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Practical GST RETURN FILING GUIDE

From Source Records to Reconciled Returns



- GSTR-1 and GSTR-3B Workflows
- Input Tax Credit and Reconciliation
- Practical Examples and Review Checklists
- Excel Toolkit and Specialist Cases

Registration | Return Filing | ITC and RCM | Reconciliation | Specialist Cases

Your Practical Guide to GST Compliance

Version 1.0

By

CA Akshay Rao T

MetricMitra

Practical GST Return Filing Guide

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Turn Numbers Into Smarter Decisions

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A practical reference for Chartered Accountants, accountants, finance teams and learners.

About this guide

This guide follows GST work from taxpayer identification and source records through outward reporting, input tax credit, payment, filing closure and review. It includes specialist return workflows and complete trading, service and construction-contractor cases.

How to use the chapters

Read Chapters 1–12 to establish the legal and data foundations. Use Chapters 13–30 for the relevant reporting workflow, Chapters 31–33 for worked practice, and Chapters 34–36 for review controls, toolkit specifications and the reference desk. Keep the applicable taxpayer category and filing period explicit throughout.

Application and limitations

This is educational and practical reference material, not a substitute for transaction-specific professional advice or the applicable law. Rates, thresholds, time limits and portal features must be checked for the relevant period. Examples use their stated assumptions and do not establish a universal tax treatment. Council recommendations must be distinguished from enacted and effective provisions.

The accompanying 85-sheet worked and blank toolkits implement the supporting schedules. Worked entries are training examples. Native Excel acceptance, protection verification and production-volume testing are deferred until after publication by the author. Read Appendix A for the edition's source, jurisdiction and application limits before using the guide or toolkit for a live case.

Author and brand

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MetricMitra — Turn Numbers Into Smarter Decisions

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Chapter 1

Understanding GST and the Return Filing Process

By CA Akshay Rao T | MetricMitra

Goods and Services Tax (GST) compliance connects transactions, documents, accounting records, tax decisions and electronic filing. A return is the final expression of that work. Reliable preparation therefore begins before the preparer opens the return dashboard.

This chapter introduces the framework for a regular taxpayer. It explains the main tax heads, the difference between liability and credit, the role of the principal statements and returns, and the evidence needed to close an assignment. Composition and other taxpayer-specific routes are introduced in Chapter 2 and developed in their dedicated chapters.

S.No.	By the end of this chapter you should be able to
1	Explain outward supplies, inward supplies, output tax and input tax credit.
2	Distinguish accounting records from GST statements, returns and payment records.
3	Trace a simple purchase and sale through a tax-head-wise working.
4	Identify the preparation, review and filing evidence needed for a complete assignment.

1.1 What GST compliance is intended to achieve

For a taxable transaction, the preparer must establish who is liable, what is supplied, where the supply is treated as taking place, when liability arises, the taxable value and the applicable rate. The answers determine the document and reporting treatment. The appearance of an amount in an accounting ledger does not settle all of these questions.

GST also operates through a credit mechanism. Tax charged on inward supplies may become input tax credit (ITC), subject to the conditions and restrictions of the law. Eligible credit can then be used in the permitted manner against tax liability. A business must therefore examine both its outward transactions and its inward records. [References 1 and 3]

Section 59 of the CGST Act provides for self-assessment by the registered person. In practical terms, the taxpayer must determine the tax payable and furnish the applicable return; a successful upload does not transfer responsibility for the underlying facts or treatment to the portal. [Reference 1, section 59]

CA REVIEW POINT Treat portal validation as one control. It does not establish that all transactions were included or that the selected tax treatment is correct.

1.2 The principal GST tax heads

CGST means Central Goods and Services Tax. SGST means State Goods and Services Tax, and UTGST means Union Territory Goods and Services Tax where the UTGST framework applies. IGST means Integrated Goods and Services Tax. These amounts are maintained separately; “total GST” alone is not enough for preparation or payment review.

For ordinary domestic supplies, the supplier location and the legally determined place of supply help establish whether a supply is inter-State or intra-State. Broadly, an intra-State taxable supply attracts

CGST with SGST or applicable UTGST; an inter-State taxable supply attracts IGST. The statutory exceptions and place-of-supply rules must be checked, including special treatment involving Special Economic Zones (SEZs). The customer's address alone is not a universal test. [Reference 2, sections 5, 7 and 8]

S.No.	Tax head	Practical identification
1	CGST	Central component of an ordinary intra-State taxable supply.
2	SGST or UTGST	Relevant State or Union territory component accompanying CGST.
3	IGST	Integrated tax for inter-State taxable supplies under the applicable framework.

Assume an ordinary intra-State sale with taxable value ₹50,000 and an illustrative total GST rate of 18%, split equally between CGST and SGST. CGST is ₹4,500, SGST is ₹4,500 and the invoice total is ₹59,000. For an ordinary inter-State sale at the same assumed total rate and value, IGST is ₹9,000 and the invoice total remains ₹59,000. The gross totals agree, but the tax heads differ.

The illustration assumes the nature of supply and rate have already been established. It excludes cess and special valuation. It is not a rate determination for a particular product or service. Chapter 8 develops the place-of-supply analysis; Chapter 9 develops valuation and rate verification.

1.3 Terms used throughout this guide

S.No.	Term	Meaning for the preparer
1	Outward supply	A supply made or agreed to be made by the person in the course or furtherance of business. It is wider than a cash sale.
2	Inward supply	Goods or services received by the person. The inward register is the starting point for examining purchases and other receipts.
3	Taxable value	The value on which tax is calculated under the applicable valuation provisions; not necessarily the bank receipt.
4	Output tax	Tax chargeable on the person's taxable outward supplies. The statutory definition excludes tax payable by that person on reverse charge.
5	Input tax	Relevant GST charged on inward supplies, including the specified import and reverse-charge components within the statutory definition.
6	Input tax credit	Credit of input tax. Its availment and use remain subject to statutory conditions and restrictions.
7	Tax period	The period for which the relevant return is required. Do not substitute invoice date or payment date for the reporting decision.
8	Reconciliation	A documented comparison explaining why two sets of records agree or differ. This is a working method rather than a separate tax levy.

