

The GST Age

Monthly GST News and Updates

Month | December 2020

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GST News

From 1st Dec, CBIC Extends Compliances to Micro Firms too

The Compliances Net is to be now extended to Micro firms too. CBIC clarified that now E-way bill generation facility is to be blocked for all irrespective of their turnover in case returns are not filed by the taxpayers for two consecutive tax periods.

Rule 138E which is regarding Blocking of E Way bill was applicable from 15th Oct, but it was made applicable only for large firms with turnover more than Rs. 5 crores.

National Informatics Center (NIC) is now to activate the features for all firms irrespective of their turnover from 1st Dec 20. Through this Government expects to increase compliances and hence GST collections.

Rule 138E was inserted to ensure timely filing of returns. If Return filing compliances vide form GSTR 3B/GSTR 1 and form CMP-08 in respect of composition dealers are skipped for two consecutive periods then they would not be able to generate E-way bills. The supply and movement would be impossible now since E way bill which is mandatory for movement is now linked with return filing. Therefore, now even small taxpayers would have to ensure that their return filing log is not pending to ensure smooth conduct of business.



Picture: Eway bill generation facility is to be blocked if two consecutive returns are pending. This rule is to be now applicable to all registered person irrespective of their turnover.



Picture: QRMP Scheme has been launched from 05th December 20 allowing taxpayers to opt the Scheme for the period of January to March 20 Quarter.

Tax Pyramid News Bureau

QRMP Scheme launched on 05th Dec for Turnover up to Rs 5 crores

QRMP i.e. Quarterly Return Filing and Monthly Payment of Taxes Scheme considered to be the first step towards simplification of GST was finally launched by the CBIC on its portal. The Scheme is for the small taxpayers with aggregate annual turnover up to Rs. 5 crores in the preceding financial year. To be eligible for this scheme, along with fulfilling the turnover criteria, taxpayer should also have filed their October return by November 2020.

The taxpayers going for QRMP shall be able to file their GST returns (GSTR 3B and GSTR 1) on quarterly basis while the payment of taxes to be made on monthly basis through payment challan PMT-06.

The Scheme is to be applicable from 01st January 2021. The option of selecting the scheme is available from 05th December 20 since its launch.

There are two options which are provided to taxpayers to discharge their monthly tax liability. One is the self-assessment of their monthly GST liability on the basis on sales and auto populated purchases (GSTR 2B) while the other option is to pay tax at the rate of 35% of the net tax liability paid in cash in the previous filed GSTR 3B return of the quarter.

In the 42nd GST Council meeting held on 05th October 2020, it was announced that taxpayers would be allowed to file returns on quarterly basis from January 21.

Quarterly GSTR 3B and GSTR 1 returns shall be allowed to be filed through SMS also. This will help in realizing the government vision of 'Ease of doing business' as it would substantially reduce the compliances of monthly return filing.

3 CAs in 59 Arrested for GST Frauds

GST News

In the massive crackdown against Fake GST Invoices Frauds, 3 CAs have also been arrested allegedly involved in these frauds (Read full News)

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MP HC says SCN to be published on website

GST Case Study

MP High Court in important judgment held that Show Cause Notice to be uploaded on website and not sent over E-mail. (Read Full Article)

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All Notifications of Nov -20 Explained

GST Updates

During the month of November 2020, nine notifications have been issued by CBIC. These notifications are explained one by one in the detailed article.

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GST News

Arrest in Illegal manufacture and supply of cigarettes. Involved in 129 Cr GST evasion

The Investigation arm of GST, DGGI of Gurugram Zone has made arrest in Rs. 129 crore tax evasion case where the convict was involved in illegal manufacturing & Supply of cigarettes without GST payment and other required tax paying documents.

Haryana Resident Satyender Sharma said to be the kingpin has been arrested. Investigations were conducted at multiple locations in Delhi and Haryana. The accused was illegally manufacturing cigarettes under his registered brand names of "Nidhi Black", "Gold Queen" and "E-10".

Besides supply under his own brand names, he was also illegally manufacturing under some of the renowned international



brand names owned by the other companies such as 'Paris', 'Pine', 'Black Djarum', 'Esse Lights'. These cigarettes were also moved without payment of GST or applicable cess.

Satyender Sharma was arrested on 27th

November 20 and was then produced before the Duty Magistrate, Delhi who then ordered his judicial custody.

On the basis of documents collected and statements of person recorded in investigation, it came to light that it was Sharma who was the key person of this racket. He transported the illegally manufactured cigarettes to Delhi from where they were further supplied all across India.

