GST UPDATE

Dated: 26 December 2020

By CA. Hemant Singhal

1. GST DEADLINES

1.1.Deadlines | January 21

Compliance Calendar – Jan 2021

Due Date	Return/ Compliance	Remarks
31 Dec 20	GSTR 9/9C (FY 18-19)	GST Audit and Annual Return last date.
31 Dec 20	GSTR 9A	Annual Return for Composition Taxpayers
07 Jan 21	TDS/ TCS Payment- IT	Due date for Payment of TDS/ TCS for Oct 20- IT
11 Jan 21	GSTR1 (Oct 20)	Return of Outward Supplies- Monthly Return
12 Jan 21	GSTR2B (Oct 20)	Auto Drafted ITC Statement available for download
15 Jan 21	TCS Return- IT	Quarterly TCS Return under Income Tax
20 Jan 21	GSTR3B (Oct 20)	Last Date for Payment of Tax and Return Taxpayers with Turnover More Than 5 Crore
22 Jan 21	GSTR3B (Oct 20)	Last Date for Payment of Tax and Return Taxpayers with Turnover Less Than 5 Crore having Principal Place of Business in Chhattisgarh, MP, Gujarat, Daman & Diu, Dadra & Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman & Nicobar Islands, Telangana, Andhra Pradesh.
24 Jan 21	GSTR3B (Oct 20)	Last Date for Payment of Tax and Return Taxpayers with Turnover Less Than 5 Crore having Principal Place of Business in J&K, Laddakh, HP, Punjab, Chandigarh, **Uttarakhand**, Haryana, **Delhi**, Rajashthan, **UP**, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, WB, Jharkhand and Odhisha
31 Jan 21	TDS Return- IT	Quarterly TDS Return under Income Tax

2. GST PORTAL UPDATES

2.1.GSTR-9 of FY 2019-20 is available now

Facility to file annual return in Form GSTR-9 for FY 2019-20 is now available. Please ensure that all applicable returns of the said year have been filed before attempting to file the said return.

2.2. Auto population of details in Form GSTR-3B from Form GSTR 1 & GSTR 2B

Now, auto-population of system computed details in Form GSTR-3B, has been enabled for taxpayers (filing their Form GSTR-1 on monthly basis), from November 2020 Tax Period onwards. The same will be done based on the following:

- Liabilities in tables-3.1 & 3.2 of Form GSTR-3B (except Table-3.1 (d) pertaining to inward supplies liable to reverse charge), are computed by the system on the basis of details of outward supplies as filed in Form GSTR-1 for the tax period
- Input Tax Credit (ITC) details and details of inward supplies liable to reverse charge, to be reported in Tables-4 and 3.1 (d) respectively, are computed as per system generated Form GSTR-2B for the tax period

It is noticed that the system is giving alert when the taxpayer revises the auto-populated values upward by 10% in table 3.1(d) which pertains to inward supplies attracting reverse charge. This alert is erroneous. The technical team is working to resolve the same at the earliest.

2.3. E-Way Bill generation facility to be blocked for All Taxpayers who failed to file GSTR-3B from December

The Central Board of Indirect Taxes and Customs (CBIC) has clarified that, E-Way Bill generation facility to be blocked for all Taxpayers irrespective of their Aggregate Annual Turnover who failed to file GSTR-3B for 2 or more Tax period from December 1st, 2020. In terms of Rule 138E (a) and (b) of the CGST Rules, 2017, the E-Way Bill (EWB) generation facility of a taxpayer is liable to be restricted, in case the taxpayer fails to file their FORM GSTR-3B returns / Statement in FORM GST CMP-08, for tax periods of two or more.

2.4. Online application by Taxpayers on GST Portal for unblocking E-Way Bill generation facility live now.

The taxpayers have an option to have their EWB generation facility unblocked by filing an application before tax officer in such cases. Earlier, this application could only be filed offline. However, the GSTN portal has now made the process completely online.