Definitions should be read in their statutory context. The explanations above are learning aids, not substitutes for the complete definitions. Relevant starting points include CGST section 2(62), 2(63), 2(67), 2(82), 2(83) and 2(106). [Reference 1]

1.4 Liability credit and cash payment are different amounts

Output liability is determined from taxable outward supplies under the applicable rules. Eligible credit comes from a separate review of inward supplies. Cash payment is the amount that must be discharged through the permitted cash mechanism after considering allowable credit utilisation, balances, restrictions and other liabilities. These are three different calculations.

The familiar expression “output tax less input tax equals GST payable” is only a simplified teaching relationship. It becomes misleading if it includes ineligible credit, ignores tax-head restrictions, omits reverse-charge liability, or treats interest and late fee as ordinary output tax. Chapter 21 deals with utilisation and payment in detail.

Reverse Charge Mechanism (RCM) refers to specified cases in which the recipient bears the tax liability instead of the supplier under the relevant charging provision. Whether it applies requires a transaction-specific test. It should be maintained separately from ordinary outward liability and reviewed under Chapter 20. [Reference 1, section 2(98)]

IMPORTANT DISTINCTION An inward invoice containing GST does not automatically establish an admissible credit claim. Matching the invoice with a portal record is also not the complete eligibility test. [Reference 3]

1.5 Books documents statements and returns

A preparer commonly handles several records for the same transaction. Each serves a different purpose. Preserve the connection between them so that a reviewer can move from a reported figure back to its source.

S.No.	Record	Purpose and limitation
1	Source documents	Invoices, notes, contracts and receipt evidence establish transaction facts. A document still requires legal and accounting review.
2	Books of account	Record transactions, balances and adjustments. A ledger description does not by itself establish GST treatment.
3	GST working papers	Translate reviewed facts into classification, period, tax and return workings. Preserve assumptions and explanations.
4	GSTR-1	Statement of outward supplies in the applicable regular-taxpayer workflow. It does not replace the separate liability/payment return.
5	GSTR-2B	Auto-drafted ITC statement used for inward review. It is not a return filed by the recipient.
6	GSTR-3B	Summary return covering relevant liability, ITC and payment disclosures. It requires reconciliation to the supporting workings.
7	Payment and filing evidence	Challans, ledger movements, filed returns and acknowledgements answer different completion questions.

The descriptions of GSTR-1, GSTR-2B and GSTR-3B follow the official GST Portal guidance. This chapter does not prescribe detailed table mappings, generation dates or field editability. Those operational matters are addressed with current-period verification in Chapters 13–21. [References 4–6]

The Invoice Management System (IMS) belongs to the inward-review workflow covered in Chapter 18. The sequence below includes a review of applicable inward portal information, but does not presume a particular action or timing rule for every document category.

1.6 The complete regular taxpayer workflow

The following sequence is a recommended assignment control framework. The applicable statutory deadlines, form dependencies and portal restrictions must also be followed. Outward and inward preparation can proceed in parallel; the period cannot be closed until the relevant differences and liabilities have been resolved.

1. Identify the assignment. Confirm the legal entity, Goods and Services Tax Identification Number (GSTIN), tax period, taxpayer category and filing frequency. Review pending earlier-period matters that may affect the present working.

2. Collect and preserve records. Obtain sales and purchase details, notes, relevant ledgers, prior balances and supporting documents. Keep the original exports unchanged.

3. Review transaction treatment. Resolve supply category, tax head, period, value and rate. Record uncertain cases for review instead of silently assigning a default.

4. Prepare outward reporting. Reconcile the outward register to the books and relevant document systems. Prepare and review the applicable statement and corrections through the appropriate route.

5. Review inward supplies and credit. Compare purchases with applicable portal information, examine eligibility and document reversals, reclaims and pending matters. Assess RCM separately.

6. Reconcile liability and payment. Prepare the summary return working, explain differences from outward/inward records and calculate the tax-head-wise credit utilisation and cash requirement.

7. Obtain review and authorisation. Resolve material exceptions, retain the final preview and obtain the appropriate approval before filing or payment.

8. File and verify completion. Complete the applicable payment and authentication process. Confirm the filed status for the correct GSTIN and period, save the acknowledgement and reconcile the resulting ledger movements.

9. Close and carry forward. Archive the source-to-return file, record closing balances and carry unresolved follow-up items into the next review cycle with an owner and due date.

1.7 Worked example 1

From purchase and sale to tax payment

Background: Mitra Office Supplies is a fictional regular taxpayer registered in Karnataka. In one tax period, it purchases goods for ₹1,00,000 and sells all those goods for ₹1,50,000, excluding GST. Both transactions are assumed to be ordinary intra-State taxable supplies at an illustrative total rate of 18%, split into 9% CGST and 9% SGST.

Assumptions: all conditions for the full purchase ITC are satisfied; the credit is available for use in this period; no utilisation restriction affects the example; and there are no opening ledger balances, notes, advances, reversals, RCM, cess, interest, late fee, other expenses or other transactions. Both supplier payment and customer receipt are assumed to occur in full. These assumptions isolate the mechanism; they do not authorise a claim in a real case.

S.No.	Particulars	Value (₹)	CGST (₹)	SGST (₹)	Total (₹)
1	Purchase	1,00,000	9,000	9,000	1,18,000
2	Sale	1,50,000	13,500	13,500	1,77,000

Step 1 Calculate output liability

On the assumed sale value of ₹1,50,000, CGST is ₹1,50,000 × 9% = ₹13,500 and SGST is also ₹13,500. Total output tax is ₹27,000. The ₹1,77,000 customer invoice total consists of ₹1,50,000 value plus ₹27,000 GST.

Step 2 Establish eligible credit

The purchase document contains CGST ₹9,000 and SGST ₹9,000. Under the stated assumptions, the full ₹18,000 is eligible and available for utilisation. In practice, the purchase/receipt records and the applicable legal conditions must establish that conclusion; the arithmetic alone cannot do so.

