)(2) and 4(A)(3) cannot exceed the RCM liability paid in Table 3.1(d) for the current period plus the closing balance of the RCM Ledger. If a taxpayer erroneously routes a past RCM reclaim through Table 4(A)(2) or 4(A)(3), the system will flag it as an excess claim against the RCM Ledger, potentially resulting in a validation error.

By correctly routing the reclaim through Table 4(A)(5) and disclosing it in Table 4(D)(1), the transaction safely clears the Reclaim Ledger validations without disturbing the RCM Ledger, ensuring accurate reflection across both ledgers.

- 6. How should ITC reversal under Rule 42 and Rule 43 be reported in Form GSTR-3B where the final reversal may differ at year-end?**



This issue is commonly faced by taxpayers making proportionate ITC reversal under Rule 42 and Rule 43 in respect of common credits used for taxable and exempt supplies.

As per the present structure of Table 4 of Form GSTR-3B, reversals under Rule 42 and Rule 43 are reported in Table 4(B)(1), which is meant for ITC reversals that are absolute in nature and not reclaimable. Circular No. 170/02/2022-GST also states that reversals which are absolute in nature and not reclaimable, including reversals under Rule 42 and Rule 43, are to be reported in Table 4(B)(1).

However, a practical difficulty arises because reversal under Rule 42 is initially made on a monthly/provisional basis and is finally determined at the end of the financial year which can be more or less than the reversals made during the year.

Therefore, as a practical approach, he may consider reporting the monthly/provisional reversal under Table 4(B)(2), treating it as a temporary reversal till the final annual computation is completed. At the year-end, the taxpayer may reclaim the provisional reversals and thereafter report the final reversal under Rule 42/43 in Table 4(B)(1), based on the annual computation.

This helps avoid a situation where excess provisional reversal becomes difficult to reclaim merely because it was originally reported as a permanent reversal in Table 4(B)(1).

7. Whether outward supplies on which tax is payable by the recipient under reverse charge should be reported as exempt supplies in Form GSTR-3B by the supplier?

This issue is commonly faced by suppliers who make outward supplies on which tax is payable by the recipient under reverse charge mechanism. The outward supplies taxable under reverse charge should not be treated as exempt supplies merely because the supplier is not required to pay tax on such supplies. Such supplies continue to be taxable supplies under GST; only the person liable to pay tax is shifted from the supplier to the recipient.

Therefore, from the supplier's perspective, such supplies should not be reported as exempt supplies in Form GSTR-3B. Reporting such supplies under



exempt supplies may create avoidable issues, including incorrect disclosure of exempt turnover.

Furthermore, it is pertinent to clarify that the value of such outward supplies attracting RCM is nowhere required to be reported by the supplier in FORM GSTR-3B.

8. Whether ITC of IGST paid on import of goods can be claimed in Form GSTR-3B if the Bill of Entry is not reflected in Form GSTR-2B?

Yes. There is no statutory requirement under GST law that restricts the availment of ITC on imported goods merely because the Bill of Entry (BoE) is not reflected in FORM GSTR-2B (which often occurs due to ICEGATE data transmission delays). The GSTR-2B matching restriction primarily applies to domestic, supplier-reported invoices.

A registered person may rightfully claim the eligible ITC in FORM GSTR-3B based on the physical BoE, proof of IGST payment, and accounting records.

However, to maintain robust compliance and avoid departmental scrutiny, the taxpayer must ensure the following:

Utilize Portal Utilities: Actively use the "Search BoE" functionality available on the GST portal to manually fetch the missing BoE data from ICEGATE.

9. What should be done if outward invoices are missed in Form GSTR-1 but the omission is identified before filing Form GSTR-3B?

After filing Form GSTR-1 and before filing Form GSTR-3B, the taxpayer should reconcile outward supplies as per sales register, e-invoice data, books of account and Form GSTR-1 filed.

If any invoice of the same tax period is found to be missed, the taxpayer should furnish such invoice in Form GSTR-1A before filing Form GSTR-3B.

After filing Form GSTR-1A, the taxpayer should verify whether the additional liability has been considered in Form GSTR-3B and then discharge the tax liability accordingly.



This approach is preferable to paying tax directly in Form GSTR-3B without reporting the invoice in Form GSTR-1/GSTR-1A, because direct payment in Form GSTR-3B without corresponding reporting may still create a return mismatch and may also affect the recipient's ITC reporting.

Important limitations:

Form GSTR-1A is not an unlimited correction facility. Certain amendments may not be permitted through Form GSTR-1A. For example, amendment of a document involving change of the recipient's GSTIN is not allowed in Form GSTR-1A. Therefore, before using Form GSTR-1A, the taxpayer should verify whether the missed invoice or amendment is permitted in the relevant table of Form GSTR-1A.

