

Subject: GST 2A & 3B reconciliation – SOP.

Key words: GST, reconciliation.

1. We have received several notices for reconciling 2A & 3B. This is the SOP for procedure to reconcile the data.
2. Definitions of returns:
 - a. GSTR-2A: A dynamic, auto-generated statement that reflects the details of purchases made by a taxpayer. It updates in real-time based on the supplier's filings.
 - b. - GSTR-2B: A static, monthly statement that provides a consolidated summary of Input Tax Credit (ITC) available for a specific tax period. Unlike GSTR-2A, it doesn't change once generated.
 - c. - GSTR-3B: Is a mandatory monthly return summarizing GST liability, ITC claims, and tax payments.
 - d. - GSTR-9: An annual return summarizing all GST transactions for the financial year. It's essential for reconciling monthly returns and ensuring compliance.
3. Definition of notices:
 - a. DRC-01: Issued as a notice for tax discrepancies, such as unpaid tax, excess ITC claims, or incorrect refunds.
 - b. - DRC-02: A follow-up notice providing additional information regarding tax discrepancies.
 - c. - DRC-03: Used for voluntary payment of tax liabilities by taxpayers to settle demands.
 - d. - DRC-04: Acknowledgment of payment made by the taxpayer through DRC-03.
 - e. - DRC-05: Confirmation of case closure when the taxpayer's response to DRC-01 is accepted.
 - f. - DRC-06: Allows taxpayers to submit their defense or objections to notices like DRC-01.
 - g. - DRC-07: Final order summarizing tax liability after considering the taxpayer's response.
 - h. - DRC-08: Facilitates corrections in case of errors in the demand or recovery process.
 - i. - DRC-09: Enables recovery of unpaid taxes from third parties or through asset auctioning.
4. Exemption limits of 2A Vs 3B reconciliation.
 - a. From 1st Jan 2022 an amendment was made wherein ITC cannot be claimed unless it appears in GSTR2A. the software does not accept claiming of excess ITC. However, for earlier periods exemption was allowed to claim ITC wherein valid invoices were given by suppliers of goods and services. The year wise details are.
 - b. From 1/7/2017 to 8/10/2019 – 100% of ITC could be claimed without any reference to GSTR2A/B.
 - c. 9/10/2019 to 1/1/2020 – 80% of ITC claimed must appear in GSTR2A/2B. 20% can be based on invoices. If the ratio is beyond 20% - it is liable to payment of tax in cash.
 - d. Similarly, the ratio from 1/1/2020 to 31/1/2020 was reduced to 10%.
 - e. The ratio from 1/1/201 to 31/1/2022 was reduced to 5%.
5. Another rule related to payment of GST for purchases from unregistered dealers/suppliers/contractors – 80% of all expenditure towards goods and services must be backed by proper invoices from registered dealers. 20% of goods and services can be availed from unregistered dealers. If this ratio is exceeded then payment under RCM to be made in cash. This is sometimes referred to as the 80:20 rule. This rule applies only to housing projects (Swathi to reconfirm with consultant).

6. Procedure:

- a. Download GSTR2A from the GST website for entire period of GST registration starting from July, 2017 till date (currently March 2025). Combine into a single file – carefully.
- b. Download books purchase register from books of accounts – year wise. Limit to period of notice/litigation. Combine data into a single file.
- c. Rearrange the data in both the files by shuffling columns and/or deleting columns.
- d. Map the data as follows:

Sl. No.	GSTR2A data	Tally data	Remarks
1.	Data source	Data source	In GSTR2A data enter GSTR2A and in Tally data enter BOA.
2.	GSTR2A filing period	Date	IT to help covert date to month + year
3.	Supplier GSTR1 filing period	Supplier invoice date	IT to help covert date to month + year
4.	Supplier GSTR1 filing date	NA	There is no data in Tally.
5.	Supplier GSTIN	GSTIN/UIN	
6.	Supplier name	Particulars + supplier	IT to sort by name and copy paste details of supplier into particulars wherever data is missing in particulars.
7.	Invoice no.	Supplier invoice no.	
8.	Invoice date	Supplier invoice date	
9.	Taxable amount	Taxable amount	This has to be calculated i.e., gross total – CGST – IGST – SGST
10.	IGST amount	IGST	
11.	CGST amount	CGST	
12.	SGST amount	SGST	
13.	Total	Gross total	
14.	Status	Status	IT to make a drop down list in the combined file with 4 options: 2A & 3B matched. To be checked. Other. 2A entry missing.

- e. Excel file should have 5 sheets:
 - i. 2A downloaded data raw.
 - ii. Tally downloaded data raw.
 - iii. Tally rearranged data.
 - iv. 2A rearranged data.
 - v. Combined data.
- f. After making the 2 files colour the GST data in blue and BOA data in red.
- g. Combine the Tally and 2A rearranged data into a single file. IT to add dropdown list of status.

- h. Apply filters to the combined data. Select a vendor/supplier. Then match each red entry with the corresponding blue entry. If entry is matched then:
 - i. Enter the invoice no. from GSTR2A data to BOA data.
 - ii. Select both the rows and colour them green.
 - iii. In status enter 2A and 2B matched.
- i. If the entry does not match select one of the 3 options and recheck the data.
- j. Once the above exercise is completed – data to be discussed with manager/director.

Soham Modi.