Step 3 Calculate the balance discharged in cash

S.No.	Tax head	Output tax (₹)	Credit used (₹)	Cash payable (₹)
1	CGST	13,500	9,000	4,500
2	SGST	13,500	9,000	4,500
3	Total	27,000	18,000	9,000

This example uses each head's credit against that head's liability. It does not demonstrate IGST credit allocation or the complete utilisation order. Do not pool CGST and SGST balances into one unrestricted credit figure.

Step 4 Reconcile the result independently

Tax reconciliation: ₹18,000 credit utilised + ₹9,000 cash discharged = ₹27,000 output liability. Both tax-head workings close to zero after discharge, and all of the assumed eligible credit is used.

Cash reconciliation: ₹1,77,000 received from the customer − ₹1,18,000 paid to the supplier − ₹9,000 paid towards GST = ₹50,000. The amount agrees with the trading margin of ₹1,50,000 − ₹1,00,000, before any other expenses or taxes. This agreement depends on the example's full-settlement and single-period assumptions.

LESSON GST output liability is ₹27,000 even though the balance discharged in cash is ₹9,000. Reporting only the cash amount as output liability would omit the amount settled through credit.

1.8 How the same example appears in the records

A simple accounting view reinforces the distinction between transaction value and GST. The following entries assume the full input tax is recoverable and the business uses separate GST ledgers. They are illustrative journal entries, not a prescribed chart of accounts.

S.No.	Event	Illustrative debit	Illustrative credit
1	Purchase	Purchases ₹1,00,000; Input CGST ₹9,000; Input SGST ₹9,000.	Supplier payable ₹1,18,000.
2	Sale	Customer receivable ₹1,77,000.	Sales ₹1,50,000; Output CGST ₹13,500; Output SGST ₹13,500.
3	Use eligible credit	Output CGST ₹9,000; Output SGST ₹9,000.	Input CGST ₹9,000; Input SGST ₹9,000.
4	Deposit cash for balance	GST cash ledger/control ₹9,000.	Bank ₹9,000.
5	Discharge remaining liability	Output CGST ₹4,500; Output SGST ₹4,500.	GST cash ledger/control ₹9,000.

The supplier payment and customer receipt settle the respective party balances separately. The deposit and discharge entries are deliberately shown as two events. They must be supported by the actual portal ledger movements; a bank debit alone does not establish that the intended liability has been discharged. Section 49 distinguishes deposits into the electronic cash ledger from use of that ledger to make payment. [Reference 7]

For return preparation, the outward working supports the sale value and output tax; the inward working supports the credit claim; and the payment working explains how liability is discharged. Preserve these links even when software posts the accounting entries automatically.

1.9 Electronic ledgers and completion evidence

The electronic cash ledger records deposits and payments through that ledger. The electronic credit ledger records credit movements under the applicable provisions. The electronic liability register records amounts payable and their discharge. Together, they help explain the relationship between liability, available balances and payment. [References 7 and 8]

Consider a preparer who deposits ₹9,000 for the worked example and then stops. The bank payment and portal deposit may be evidenced, but the assignment is not complete merely because cash has been funded. The preparer still needs to verify the appropriate liability discharge and the required filing status. [Reference 6]

S.No.	Question	Recommended evidence
1	Was the correct assignment prepared?	Entity, GSTIN, period and form identified in the working.
2	Were the amounts reviewed?	Reconciled schedules and approved preview.
3	Was the cash received into the relevant ledger?	Payment acknowledgement and cash-ledger credit.
4	Was liability discharged correctly?	Tax-head-wise ledger movements and liability reconciliation.
5	Was the return filed?	Filed status and filing acknowledgement for the correct period.
6	Can another reviewer reproduce the result?	Source documents, workings, decisions and final return retained together.

1.10 Responsibilities and recurring mistakes

The following allocation is a recommended internal control. A small practice may combine roles, but it should preserve a meaningful independent review where possible. The taxpayer's statutory responsibility is not removed by using an accountant, consultant or software service.

S.No.	Role	Main responsibility
1	Business or records owner	Provide complete documents, explain unusual transactions and confirm relevant facts.
2	Preparer	Build the workings, check treatment, reconcile records and escalate unresolved issues.
3	Reviewer	Challenge assumptions, investigate differences and confirm that evidence supports the proposed filing.
4	Authorised signatory	Approve and authenticate the filing through the applicable process.
5	File custodian	Preserve the completed file and carry forward pending follow-up items.

Mistake 1 Treating no cash payment as no liability

A liability can be discharged through eligible credit. Review gross liability, credit utilisation and cash discharge separately. Conversely, credit appearing in a statement does not automatically eliminate a cash requirement.

Mistake 2 Treating the sales ledger as the complete return

A transaction may require a different period, category or disclosure from the accounting presentation. Compare the ledger with source documents, adjustments and the reporting working instead of assuming one exported total is sufficient.

Mistake 3 Treating matching as eligibility

A matching supplier document helps establish consistency between records. It does not resolve all legal conditions for credit. Preserve the matching conclusion and the eligibility conclusion as separate decisions.

Mistake 4 Treating a saved record as a filed return

Preparation, validation, preview, payment and authentication are different steps. Close the assignment only after checking the actual filed status and related evidence. Exact screen labels and dependencies are explained in the relevant procedural chapters.

Mistake 5 Using net receipts as the invoice value

A construction customer may settle a bill after retention and other deductions. That net receipt must be reconciled to the invoice and outstanding amounts. It cannot replace the taxable-value decision solely because it is the amount received in the bank. Chapter 33 develops the full construction case.

1.11 Practice questions and answer controls

1. In the main example, what are output tax, eligible credit used and cash discharge? Explain why the three figures differ.

2. Suppose only ₹6,000 CGST and ₹6,000 SGST are eligible and available for use in the same example. With all other assumptions unchanged, what cash amount is required under each head?

3. A register matches the sales ledger, but an issued invoice was omitted from both. Has completeness been demonstrated?

4. A payment acknowledgement is available, but the return still shows an unfiled status. Can the filing assignment be closed?

Answers

1. Output tax is ₹27,000; eligible credit used is ₹18,000; cash discharge is ₹9,000. The output liability is met through two sources, rather than reduced to the cash figure.