2.5. Communication between Recipient and Supplier Taxpayers on GST Portal

A facility of 'Communication Between Taxpayers' has been provided on the GST Portal, for sending a notification by recipient (or supplier) taxpayers to their supplier (or recipient) taxpayers, regarding missing documents or any shortcomings in the documents or any other issue related to it.

Taxpayers can send notification, view notification, send reply and view replies to the notifications on their dashboard after login.

a. To send notification navigate to - Services > User Services > Communication Between Taxpayers > and select Compose option.

b. To view any new notification received or any reply received select Inbox (Notification & Reply Received) option.

c. To view any new notification sent or reply sent select Outbox (Notification & Reply Sent) option.

3. NOTIFICATIONS

3.1. Central Goods and Services Tax (Fourteen Amendment) Rules, 2020

(Notification No. 94/2020 – Central Tax; Dated 22nd December 2020)

CBIC has notified following significant changes in GST *with effect from 1 Jan 2021*:

CANCELLATION OF GST REGISTRATION

Inserted following provisions in Rule 21, empowering the proper officer to cancel GST registration, if the registered person:

- avails ITC in violation of the provisions of section 16 of the Act or the rules made thereunder,
- furnishes liability in GSTR3B less than that declared in GSTR1 for one or more tax periods,
- violates the provision of rule 86B.

RESTRICTION ON CLAIM OF PROVISIONAL ITC LIMITED FROM 10% TO 5%

The notification amended Rule 36(4) in respect of Restriction on claim of ITC wherein it has revised the limit to 5% instead of earlier 10%.

GSTR1 TO BE BLOCKED IN CASE OF NON FILING OF GSTR3B

The notification inserted Rule 59(5) which says that a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 if he has not furnished the return in FORM GSTR-3B for preceding two months.

RULE 86B- MANDATORY PAYMENT OF 1% THROUGH ELECTRONIC CASH LEDGER

Rule 86B is applicable on the registered person whose value of taxable supply other than exempt supply and export, in a month exceeds Rs 50 lakhs, limit to be checked for each month As per said Rule, taxpayers cannot use Input Tax Credit in excess of 99% of output tax liability.

VALIDITY PERIOD OF E WAY BILL REDUCED

Now only one day validity shall be granted to cover a distance up to 200 kms which was earlier 100 km, under e-way bill provision.

INCREASE IN TIME LIMIT FOR GST REGISTRATION

The CBIC has notified the increase in the Time limit for GST Registration from 3 days to 7 days, which means that now the department shall be required to review and grant registration within 7 days from the date of filing of the registration application.

It is further notified that if the applicant does not do aadhaar authentication or where the department feels fit to carry out physical verification the time limit for grant of registration shall be 30 days instead of 7 days.

3.2. GST E-invoicing from January 1, 2021 for taxpayer with turnover more than Rs. 100 Crores

(Notification No. 88/2020 – Central Tax; Dated 10th November 2020)

The Board notified that E-invoicing is mandatory from **January 1, 2021** for every taxpayer other than SEZ unit whose aggregate turnover in any of the Financial Year from 2017-18 exceeds **Rs 100 Crores**. Earlier board has implemented E invoices for taxpayer with turnover more than Rs 500 crores from 1 Oct 2020.

3.3.Quarterly return Monthly payment scheme introduced for taxpayers with aggregate turnover less than Rs 5 crores w.e.f. 1 Jan 2021

(Notification No. 81, 82, 84 & 85/2020 – Central Tax; Dated 10th November 2020)

Government has issued following notifications to implement the Scheme of quarterly return filing along with monthly payment of taxes (hereinafter referred to as "QRMP Scheme")

