

## **GSTN Advisory on ITC Reversal/Reclaim & RCM Ledger dated 29 December 2025**

To strengthen controls over ITC and ensure accurate reporting in GSTR-3B, GSTN has introduced and enhanced system-based tracking through dedicated electronic statements.

### **(I) Electronic Credit Reversal & Re-claimed Statement (ITC Reclaim Ledger):**

Introduced from August 2023, this ledger tracks:

- ITC temporarily reversed in Table 4(B)(2).
- Subsequent re-claim of such ITC in Tables 4(A)(5) and 4(D)(1).

Taxpayers were allowed to report opening balances for past reversals not yet reclaimed.

### **(II) Existence - Additional Assertion-Specific Tests:**

Introduced from August 2024, this ledger tracks:

- RCM liability paid in Table 3.1(d)
- Corresponding ITC claimed in Tables 4(A)(2) and 4(A)(3)

#### **Important Upcoming Change – System Hard Validation Important Upcoming Change – System Hard Validation:**

GSTN has announced that shortly:

- Re-claimed ITC cannot exceed the available balance in the ITC Reclaim Ledger.
- RCM ITC claimed cannot exceed RCM tax paid plus available ledger balance.
- Negative balances in either ledger will not be allowed.
- GSTR-3B filing will be blocked until discrepancies are corrected.

#### **If ledger balance is negative -**

- Excess ITC must be reversed in Table 4(B)(2), or
- Additional RCM liability must be paid, or
- Excess RCM ITC claim must be reduced

## **6) Presentation & Disclosure:**

- Verify Schedule III disclosures relating to authorised, issued, subscribed and paid-up capital, reconciliation of shares, promoter shareholding and shareholders holding more than 5%.
- Verify disclosures relating to rights, restrictions, calls unpaid, forfeiture (if applicable) and shares reserved for convertible instruments (if recurring).
- Ensure equity instruments are correctly classified under equity and not financial liabilities as per Ind AS.
- Match weighted average number of shares used for EPS with share capital reconciliation.

## **7) Cut-off:**

- Review allotment dates and ROC filing dates (PAS-3) to ensure shares issued after year-end are not recorded in the current year.
- Trace share application money received near year-end and verify appropriate classification between share capital issued and share application money pending allotment.
- Review RTA logs for the last few weeks around year-end to identify any delayed-recorded transfers or allotments.

## **Overall Audit Completion:**

- Prepare a comprehensive reconciliation of share capital across General Ledger, ROC filings, DP/Benpos records and statutory registers.
- Obtain management representation confirming completeness, accuracy and statutory compliance of all share capital transactions and records.
- Capture issues or control gaps relating to share capital (delayed ROC filings, mismatches, missing approvals, incorrect postings) in RCM/ICFR reporting.