2. CGST cash requirement is ₹13,500 − ₹6,000 = ₹7,500. SGST is also ₹7,500, giving total cash of ₹15,000. The treatment of the remaining purchase tax depends on the reason it is unavailable; it is not automatically a future claim.

3. No. The two incomplete datasets can agree. Compare the source invoice population and document controls to test completeness.

4. No. Funding/payment evidence and filed-return evidence answer different questions. Investigate the pending step and retain completion evidence after it is resolved.

1.12 Chapter completion checklist

S.No.	Before proceeding confirm that you can
1	Explain CGST, SGST/UTGST and IGST without relying only on the customer address.
2	Distinguish output liability, eligible credit and cash discharge.
3	Explain the different roles of books, GSTR-1, GSTR-2B and GSTR-3B.
4	Reconcile the worked example separately under CGST and SGST.
5	Identify why a matched record or successful payment is not the entire filing review.
6	Describe the source-to-return evidence needed for a completed assignment.

Next: Chapter 2 establishes taxpayer categories, registration considerations and return applicability. These decisions must be made before applying the regular-taxpayer workflow to a live assignment.

Official references for Chapter 1

The references below support the identified foundational propositions. Historical enactment pages are used only for the stated definitions and structural provisions; they must not be treated as current consolidated rate, deadline or procedural manuals. Later chapters will separately verify the amendments and operational details relevant to their subjects.

1. CGST Act 2017 — definitions and self-assessment. Sections 2(62), 2(63), 2(67), 2(82), 2(83), 2(98), 2(106) and 59. CBIC base-enactment text; used for these foundational concepts. Official source

2. IGST Act 2017 — tax heads and nature of supply. Sections 5, 7 and 8. Official Gazette copy of the base Act; used for the basic domestic framework and exceptions, not the complete current place-of-supply rules. Official source

3. CBIC — eligibility and conditions for credit. Section 16(1): business-use credit is subject to conditions and restrictions. Detailed eligibility is developed in Chapter 17. Official source

4. GST Portal — GSTR-1 FAQ. Nature of GSTR-1 as the outward-supplies statement; detailed tables and filing procedures deferred. Official source

5. GST Portal — GSTR-2B FAQ. Nature of the auto-drafted inward credit statement and the need for reconciliation. Older timing/editability examples on the page are not relied upon here. Official source

6. GST Portal — GSTR-3B manual. Broad roles of liability, credit, payment and filing. Field editability and detailed current-period restrictions require separate verification in Chapter 21. Official source

7. CBIC — payment of tax and other amounts. Section 49: cash deposits and use of electronic ledgers are separate concepts. Official source

8. CBIC — electronic liability register. Rule 85: recording liabilities and their discharge through applicable ledger entries. Official source

Chapter 2

Taxpayer Categories, Registration and Return Applicability

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Before preparing a return, establish whose obligation is being discharged and which compliance route applies. A business description such as “small trader”, “consultant” or “contractor” does not answer those questions. The preparer needs the legal identity, PAN-wide turnover, locations of supply, transaction profile, registration category and effective dates of any changes.

This chapter provides an applicability assessment and a working-paper framework. It does not replace a detailed registration application manual. Its practical output is a documented taxpayer profile and a form-by-form compliance map that can be used when planning each filing period.

S.No.	Learning outcome
1	Calculate aggregate turnover without confusing it with taxable sales or bank collections.
2	Separate registration thresholds, compulsory registration and notified exemptions.
3	Distinguish regular taxation, composition and quarterly filing.
4	Identify the principal return route for ordinary and special registrations.
5	Record the evidence and unresolved issues before accepting a filing assignment.

2.1 Make three separate decisions

First, decide whether the person must register, qualifies for an exemption, or has voluntarily registered. Secondly, establish whether the registered person follows regular taxation or a valid composition option. Thirdly, establish the filing frequency and additional obligations of each GSTIN. Each decision has its own eligibility conditions; satisfying one does not settle the others.

S.No.	Decision	Question to answer
1	Registration liability	Do the supply profile, PAN-wide turnover and applicable compulsory-registration provisions require registration?
2	Tax scheme	Is the person a regular taxpayer or validly paying under section 10?
3	Filing obligations	Which statements, returns, payments and event-based forms apply to this registration and period?

PRACTICAL DISTINCTION A person can be a regular taxpayer and file quarterly under QRMP. Quarterly filing does not make that person a composition taxpayer. A person below a threshold can also have continuing obligations because the registration was obtained voluntarily.

2.2 Identify the legal person and every registration

GST registration is ordinarily PAN-based and State-specific. A proprietorship uses the proprietor's PAN; separate trade names of the same proprietor do not create separate PAN-wide turnover limits. A company or partnership with its own PAN is a different person. Begin with legal identity rather than the name printed on an invoice.

Prepare a list of all States and Union territories from which the person makes supplies, and all existing GSTINs. Under section 25, separate registrations of the same person are treated as distinct persons for GST purposes. This is why separate GSTINs require separate compliance records even though their turnover contributes to the same PAN-wide threshold. Supplies between such establishments may require GST treatment; do not eliminate them merely because the financial statements consolidate them. [Reference 1, section 25 and Schedule I]

More than one place of business within a State does not automatically require a separate GSTIN for each location. Separate registration is possible subject to the relevant provisions and rules. A Special Economic Zone unit or developer requires a separate registration from a place of business outside the SEZ in the same State. Review the registration certificate and amendments before deciding whether a branch is an additional place or a separate registration. [Reference 2]

For a construction business, a project in another State requires a facts-based review of the place from which supplies are made, establishments, contracts and the relevant registration provisions. The location of an immovable property is important to place-of-supply analysis, but should not be used alone as a substitute for the registration analysis. Chapters 8 and 33 develop those questions.