10. A credit note issued by a supplier is available on the IMS. No action has been taken on the said credit note in IMS. GSTR-2B has been auto-computed treating the credit note as deemed accepted, resulting in a consequent reduction of ITC in Table 4(A)(5) of GSTR-3B. However, the ITC attributable to this credit note had already been reversed in an earlier period [e.g., under Rule 42/43 or Section 17(5)]. Accepting the auto-populated figure as-is would cause a double reversal. What is the correct course of action?

Under IMS, where no action is taken on a document – including a credit note – it is treated as **deemed accepted**. Accordingly, GSTR-2B is auto-computed with a reduced ITC figure, which gets auto-populated in Table 4(A)(5) of GSTR-3B.

Where the taxpayer has already reversed the ITC against such credit note in a prior period, accepting the reduced auto-populated figure without any corrective action would result in **double reversal of ITC**, which is not the intent of the law.

It is clarified that where ITC in respect of a document was **never availed**, no reversal is warranted. Where ITC was **availed only partially**, reversal is required only to that extent.

The taxpayer should **NOT manually override** the auto-populated figure in GSTR-3B, as any deviation without a corresponding IMS action will trigger system validation errors.



Instead, the taxpayer must use the **ITC declaration facility available on IMS** against the relevant record, which allows:

Declaration of the **actual amount of ITC availed** against the original invoice;
and

Entry of the **amount to be reversed** – in full or in part.

This facility is specifically available for cases where:

ITC reversal has **already been effected** (wholly or partially) in a prior period;
or

ITC against the relevant document was **never availed**.

By using this facility on IMS, the system will correctly account for the fact that the ITC reversal obligation has already been discharged or was not applicable, thereby preventing double reversal and ensuring the auto-populated figure in GSTR-3B reflects the correct net ITC position.

Taxpayers are advised to ensure that declarations made on IMS are consistent with ITC positions already reported in prior GSTR-3B returns.

11. RCM liability in respect of services received from unregistered persons is not reflected in GSTR-2B. When does such liability arise and how should it be reported in GSTR-3B?

GSTR-2B reflects ITC only on the basis of supplier-reported data. In cases of inward supplies from **unregistered persons**, no supplier return is filed, and therefore such transactions **do not appear in GSTR-2B**. Non-reflection in GSTR-2B, however, does not defer or eliminate the RCM liability.

The time of supply for services received from unregistered persons under RCM is governed by **Section 13(3)** of the CGST Act, 2017. In this regard, **Section 31(3)(f)** of the CGST Act, 2017 casts an obligation on the registered recipient to issue a **self-invoice** in respect of such inward supplies. **Rule 47A**, recently inserted, now prescribes the time limit within which such self-invoice is required to be issued. The **date of self-invoice** so issued serves as the basis for determining the time of supply and consequently the tax period in which RCM liability is required to be discharged.



Reporting in GSTR-3B:

RCM liability must be self-assessed and reported based on the applicable time of supply, irrespective of GSTR-2B. The treatment in GSTR-3B is as follows:

- RCM liability to be declared and paid in **cash** under **Table 3.1(d)** - Inward supplies liable to reverse charge
- Corresponding ITC to be claimed under **Table 4(A)(2)/ 4(A)(3)** - ITC on inward supplies liable to reverse charge

12. Whether the auto-populated figures of interest and late fee in Table 5.1 of FORM GSTR-3B for the current tax period can be edited or modified by the registered person?

The amounts of interest and late fee reflected in Table 5.1 of FORM GSTR-3B are auto-populated by the GST system based on the statutory due date of the return and the actual date of filing or payment.

Editability:

Late Fee: The auto-populated late fee is strictly non-editable. The system does not permit any modification or waiver of this amount at the taxpayer's end.

Interest: The auto-populated interest amount is editable; however, it cannot be reduced. While a registered person may declare and pay a higher amount of interest, the system enforces a strict validation that prevents modifying the interest below the system-computed minimum.

In case of discrepancy Use the “Re-compute Interest” functionality to refresh the system calculation.

If the issue persists despite correct data, a grievance may be raised on the GST portal.

13. How should 'Negative Liability' from a previous tax period be adjusted in the current GSTR-3B?

If the Credit Notes exceeded the Outward Supplies in the previous month, the portal creates a Negative Liability Statement. The Balance, if any, lying in the



Negative Liability Statement, will automatically be adjusted against the liability of subsequent tax period(s). The Negative Liability Statement is only for view purpose by the taxpayers and cannot be edited.