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GSC UPDATES

CBIC in its trench of amendments made on 10th November 2020 has come up with various amendments in rules, e-invoicing compliances, facilitation for quarterly return filing, introduction of GSTR-2B, etc. Summary of such amendments made is provided hereunder for ease of reference.

Important GST amendments effective from 10th November 2020

- ⊙ It will be mandatory to specify HSN Code/s in GSTR-1 as per proviso to Rule 46 read with notification/s issued thereunder. It appears that if taxpayer does not mention HSN Code/s at 4-digit or 6-digit level as required by GST Law, GST portal would not allow submission of GSTR-1. At this juncture, it would be worthwhile to note that GST Portal would be able to auto-calculate GST turnover of previous FY and accordingly, be able to verify the number of digits of HSN which a taxpayer is required to mention in GSTR-1
- ⊙ Form GSTR-2B, which is a static input tax credit statement generated every month on the basis of submission of GST statements by suppliers, is notified

Important GST amendments effective from 1st January 2021

- ⊙ E-invoicing would become mandatory for all registered persons having aggregate turnover of more than ₹ 100 Crore in any preceding FY from 2017-2018 onwards for all Business-to-Business (B2B) and export transactions
- ⊙ Due date for monthly GSTR-1 shall be 11th of the succeeding month whereas due date for quarterly GSTR-1 filers shall be 13th of the month succeeding each quarter
- ⊙ GSTR-3B has been notified as monthly and quarterly return and GSTR-3 has been done away with

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- ⌚ Due dates for monthly GSTR-3B would continue to be 20th day of next month while that of the quarterly GSTR-3B would be 22nd and 24th respectively of the month succeeding each quarter based on the State / UT of GST registration
- ⌚ GSTR-2A (Dynamic ITC statement) shall now include details furnished through invoice furnishing facility-IFF (explained below), details of integrated tax paid on import of goods and goods brought in Domestic Tariff Area from SEZ unit or SEZ developer on bill of entry
- ⌚ Auto-drafted input tax credit statement in GSTR- 2B (Static ITC statement) shall be made available on GSTN portal after 11th day of the next month for monthly GSTR-1 filers and 13th of the month subsequent to completion of every quarter for quarterly GSTR-1 filers
- ⌚ Quarterly Return Monthly Payment Scheme (QRMP) is introduced for taxpayers having aggregate turnover of upto ₹ 5 crores in preceding FY. An option to file quarterly GSTR-1 and GSTR-3B and monthly payment of tax is introduced

Other important GST amendments

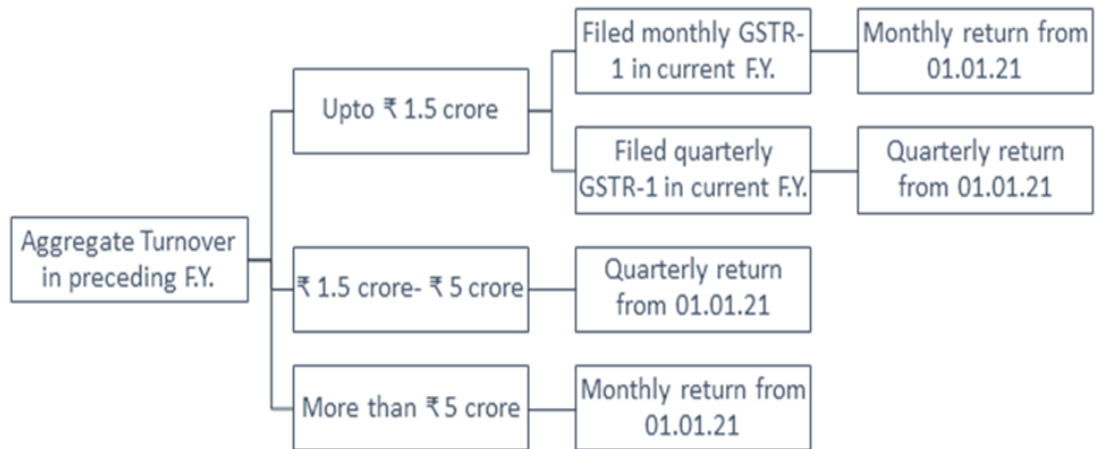
- ⌚ Time-limit for furnishing ITC-04 in respect of goods dispatched to a job worker or received from a job worker from July 2020 to September 2020 has been extended till 30th November 2020 (Effective from 25th October 2020)

Highlights of Quarterly Return Monthly Payment Scheme (QRMP Scheme) available with effect from 1st January 2021