2.3 Compute aggregate turnover correctly

Aggregate turnover under section 2(6) is an all-India measure for persons having the same PAN. It includes taxable supplies, exempt supplies, exports and inter-State supplies. It excludes GST and cess, and inward supplies on which the recipient pays tax under reverse charge. The categories must be reconciled without counting the same supply twice: an export is not added again if already included in the taxable-supply total. [Reference 1]

S.No.	Item	Treatment in the assessment
1	Taxable outward supplies	Include the supply value, excluding GST and cess.
2	Exempt outward supplies	Include; exemption of a transaction does not generally remove its value from aggregate turnover.
3	Exports and inter-State outward supplies	Include once, even when reported in a separate schedule.
4	Supplies of other branches under the same PAN	Include on an all-India basis; do not assign a separate threshold to each trade name.
5	GST and cess charged	Exclude from the turnover calculation.
6	Inward purchases liable to RCM	Exclude their inward value from aggregate turnover; separately assess any RCM obligation.
7	Bank transfers, capital introduced and borrowings	Do not treat every receipt as a supply. Establish its nature and retain the reconciliation.
8	Branch transfers and other non-sale supplies	Review under the supply provisions and valuation rules; accounting elimination does not decide GST treatment.

Interest income needs specific analysis. Do not assume that every exempt receipt is excluded, or that every personal receipt is a business supply. Section 22 contains a particular explanation for specified exempt interest services when testing exclusive supply of goods; composition also has its own explanations. An exception for one test must not silently be carried into every turnover calculation.

Worked example 1 — Turnover is not bank receipts

Illustrative facts: a Karnataka consultancy has taxable domestic services of ₹16,00,000, qualifying export services of ₹5,00,000 and exempt outward supplies of ₹2,00,000. These are separate, non-overlapping figures excluding GST. It also receives a bank loan of ₹10,00,000 and incurs inward RCM supplies of ₹1,00,000. Assume no other supplies or relevant exemption from registration.

S.No.	Component	Included amount (₹)
1	Domestic taxable outward services	16,00,000
2	Export services	5,00,000
3	Exempt outward supplies	2,00,000
4	Bank loan and inward RCM value	Nil
5	Aggregate turnover	23,00,000

The aggregate turnover is ₹23,00,000, exceeding the ordinary ₹20,00,000 service threshold applicable in Karnataka. Registration liability cannot be dismissed because domestic taxable services alone are ₹16,00,000. The preparer must identify the date liability arose from the transaction chronology. The loan is excluded because it is not an outward supply in these assumed facts; the inward RCM value is separately excluded under the turnover definition.

2.4 Registration thresholds and their boundaries

Section 22 establishes the turnover-based registration framework. Notification 10/2019–Central Tax introduced the conditional exemption for persons exclusively supplying goods with aggregate turnover not exceeding ₹40 lakh, effective 1 April 2019. It is not a universal ₹40 lakh exemption for every business. Compulsory registration, excluded goods, specified States and voluntary registration must be considered. [References 1, 3 and 4]

S.No.	Supply profile and location	Ordinary threshold reference
1	Services, or goods and services: most States and Union territories	₹20 lakh.
2	Services, or goods and services: Manipur, Mizoram, Nagaland and Tripura	₹10 lakh.
3	Exclusive goods: eligible locations other than the ten listed below	₹40 lakh, subject to Notification 10/2019 and all applicable conditions.
4	Exclusive goods: Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand	₹20 lakh CGST baseline; these locations are excluded from the conditional ₹40 lakh exemption.

S.No.	Supply profile and location	Ordinary threshold reference
5	Exclusive goods: Manipur, Mizoram, Nagaland and Tripura	₹10 lakh section 22 baseline unless an applicable enhancement is established. The ₹40 lakh goods exemption excludes these four States.

The table separates the CGST section 22 baseline from the conditional goods exemption. The four statutory special-category States retain the ₹10 lakh baseline unless an applicable enhancement is established. The six other locations excluded from Notification 10/2019 use the ordinary ₹20 lakh baseline. Test PAN-wide turnover, supply activity and compulsory-registration/exemption conditions. The figures do not certify a separate State instrument or override voluntary registration.

The goods exemption excludes suppliers of ice cream and other edible ice, pan masala, and tobacco/manufactured tobacco substitutes in the specified tariff entries. From 1 April 2022, specified bricks, blocks and tiles were added. The fly-ash description was revised from 18 July 2022 to cover fly ash bricks, aggregates and blocks. Match both tariff entry and description; a casual label such as “building material” is insufficient. [References 4–6]

SOURCE CHECK: An older CBIC explanatory flyer grouped all ten excluded locations at ₹20 lakh for goods. That summary is not used to establish an enhancement for the four statutory special-category States. The table follows section 22 and the notification’s exclusions; a different threshold needs its own operative instrument.

S.No.	Additional excluded goods	Tariff reference
1	Fly ash bricks; fly ash aggregates; fly ash blocks	6815
2	Bricks of fossil meals or similar siliceous earths	6901 00 10
3	Building bricks	6904 10 00
4	Earthen or roofing tiles	6905 10 00

A contractor supplying a service must not apply the goods-only threshold simply because material purchases are substantial. Likewise, a trader who starts an independent taxable service must reassess eligibility for the goods exemption. The particular statutory treatment of specified exempt interest services must be examined separately rather than treating every incidental receipt as disqualifying.

Worked example 2 — Goods plus a service

Illustrative facts: a Karnataka trader has ₹35,00,000 of goods supplies and then makes a separate taxable consultancy supply of ₹2,00,000 in the same financial year. Assume these are separate activities, the consultancy is not the specified exempt interest service, and there are no other exemptions or compulsory-registration triggers.

The combined turnover is ₹37,00,000. Once the facts no longer support exclusive supply of goods, the trader cannot rely on ₹40 lakh merely because goods form the larger activity. The ordinary ₹20 lakh threshold is relevant. Identify when the change and liability occurred and preserve the invoice chronology. The lesson is to monitor changes in activities as well as increases in turnover; it is not an instruction to retrospectively charge tax on every earlier sale without examining the effective liability date.