Similar kind of racket of clandestine clearance was also busted in July this year by DGGI involving a factory in Kota. Tax evasion of more than Rs. 72 crores was revealed in the Kota busted racket and an arrest was also made in case on 20.07.20.



Picture: Government Drive against GST Fake Invoice Frauds is to continue further in coming months as DGGI achieves major success in bursting GST rackets across India.

3 CAs among 59 Arrested by DGGI in Drive against GST Fake Invoice

In the crackdown against Fake GST invoices, Directorate General of GST Intelligence has arrested total number of 59 persons including 3 Chartered Accountants in last 10 days of this nation-wide drive against fake GST invoices frauds.

The numbers that have surfaced during this drive are shocking. A Total number of 793 cases have been registered so far with identification of 2802 entities who are found to be involved.

Over 32 cities were searched across the country.

And an amount of Rs. 177.50 crores have been recovered in these raids.

3 Chartered Accountants from Ludhiana and Hyderabad are also among those arrested in the GST fake invoice frauds. ICAI is likely to take action against the arrested CAs for allegedly misconduct as DGGI has approached the CA body.

CAs arrested have been alleged to have helped in setting the firms which were involved in bogus billing.

More arrests are likely as efforts are being made to nab the absconding fraudsters.

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GST Collections of Nov-20 Crosses 1 Lac Crore

GST Collections once again crosses 1 lac crore as November 20 collections stood at Rs. 1,04,963/- crores.

This has been the second consecutive month to cross 1 lac crore mark. Though the collections in Nov 20 are slightly less than the Oct 20 collections of Rs. 1,05,155/- crores. Revenue of Nov-20 has been 1.4% higher than the revenue collected in the same month of last year.

This obviously signifies 'continued' economic recovery amid COVID pandemic business struggles which still continues to haunt but the way economy has responded on being re-opened is quite encouraging.

Experts are of the opinion that the collections of Dec-20 and Jan-20 months would also come at around the same range due to the support of festival season playing its part.



Picture: GST Collections in Nov 20 crosses 1lac Crore

GST News

Govt. Initiates Drive to Cancel GST Registration of 5.43 Lac Taxpayers



In a massive drive initiated by Government to cancel the registration of non-filers from 1st December, 5.43 lac taxpayers have been shortlisted. These taxpayers have not filed returns from past six months and might face cancellation.

Government is also planning to take the persuasive route to ensure regular return filing. It has decided to escalate its efforts by measures such as daily 1 lac SMS and email reminders which are to be sent from December for timely return filing. Tax officers have been directed to follow up personally with the defaulting taxpayers to ensure return filing.

These measures are being taken to check tax evasion and increase GST Collections. During COVID pandemic return filing numbers has gone down and now when economy has been unlocked, government is taking initiatives to ensure that returns are timely filed.

Data is being analyzed at regular basis. Such as at the month end a list of 25000 taxpayers who have filed all their previous returns except the last month return was prepared on the basis of last month statistics. This skipping of returns are a matter of concern which the top officials have been directed to address.

GST News

EWB-05 to unblock E-way bills through now possible via GST portal

CBIC has enabled online filing of application Form EWB-05 for unblocking the E-way bill generation facility once it has been blocked under Rule 138E. Earlier this application was filed on manual basis.

As per Rule 138E of CGST Rules 2017, E-way bill generation facility is to be blocked in case the taxpayer defaults in filing GSTR -3B return or statement in form CMP-08 for two or more consecutive tax periods. Now in order to get this E-way bill facility unblocked, the taxpayer would be required to apply to jurisdictional tax officer in EWB-05.



To apply online through GST portal for unblocking EWB generation facility, the taxpayer is to login to GST portal and navigate to "Service>User services>My Applications". Then select "Application for unblocking E-way bills" to file "New Application" and submit form EWB-05.



GST Case Law

MP High Court Quashes Demand Order. Saying SCN to be published on Website

Madhya Pradesh High Court quashed demand order while saying the Show Cause notice was to be uploaded on the website of the revenue and not communicated through email to the taxpayer.

This important judgement by the High Court was given in the case of Akash Garg vs the state of Madhya Pradesh.

The petitioner while challenging the demand order in this case said that the show cause notice was never communicated to him. The State replied to this that the show cause notice was sent to the registered person while email. And despite of receiving the show cause notice the petitioner didn't file any response.

The attention of the court was drawn towards the Rule 142(1) of the CGST Rules. The petitioner stated that Rule 142(1) statutorily required the GST department to communicate the

show cause notice/orders by publishing them on the website of the revenue.

