



GSTN Advisory on Negative balances of Few Electronic Statement



The GSTN has issued an important advisory introducing system-level validations for ITC reversal/re-claim and RCM Liability Statement. The Key highlights from the advisory are as under:

- The Electronic Credit Reversal & Re-claimed Statement ledger was introduced in the August 2023 period to track temporary reversal made in Table 4(B)(2) and ITC re-claimed in Tables 4(D)(1)/4(A)(5) of GSTR-3B.
- If ITC re-claim exceeds the available balance in the ledger, a warning message is displayed. However, GSTR-3B filing is presently allowed.
- Similarly RCM Ledger has been introduced from August 2024 to track the RCM liability reported in Table 3.1(d) and corresponding ITC claimed in Table 4(A)(2) and 4(A)(3) of GSTR-3B.



- A warning is generated if ITC claimed under RCM exceeds the RCM Ledger balance plus current period liability.
- Taxpayers were given multiple opportunities to report opening balances of earlier reversed but unreclaimed ITC.
- In cases where a taxpayer has a negative closing balance in these ledgers, the system will not allow filing of Form GSTR-3B until the following actions are taken:
 - Mandatory reversal of excess claimed ITC. If ITC balance is not sufficient, said amount shall be added to output tax liability.
 - Payment of additional RCM liability equal to negative balance or reduce ITC claimed to the extent of available closing balance



Action Points for Taxpayers:

- Please note that negative liability in both ledger can be on account of several bonafide reasons as under:
 - Incorrect carry forward of opening balance
 - Clerical errors while reporting reversal / re-claim
 - Re-claim made in incorrect table or period
 - Timing mismatch between RCM payment and ITC claim
- The taxpayers must immediately review all such ledgers on their respective GST portal and thereafter identify source and period of negative balance.
- Post identification of such negative liability, necessary corrective actions may be taken at the earliest in order to avoid blocking of GSTR 3B.



THANK YOU



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