2.5 Compulsory registration and exemptions

Section 24 contains categories for which turnover alone does not settle registration. Important screening areas include inter-State taxable supplies, casual taxable persons, non-resident taxable persons, persons liable to pay RCM, specified agents, ISDs, GST TDS/TCS responsibilities, and specified overseas suppliers. Apply section 23 and the relevant notified exemptions alongside this screening. Do not stop at either a threshold table or the heading “compulsory registration”. [Reference 1]

S.No.	Screening issue	Required assessment
1	Inter-State taxable supplies	Distinguish goods from services. A notified threshold exemption exists for inter-State taxable services; specified goods/job-work cases have their own conditions.
2	Reverse-charge liability	Establish that tax is actually payable by this recipient under the applicable notification. Merely purchasing from an unregistered person does not establish universal RCM liability.
3	Supplies on behalf of another person	Examine whether the person acts as an agent within the relevant provision; not every intermediary or referral arrangement has the same treatment.
4	Online selling	Distinguish a seller, an operator collecting TCS, and an operator liable for specified services. Test the relevant exemption instead of applying a blanket rule.
5	Wholly exempt/non-taxable business or agriculture	Section 23 relief depends on the precise activity and scope. A separate taxable business must also be considered.
6	Casual/non-resident taxable person	Review location, establishment, duration and any specific exemption before using an ordinary turnover conclusion.

For inter-State taxable services, Notification 10/2017–Integrated Tax, as amended by 03/2019–Integrated Tax, provides the relevant ₹20 lakh/₹10 lakh exemption framework. Therefore, an interstate customer does not automatically force every small service provider to register. Notification 5/2017–Central Tax exempts persons exclusively making supplies whose entire tax is payable by the recipient under section 9(3), subject to its scope. From 10 October 2024, Notification 24/2024 excludes any person engaged in supplying metal scrap falling under Customs Tariff Chapters 72 to 81 from this notification. Apply the other registration provisions separately; this exclusion does not itself mean every small scrap supplier must register. [References 3 and 16]

Online goods sellers: a conditional route

From 1 October 2023, Notification 34/2023–Central Tax provides a registration exemption for qualifying goods suppliers through an electronic commerce operator required to collect TCS. Both preceding-year and current-year aggregate turnover must remain within the relevant notification-linked threshold. Conditions include no inter-State goods supplies, online supplies in only one State or Union territory, PAN validation and obtaining the prescribed enrolment number before supplies through the operator. The enrolment ceases to be valid when GST registration takes effect. [Reference 7]

Enrolment is not a GSTIN and does not entitle an unregistered seller to charge GST as a registered supplier. Retain evidence of all conditions and monitor turnover and delivery destinations. Service suppliers through TCS operators require their own analysis under Notification 65/2017–Central Tax, as amended by 06/2019–Central Tax from 1 February 2019. The amendment aligns its lower-threshold proviso with section 22(1) and Explanation (iii); supplies covered by section 9(5) remain outside that exemption. Do not copy the goods exemption into a service case. [Reference 17]

Worked example 3 — A small interstate consultant

A Karnataka consultant has ₹18,00,000 of aggregate turnover, entirely from taxable services supplied to customers in Karnataka and Maharashtra. Assume no other registration trigger, no existing voluntary registration and that the facts satisfy the inter-State-service exemption. The Maharashtra customer alone does not remove the threshold relief. Document the exemption relied on and monitor the full PAN-wide turnover. If the consultant is already voluntarily registered, this conclusion does not authorise stopping returns.

2.6 Regular taxation composition and QRMP

Composition is an optional method of paying tax for eligible registered persons; it is not an exemption from registration or a generic description of a small business. Under section 10, eligibility includes more than turnover. Restrictions address the nature of supplies, inter-State outward supplies, notified manufacturing activities, specified operator-based services and other conditions. The option must also be considered across registrations under the same PAN. [Reference 8]

S.No.	Route	Eligibility reference and practical consequence
1	Section 10(1) composition	Generally preceding-year aggregate turnover up to ₹1.5 crore under Notification 14/2019; ₹75 lakh where registered in the eight specified States. Other conditions apply.
2	Section 10(2A) route	For qualifying persons not eligible under section 10(1)/(2), preceding-year aggregate turnover must not exceed ₹50 lakh. It is a separate conditional route, not automatic relief for every service business.
3	Regular taxation	Normal liability and conditional ITC framework. Monthly or eligible quarterly filing must be established separately.
4	QRMP for eligible regular taxpayers	PAN-level turnover ceiling of ₹5 crore and other eligibility conditions. Quarterly GSTR-1/GSTR-3B with monthly payment responsibilities; this is not composition.

The eight States for the ₹75 lakh composition limit are Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand. This is a different list from the goods-registration exemption list. Notification 14/2019 took effect from 1 April 2019. [Reference 9]

Section 10(1) permits limited services other than the specified restaurant category: up to 10% of the preceding financial year's turnover in the State or Union territory, or ₹5 lakh, whichever is higher. This is not permission to disregard the remaining conditions. For example, a qualifying Karnataka trader with preceding-year State turnover of ₹80 lakh has an illustrative ancillary-service ceiling of ₹8 lakh because 10% × ₹80 lakh exceeds ₹5 lakh. [Reference 8]

A composition taxpayer cannot collect tax from the recipient as a separate GST charge and cannot claim ITC under the composition framework. Price comparisons should therefore consider unrecoverable input tax and customers' credit expectations. Chapter 22 explains rates, computation, option/withdrawal procedures and the CMP-08/GSTR-4 workflow. Do not decide composition merely by comparing headline percentages.

The earlier blanket exclusion for goods supplied through TCS operators must not be reused. The framework changed from 1 October 2023, and Notification 36/2023 prescribes an operator procedure for composition goods supplies, including prevention of inter-State supplies. The treatment of services through such operators remains a separate condition. [References 8 and 10]

For QRMP, record both eligibility and the actual option for the GSTIN and quarter. PAN-wide turnover determines eligibility, while filing choices can differ by GSTIN. A portal default or last year's frequency does not replace a current-period check. Detailed eligibility, election windows, IFF and payments are covered in Chapter 16. [Reference 11]

2.7 Match the taxpayer to the correct forms

Use the following matrix to open the right workstream. It identifies principal forms, not every possible obligation. Dates, nil-filing conditions, amendments and special-period requirements are covered in the dedicated chapters. "Monthly" or "annual" is a frequency description, not a due-date statement. [References 12–14 and Chapter 1 references]