The High Court held that it is a principle of law that when a particular procedure has been specifically laid down for performing a particular act then it is to be done specifically in the prescribed manner. The other modes of performing it would be excluded. The court further stated that the principle becomes all the more stringent when it is prescribed by the statute as in the subject case.

Therefore, the Court held that there is no doubt that the statutory procedure prescribed for communicating the show cause notice as per Rule 142(1) was not followed by the revenue therefore the demand order has been quashed. This is an important judgement underlying that service of show cause notice vide Email doesn't stand true unless it is uploaded on the website by the revenue.



GST Editorial

Monthly GST filing may not be required at all once E-invoicing is fully implemented



Kalpak Kaplash

Once the e-invoicing system is fully implemented, the government is planning to bid farewell to the GST system of monthly return filing. This will serve the dual purpose of reducing the compliance burden of GST on the general businessman at large and also check the tax evasion.

For the registered taxpayers whose annual turnover is more than Rs. 500 crores, E-invoicing was made compulsory from 1st October 2020. The E-invoicing has taken off quite smoothly and has given the government the much-required boost.

GST E-invoicing witnessed a threefold jump within a single month as from 8 lac IRNs on 1st October to 2.4 million IRNs got generated on daily basis at the October month end.

Recently QRMP scheme was launched on 05th Dec 2020 allowing small taxpayers having aggregate turnover up to Rs. 5 crores an option to file quarterly return while making monthly tax payment. This being considered as an important stride towards reduction of compliance burden as GSTR 1 and 3B won't be a monthly schedule now at least for small taxpayers. The scheme is to be effective from 01st Jan 2021.

But government has laid out in front of us the bigger roadmap it has in mind which is to do away completely with the filing of monthly returns. Seems a bit unrealistic, almost like a fairy dream considering the grueling GST Schedule we are going through presently and the never-ending efforts that are required to keep pace with it. As per government, E-invoicing could be the life-saving herb which could relieve us all from these compliances.

Ajay Bhushan Pandey, finance secretary, said that GSTR 1 and GSTR 3B return filing requirement will eventually be eliminated when the electronic invoice (e-invoice) would be fully implemented.

Currently GSTR 1 which is return for outward supplies and GSTR 3B for payment of taxes, are required to be filed on monthly basis making it to 24 returns for the year. In case of an entity which operates in multiple states and is thereby registered in multiple states then the number of return increases further by 24 returns for each state registration. Therefore, as per the government, if the requirement to file monthly returns is done away with then this would amount to massive reduction in compliances for registered persons. It would also help the government in realizing its vision of "Ease of doing business."

"Could E-invoicing really be that life-saving herb to simplify GST and reduce burden of compliances?"

Though commenting on the success is too early as E-invoicing is still in its nascent stage but the idea looks promising and has been welcomed by the industry. The real litmus test of it would start when actually the small and medium businesses would be required to issue invoices through the portal. The technical support system would also be tested whether they can smoothly handle the amount of data that would be generated. The GST portal many times has not been able to withstand the return filing pressure and staggered return filing just confirms the doubt.

E-invoicing is being implemented in the phased manner with Phase I successfully accomplished. The Next one would be starting from 01st Jan 2021 when issue of E invoice would be mandatory for those having annual turnover more than Rs. 100 crores. Notification has already been issued by CBIC in this regard on 10th November 2020. (N No. 88/2020 CT)

The final phase would be from 01st April 2021, the start of the next financial year, when E-invoicing would be mandatory for all B2B transactions.

Notifications issued in Nov 20

GST Notifications

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GST Notifications issued during Nov-20

Requirement of QR Code on B2C Invoices deferred to 01-Apr-21

Central Government vide N No. 89/2020 CT dt 29.11.2020 waived the penalty till 31.03.2020 payable by a person for non-compliance of the provisions of QR Code on B2C Invoices laid down in N No. 14/2020 CT dt 21.03.2020.

No. 14/2020 CT required every registered person with turnover of more than Rs. 500 crores in the financial year to mention Dynamic QR Code on the B2C invoices. (I.e. invoices issued to unregistered persons.)

The provisions were earlier to be applicable from 01st October 2020 but later were postponed to be applicable from 01st December 2020.

Now the above November notification says that no penalty shall be levied from 01-12-2020 to 31-03-2021 if the provisions of QR Code are complied with by the registered person from 01st April 2021. The provision compliance is thus postponed till 01st April 21 but with a condition.