Sl. No.	Notification	Remarks
1.	Notification No. 81/2020 -	Notifies amendment carried out in sub-section (1), (2) and (7) of section 39 of the CGST Act vide Finance (No.2) Act, 2019.
2.	Notification No. 82/2020 -	Makes the Thirteenth amendment (2020) to the CGST Rules, 2017.
3.	Notification No. 84/2020 -	Notifies class of persons under proviso to section 39(1) of the CGST Act.
4.	Notification No. 85/2020 -	Notifies special procedure for making payment of tax liability in the first two months of a quarter

4. CIRCULARS

4.1. CBIC explains Quarterly Return Monthly Payment Scheme (QRMP)

(Circular No.- 143/13/2020 ; 10 Nov 2020)

The GST Council in its 42nd meeting held on 05.10.2020, had recommended that registered person having aggregate turnover up to five (5) crore rupees may be allowed to furnish return on quarterly basis along with monthly payment of tax, with effect from **01.01.2021.** Government has issued Notification No. 81/2020; 82/2020; 84/2020; 85/2020 – Central Tax, dated 10.11.2020 to implement the scheme.

- **Eligibility for the Scheme**

In terms of notification No. 84/2020- Central Tax, dated 10.11.2020, a registered person who is required to furnish a return in FORM GSTR-3B, and who has an aggregate turnover of up to 5 crore rupees in the preceding financial year, is eligible for the QRMP Scheme. Further, in case the aggregate turnover exceeds 5 crore rupees during any quarter in the current financial year, the registered person shall not be eligible for the Scheme from the next quarter.

It is further clarified that the option to avail the QRMP Scheme is GSTIN wise. In other words, some GSTINs for that PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

- **Furnishing of details of outward supplies**

The registered persons opting for the Scheme would be required to furnish the details of outward supply in FORM GSTR-1 quarterly as per the rule 59 of the CGST Rule. For each of the first and second months of a quarter, such a registered person will have the optional facility **(Invoice Furnishing Facility- IFF)** to furnish the details of such outward supplies to a registered person, as he may consider necessary, between the 1st day of the succeeding month till the 13th day of the succeeding month. The said details of outward supplies shall, however, not exceed the value of **fifty lakh rupees** in each month. The facility of furnishing details of invoices in IFF has been provided so as to allow details of such supplies to be duly reflected in the FORM GSTR-2A and FORM GSTR-2B of the concerned recipient.

- **Monthly Payment of Tax**

The registered person under the QRMP Scheme would be required to pay the tax due in each of the first two months of the quarter by depositing the due amount in **FORM GST PMT-06**, by the **twenty fifth day** of the month succeeding such month. While generating the challan, taxpayers should select "Monthly payment for quarterly taxpayer" as reason for generating the challan. The said person can use any of the following two options provided below for monthly payment of tax during the first two months –

a) Fixed Sum Method: A facility is being made available on the portal for generating a pre-filled challan in FORM GST PMT-06 for an amount equal to:

- **thirty five per cent** of the tax **paid in cash** in the preceding quarter where the return was furnished quarterly; or

- the **tax paid in cash** in the **last month** of the immediately preceding quarter where the return was furnished monthly.

b) Self-Assessment Method: The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in FORM GST PMT-06. In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in FORM GSTR2B, for every month.

It is clarified that in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due for the first month and/ or second month of the quarter or where there is nil tax liability, the registered person may not deposit any amount for the said month.

- **Quarterly filing of FORM GSTR-3B**

Such registered persons would be required to furnish FORM GSTR-3B, for each quarter, on or before **22nd or 24th day** of the month succeeding such quarter.

- **Applicability of Interest**

For registered person making payment of tax by opting Fixed Sum Method
No interest would be payable in case the tax due is paid in the first two months of the quarter by way of depositing auto-calculated fixed sum amount by the <u>due date</u>.

For registered person making payment of tax by opting Self-Assessment Method

Interest amount would be payable as per the provision of Section 50 of the CGST Act for tax or any part thereof (net of ITC) which remains unpaid / paid beyond the due date for the first two months of the quarter.

Author can be reached at ca.hsinghal@gmail.com; +91 99172 11511