S.No.	Category or event	Principal compliance route
1	Regular registered supplier	GSTR-1 and GSTR-3B; monthly or eligible quarterly route. GSTR-1A where applicable for the correction stage.
2	Composition taxpayer	Quarterly CMP-08 statement/payment and annual GSTR-4.
3	Casual taxable person	Ordinary outward/summary return route for applicable periods, with special registration validity and payment conditions.
4	Non-resident taxable person	GSTR-5; do not substitute the ordinary resident supplier checklist.
5	Covered overseas supplier	GSTR-5A for covered OIDAR and online money gaming; distinguish recipient reverse charge and special reporting.
6	Input Service Distributor	GSTR-6 for the ISD registration; not a replacement for ordinary branch returns.
7	GST tax deductor	GSTR-7 for deduction obligations under GST; distinct from income-tax TDS.
8	E-commerce operator collecting GST TCS	GSTR-8 for the operator's collection/reporting obligation; not the seller's ordinary return.
9	Eligible UIN holder seeking refund	GSTR-11 inward-supply statement in the relevant refund-linked framework.
10	Annual compliance	GSTR-9 and, where applicable, GSTR-9C; separately test taxpayer exclusions, turnover and year-specific relief.
11	Cancellation of covered registration	Assess GSTR-10 final-return applicability; cancellation does not make this form universal to every registration category.

A construction contractor receiving a payment after GST TDS deduction does not file GSTR-7 merely because tax was deducted from its receipt. The deductor's obligation and the contractor's ordinary supply-return obligation are different. Similarly, an online seller is not automatically the operator responsible for GSTR-8.

A business may need more than one compliance workstream. A regular GSTIN and an ISD registration serve different functions; operating one does not discharge the other. The amended ISD framework and its effective dates need the specific review in Chapter 26. Overseas online money gaming has a separate special framework and must be escalated for the Chapter 27 analysis rather than treated as an ordinary domestic online seller.

2.8 Registration dates and changes

Section 25 ordinarily requires an application within 30 days of becoming liable. Casual and non-resident taxable persons have an advance-application requirement of at least five days before commencement of business. Preserve the liability date, application date and effective registration date separately; they are not necessarily identical. The application window is not a general tax-free grace period. [Reference 2]

Voluntary registration brings the person within the provisions applicable to a registered person. A later fall in turnover does not itself cancel the GSTIN. Review the actual status, the effective date of any order and the obligations of the relevant periods before stopping filings. A nil period also requires a form-specific review rather than an assumption that there is nothing to do.

S.No.	Status or change	Action before the next filing
1	Active registration	Confirm category, frequency, effective date and outstanding periods.
2	Suspension	Read the intimation/order and Rule 21A. Do not continue ordinary tax invoicing or charge tax as if the status were unchanged; determine the applicable corrective and return treatment.
3	Cancellation application or order	Distinguish application from order and effective date; review pre-cancellation dues, stock/credit consequences and final-return applicability.
4	Change in legal constitution/PAN	Assess whether a fresh registration is required rather than assuming a name amendment is sufficient.
5	Composition entry or exit	Record the effective date and examine transition obligations; do not mix tax schemes within the working without a period split.
6	New branch, State, activity or online channel	Reopen the registration and form-applicability assessment before the first affected transaction.

Section 29 preserves liabilities and obligations relating to periods before cancellation. Rule 21A also creates specific consequences during suspension. A screen status is therefore a starting fact: read the underlying communication, relevant period and applicable provision. Chapters 27 and 30 address the detailed follow-up. [References 1 and 15]

2.9 A repeatable applicability assessment

The following is a recommended professional control, not a substitute for statutory registration or filing procedures. Complete it when onboarding a taxpayer and refresh it when the facts change.

1. Collect identity and locations. Obtain PAN evidence, constitution documents, GST registration certificates, amendments, branch list and relevant orders. List every GSTIN under the same PAN.

2. Map the activities. Describe actual supplies, goods/services, exempt transactions, exports, online channels, agency arrangements and inter-State operations. Collect representative contracts and invoices.

3. Reconcile turnover. Prepare current-year and preceding-year PAN-wide workings. Bridge book revenue to supplies, distinguish GST from value and investigate non-sale receipts and branch movements.

4. Test registration. Apply sections 22–24 and relevant notifications. Record why any exemption is available, its conditions and the evidence supporting each condition.

5. Establish the scheme. Check regular/composition status and eligibility for the particular period. Preserve option, withdrawal or transition evidence.

6. Build the form map. List each form, GSTIN, period, frequency and responsible person. Add annual and event-based assessments separately.

7. Review and sign off. Document unresolved questions and obtain review. A material unresolved registration issue should be escalated before choosing an unsupported return treatment.

8. Set change triggers. Monitor turnover, new locations, service income, interstate dispatches, operator channels and registration-status changes.

2.10 Ready-to-use taxpayer profiling sheet

Use one entity-level profile with a separate GSTIN annexure. “Evidence reference” means the actual document or working-paper location, not merely the preparer’s recollection. Enter Not applicable with a reason where appropriate.

S.No.	Information to record	Evidence / response
1	Legal name, trade name, constitution and PAN	_____
2	All GSTINs, States and business locations	_____
3	Current status and effective dates	_____
4	Goods/services, exempt supplies and exports	_____
5	Preceding-year PAN-wide turnover	₹ _____ Ref. _____
6	Current-year turnover and monitoring date	₹ _____ Ref. _____
7	Compulsory-registration triggers reviewed	_____
8	Exemption relied upon and conditions	_____
9	Composition/regular status and evidence	_____
10	QRMP eligibility and actual GSTIN option	_____
11	Special registrations and additional forms	_____
12	Outstanding questions and assigned owner	_____
13	Preparer, reviewer and approval date	_____

2.11 Completed example of the compliance map

Illustrative facts: Mitra Engineering Services is a fictional Karnataka regular taxpayer with a single GSTIN, preceding-year aggregate turnover of ₹80 lakh, no other activities or special registrations and a valid QRMP option for the quarter. These facts are assumed solely to illustrate documentation; no real GSTIN or portal record is represented.