A. Eligibility and mechanism to opt for QRMP scheme (Effective from 10th November 2020):

- ⌚ A tax payer having aggregate turnover of upto ₹ 5 crores in previous FY is eligible to opt for QRMP Scheme. The criteria for furnishing quarterly and monthly GSTR-1 has been summarized below:

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- ⊙ For the first quarter of the Scheme i.e. January 2021 to March 2021, migration would be by default as per the above summary for registered persons who have furnished the return for the tax period October 2020 on or before 30th November 2020. However, one may change the options on GST Portal during the period from 5th December 2020 to 31st January 2021
- ⊙ One can opt for the scheme from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter i.e. a registered person intending to avail of the Scheme for the quarter 'April to June' can exercise his option during 1st of February to 30th April
- ⊙ Once the quarterly option is availed, it becomes default until changed by the assessee or assessee becomes ineligible for the Scheme
- ⊙ Once tax payer's aggregate turnover exceeds ₹ 5 crores in current FY, he would not be eligible for the Scheme from the 1st month of the quarter succeeding the quarter in which such threshold limit exceeded

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B. Mechanism to furnish GSTR 1 and GSTR 3B quarterly:

- ⊙ File GSTR-1 and GSTR-3B quarterly on or before 13th and 22nd / 24th day of the month succeeding each quarter respectively based on the State / UT of GST registration
- ⊙ For each of the first and second month of a quarter, invoice details may be provided using invoice furnishing facility (IFF) for B2B supplies up to a cumulative value of ₹ 50 Lakhs in each of the months till 13th day of each month
- ⊙ The details furnished using IFF shall not be furnished again in GSTR-1 for that quarter
- ⊙ Though this facility is optional, many taxpayers are likely to avail IFF for providing B2B transaction details which may be then verified by recipients at reasonable time interval

C. Payment of GST:

- ⊙ Tax dues shall be deposited at monthly interval i.e. for the first two months of a quarter in GST PMT-06 by 25th day of next month and entire GST liability for all three months of a quarter shall be discharged in GSTR-3B after debiting the amount deposited under GST PMT-06 for the first two months of the quarter. In other words, while submitting GSTR-3B for every quarter, tax dues paid under GST PMT-06 for the first two months of the quarter shall be debited. Refund of balance in electronic cash ledger out of the amount deposited shall be permitted only after submission of GSTR-3B for that quarter.
- ⊙ Two options as below are provided for monthly payment of GST during the first two months of a quarter:

a. Fixed Sum Method:

Deposit an amount equal to 35 % of GST paid in cash in preceding quarter where the return was furnished quarterly; or equal to the tax paid in cash in

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the last month of the immediately preceding quarter where the return was furnished monthly. Such deposit needs to be made in GST PMT-06.

Example 1: If total GST liability paid in cash for the Quarter January-March 2021 amounted to ₹ 100, tax payer is required to deposit ₹ 35 for each of the months i.e. April 2021 and May 2021

Example 2: If GST of ₹ 50 paid in cash for March 2021, tax payer shall deposit ₹ 50 for each of the months of April 2021 and May 2021

No interest would be charged provided taxpayer deposits system calculated amount for each of the first two months of a quarter and discharges entire GST liability of the quarter in GSTR-3B of such quarter by the due date.

b. Self-Assessment Method:

Taxpayer may pay self-assessed GST dues in GST PMT-06

If taxpayer has opted for self-assessment and there is short payment of GST for any month of the quarter, interest would be applicable as per the provisions of GST Law.

- ⊙ No amount is required to be deposited if total electronic cash and credit ledger balance is adequate for discharging GST liability of first month and of second month, cumulatively for first two months of a quarter
- ⊙ Such fixed sum method of GST is available only if the tax payer has furnished the return for a complete tax period (i.e. tax payer is registered for entire tax period) preceding such month
- ⊙ Interest would be applicable if GST payment under GSTR PMT-06 or GSTR-3B is not done by respective due dates.

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GSC Comments:

- ⌚ *E-invoicing is mandated for taxpayers in staggered manner and the threshold limit is reduced to aggregate turnover of ₹ 100 Crores from 1st January 2021.*

- ⌚ *Taxpayers need to gear up to determine appropriate 4-digit or 6-digit HSN Code to classify their goods or services before the next FY starts in order to comply with GST Law and submit GSTR-1 smoothly.*

- ⌚ *A long-awaited amendment for quarterly return/statement filers has been introduced. The facility of IFF would go a long way to help many taxpayers registered under GST Law as small suppliers would not be burdened with extreme compliances every month and recipients would be able to avail ITC on their transactions through appropriate verification. This is an important milestone towards smoothing business transactions.*

- ⌚ *Omission of rules relating to submission of GSTR-2 and GSTR-3 hints that these statement/return/s may not be implemented in near future*

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