

GST UPDATES – DECEMBER 2020

Quarterly Return Payment Scheme (QRMP) in GST –

Notifications no 81/20-CT, 82/2020-CT, 84/2020-CT and 85/2020-CT dated 10.11.2020 and Circular No 143/13/2020-GST dated 10.11.2020

- i. As a trade facilitation measure and in order to further ease the process of doing business, the GST Council in its 42nd meeting held on 05.10.2020, had recommended that registered person having aggregate turnover up to five crore rupees may be allowed to furnish return on quarterly basis along with monthly payment of tax, with effect from 01.01.2021.

ii. Eligibility of the Scheme:

- a) In terms of notification No. 84/2020- Central Tax, dated 10.11.2020, a registered person who has an aggregate turnover of up to 5 crore rupees in the preceding financial year, is eligible for the QRMP Scheme.
- b) Circular 143 clarifies that the aggregate annual turnover for the preceding financial year shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the preceding financial year. This new Scheme will be effective from 01.01.2021

- c) 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.

iii. **Exercising option for QRMP Scheme**

- a) Facility to avail the Scheme on the common portal would be available throughout the year. In terms of rule 61A of the CGST Rules, 2017, a registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.
- b) In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.
- c) Example: A registered person intending to avail of the Scheme for the quarter 'July to September' can exercise his option during 1st of May to 31st of July. If he is exercising his option on 27th July for the quarter (July to September), in such case, he must have furnished the return for the month of June which was due on 22/24th July
- d) Registered persons are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.

- e) Similarly, the facility for opting out of the Scheme for a quarter will be available from first day of second month of preceding quarter to the last day of the first month of the quarter.
- f) All persons who have obtained registration during any quarter or the registered persons opting out from paying tax under Section 10 of the CGST Act during any quarter shall be able to opt for the Scheme for the quarter for which the opting facility is available on the date of exercising option as in para iii(a) above.
- g) 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.
- h) It is further clarified that the option to avail the QRMP Scheme is GSTIN wise and therefore, distinct persons as defined in Section 25 of the CGST Act (different GSTINs on same PAN) have the option to avail the QRMP Scheme for one or more GSTINs. In other words, some GSTINs for that PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

iv. **Furnishing of details of outward supplies in Form GSTR-1 under section 37 of the CGST Act.**

- a. 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.

- b. For each of the first and second months of a quarter, such a registered person will have the 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. It may be noted that after 13th of the month, this facility for furnishing IFF for previous month would not be available. As a facilitation measure, continuous upload of invoices would also be provided for the registered persons wherein they can save the invoices in IFF from the 1st day of the month till 13th day of the succeeding 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.
- c. The details of invoices furnished using the said facility in the first two months are not required to be furnished again in FORM GSTR-1. At his option, a registered person may choose to furnish the details of outward supplies made during a quarter in FORM GSTR-1 only, without using the IFF.

v. **Monthly Payment of Tax:**

- a. 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 –

i. 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 equal to the tax paid in cash in the last month of the immediately preceding quarter where the return was furnished monthly.

For easy understanding, the same is explained by way of illustration in table below:

In case the last return filed was on quarterly basis for Quarter Ending March, 2021:

Tax paid in Cash in Quarter (January - March, 2021)		Tax required to be paid in each of the months - April and May, 2021	
CGST	100	CGST	35
SGST	100	SGST	35
IGST	500	IGST	175
Cess	50	Cess	17.5

In case the last return filed was monthly for tax period March, 2021:

Tax paid in Cash in March, 2021		Tax required to be paid in each of the months - April and May, 2021	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80

Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a

complete tax period preceding such month. A complete tax period means a tax period in which the person is registered from the first day of the tax period till the last day of the tax period.

ii. 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 GSTR-2B, for every month.

- b. The said registered person is free to avail either of the two tax payment method above in any of the two months of the quarter.
- c. 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 of the quarter or where there is nil tax liability, the registered person may not deposit any amount for the said month. Similarly, for the second month of the quarter, in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the cumulative tax due for the first and the second month of the quarter or where there is nil tax liability, the registered person may not deposit any amount.
- d. Any claim of refund in respect of the amount deposited for the first two months of a quarter for payment of tax shall be permitted only after the return in FORM GSTR-3B for the said quarter has been furnished. Further, this deposit cannot be

used by the taxpayer for any other purpose till the filing of return for the quarter.

vi. **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. In FORM GSTR-3B, they shall declare the supplies made during the quarter, ITC availed during the quarter and all other details required to be furnished therein.

vii. **Applicability of Interest:**

For registered person making payment of tax by opting Fixed Sum Method

- a. 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 as detailed in para 6.1(a) above by the due date.
- b. In case such payment of tax by depositing the system calculated amount in FORM GST PMT-06 is not done by due date, interest would be payable at the applicable rate, from the due date of furnishing FORM GST PMT-06 till the date of making such payment.
- c. Further, in case FORM GSTR-3B for the quarter is furnished beyond the due date, interest would be payable as per the provisions of Section 50 of the CGST Act for the tax liability net of ITC.

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.

viii. **Applicability of Late fee:**

Late fee would be the applicable for delay in furnishing of the said quarterly return / details of outward supply. It is clarified that no late fee is applicable for delay in payment of tax in first two months of the quarter