S.No.	Decision	Recorded conclusion
1	Registration	Service turnover exceeds the ordinary Karnataka threshold; active regular GSTIN verified for the relevant period.
2	Composition	Not assumed merely from turnover. The case expressly follows regular taxation.
3	Quarterly filings	GSTR-1 and GSTR-3B under the assumed valid QRMP option.
4	Monthly work	Continue records, reconciliation and payment assessment; assess optional IFF use under Chapter 16.
5	Special returns	No ISD, GST TDS or operator-TCS role in the stated facts. Reassess if facts change.
6	Annual compliance	Open a separate financial-year applicability check. Do not carry forward a prior-year exemption without verification.

The completed map is useful because it records assumptions and boundaries. It would be incomplete if it said only “turnover below ₹5 crore, quarterly taxpayer” without evidence of the actual option or a check of preceding/current-year eligibility.

2.12 Common errors and corrective controls

S.No.	Symptom and likely cause	Correction and prevention
1	Turnover appears below the limit because one branch was omitted.	Rebuild the PAN-wide schedule, identify the liability date and review affected periods. Reconcile the branch list with the legal-entity profile.
2	₹40 lakh applied to a service or excluded-goods supplier.	Reclassify actual supplies and inspect the exemption conditions. Maintain an activity-change questionnaire.
3	Composition assumed because returns are quarterly.	Inspect scheme/option evidence and reclassify the workflow. Keep tax scheme and filing frequency in separate fields.
4	Returns stopped when sales ceased.	Check registration status and form-specific nil obligations. Maintain a closure checklist until the relevant obligations end.
5	TDS suffered mistaken for a duty to file GSTR-7.	Identify whether the entity is deductor or deductee. Reconcile the receipt separately from the deductor’s return.
6	Old online-selling prohibition applied automatically.	Check the goods/services distinction and effective-date amendments. Retain enrolment or composition evidence as relevant.

2.13 Practice questions and review checklist

1. A proprietor has two Karnataka consultancy trade names with turnover of ₹12 lakh and ₹11 lakh under the same PAN. Is each entitled to a separate ₹20 lakh threshold?

Answer: No. The aggregate is ₹23 lakh, assuming separate non-overlapping outward values and no other items. Reconcile the combined supply population and identify when liability arose.

2. A voluntarily registered regular trader reports no sales this month. Can the preparer stop filing solely on that fact?

Answer: No. Check the active registration, applicable forms and nil-return conditions. Voluntary registration and lack of sales do not automatically end compliance obligations.

3. An unregistered online goods seller meets the turnover condition but starts an inter-State goods dispatch. Does the enrolment number preserve the exemption?

Answer: No. Notification 34/2023 conditions include no inter-State supply of goods. Review registration liability before the changed activity; an enrolment number cannot override a failed condition.

4. A qualifying section 10(1) trader has preceding-year State turnover of ₹30 lakh. What is the illustrative permitted ancillary-service ceiling?

Answer: The higher of ₹3 lakh (10% × ₹30 lakh) and ₹5 lakh is ₹5 lakh. This computation does not establish the remaining composition conditions.

S.No.	Completion control
1	Legal person, PAN and all GSTINs are identified.
2	Turnover is reconciled across activities and States without double counting.
3	Threshold, compulsory-registration and exemption tests are documented separately.
4	Tax scheme and filing frequency are supported by evidence.
5	Forms are mapped to the correct role and registration.
6	Effective dates and pending earlier periods are recorded.
7	Material unresolved issues have an owner and reviewer.
8	A trigger is in place to reassess when activities or turnover change.

Next: Chapter 3 explains how to locate the controlling law, distinguish legal instruments from guidance, trace amendments and establish effective dates before applying a rule to a filing period.

Official references for Chapter 2

Read the Act with the applicable amendments, notifications and corresponding State/Union territory provisions. A guidance publication assists understanding but does not override a notification. The sources below identify the propositions used; detailed rates, deadlines and filing procedures belong to the dedicated chapters.

1. CGST Act — core applicability provisions. Sections 2(6), 22–25 and 29; Schedule I. CBIC Tax Information Portal for amended law. Base enactment text is not a current consolidated-law substitute. Official source

2. CGST section 25. Registration timing, separate SEZ registration, voluntary registration and distinct-person framework. Official source

3. CBIC — Registration under GST Law. Official explanatory threshold and registration guidance; also identifies 10/2017–Integrated Tax with 03/2019 amendment and 5/2017–Central Tax. Historical processing timelines and older e-commerce descriptions are not relied upon. Official source

4. Notification 10/2019–Central Tax. Conditional goods registration exemption; effective 1 April 2019. Read with subsequent amendments. Official source

5. Notification 03/2022–Central Tax. Added specified bricks, blocks and tiles to exclusions from the goods exemption; effective 1 April 2022. Official source

6. Notification 15/2022–Central Tax. Revised fly-ash description; effective 18 July 2022. Official source

7. Notification 34/2023–Central Tax. Conditional exemption for goods sellers through TCS operators; effective 1 October 2023. Official source

8. CGST section 10. Composition framework, limited ancillary services and section 10(2A). Apply the amended text, including operator-related changes. Official source

9. Notification 14/2019–Central Tax. ₹1.5 crore/₹75 lakh composition thresholds and specified States; effective 1 April 2019. Later notified-manufacturer exclusions require separate review under Chapter 22. Official source

10. Notification 36/2023–Central Tax. Operator procedure for goods supplied through them by composition taxpayers. Official source

11. GST Portal — QRMP advisory. Quarterly GSTR-1/GSTR-3B with monthly payment; eligibility and turnover framework. Official source

12. GST Portal — GSTR-4 manual. Annual composition-return route. Detailed current-period operation is addressed in Chapter 22. Official source

13. CAG — GST returns overview. Official audit report identifying principal return categories. Used only for the category-to-form map, not current deadlines. Official source

14. GST Portal — GSTR-5A FAQ. Special overseas OIDAR return reference; exact scope and other special overseas categories require separate review. Official source

15. CGST Rule 21A. Suspension consequences; distinguish suspension from cancellation and active registration. Official source

16. Notification 24/2024–Central Tax, dated 9 October 2024: metal-scrap exclusion from Notification 5/2017, effective 10 October 2024. Official source

17. Notification 06/2019–Central Tax, dated 29 January 2019: amendment to Notification 65/2017, effective 1 February 2019. Official source