Therefore, in case the provisions of issuing QR Code on B2C Invoices are not complied with, from 01st April 2021 then penalty waived earlier for the period from 01-12-20 to 31-03-20 shall be applicable.

E-invoicing for Turnover in excess of Rs 100 crores

Central Government vide N No. 88/2020 CT dt 10.11.2020 has stated that from 01st January 2021, registered person having turnover of more than Rs. 100 crores in any of the financial year from 2017-18 would be required to issue E- invoice for supplies made to registered person.

Earlier from 01st October 2020, E-invoice was made mandatory for persons having turnover more than Rs. 500 crores. The second phase of E-invoicing is to start from 01st January 21 when medium scale entities having turnover more than 100 crores would be covered.

Extension of GST ITC-04

Time limit for filing of GST ITC 04 has been extended till 30.11.2020 in respect of goods sent or received from job worker

during the period from July 20 to Sep 20. The time limit extension has been notified vide N No. 87/2020 CT dt 10.11.2020.

Form GST ITC 04 is a form to be filed on quarterly basis by manufacturer or principal in respect of goods sent or received from a job worker.

N No. 76/2020 CT dt 15-10-20 rescinded

Central Government vide N No. 86/2020 CT dt 10.11.2020 has rescinded the earlier N No. 76/2020 CT dated 15.10.2020 wherein the due dates of GSTR 3B was prescribed for the months from Oct 20 to March 21. The GSTR 3B return filing dates as per new quarterly return filing options have been mentioned in substituted Rule 61 of CGST Rules 2017 in N No. 82/2020 CT dt 10.11.2020 discussed later in this article.

Class of person who can opt QRMP Scheme

QRMP scheme is being introduced which would enable small taxpayers to file all their returns on quarterly basis and taxes would be paid on monthly basis. This scheme is expected to relieve the small taxpayers from the major compliance burden. The provisions of these scheme have been notified in November 2020.

N No. 84/2020 CT dated 10.11.2020 provides for the class of person who shall be eligible for the option to file returns under QRMP Scheme

Registered person having aggregate turnover up to Rs. 5 crores in the preceding financial year shall be eligible to opt QRMP Scheme from 01st Jan 21. They can file GSTR 1 and GSTR 3B on quarterly basis and tax through challan PMT-06 on monthly basis.

The option can be exercised provided the return of the previous month as falling due on the date of the exercising the option has been filed.

In case the aggregate turnover exceeds Rs. 5 crores in a quarter than the person shall be no more eligible for QRMP Scheme and from the next quarter he shall file return on monthly basis.

Default Migration of taxpayers to the new QRMP Scheme has also been provided in the notification.

GST Notifications issued in Nov-20 (..contd)

Earlier there was the option for quarterly filing of GSTR 1 upto the turnover of Rs. 1.5 crores. Therefore, those who were already filing the quarterly GSTR 1 return, they by default shall be migrated to QRMP Scheme. Those taxpayers who have not chosen the option of quarterly filing of GSTR 1 earlier even with turnover upto Rs. 1.5 crores, such taxpayers won't be migrated and kept in monthly filing system

Registered person with turnover in preceding year of more than Rs. 1.5 crore but upto Rs. 5 crore have also been migrated to QRMP Scheme by default.

The above default option may be changed on portal from 05.12.2020 to 31.01.2021.

QRMP Scheme has been launched on 05.12.2020. So now who can avail this scheme of filing returns on quarterly basis.

Monthly Payment of Taxes under QRMP Scheme:

As the name suggest QRMP Scheme requires a taxpayer to make monthly payment of taxes even though the return is filed on quarterly basis. Now the question arises since GSTR 3B in the scheme would be filed on quarterly basis, then on what basis the taxpayer is going to pay the monthly taxes.

Here the government has proposed two options to choose from. Using one of these options, the tax is to be paid on monthly basis. These options have been specified by CBIC in N No. 85/2020 CT dt 10.11.2020

1. Fixed Sum Method.

Here a fixed amount of tax is to be paid on the basis of previously filed quarterly or monthly return. Rather it is to be based on the amount of tax which is paid in cash during the previous return.

If the return filed before the current quarter was a quarterly return, then the monthly tax payment for the first two months shall be equal to 35% of the tax paid in cash in the previous quarter.

If the previous return was being furnished on monthly basis, then the monthly tax payment for the first two months shall be equal to the amount of tax paid in cash during the month immediately before the quarter.

2. Self-Assessment method

In this case taxpayer is to self-assess the tax liability and on that basis shall pay tax on monthly basis. To facilitate this, auto drafted ITC statement shall be available in Form GSTR 2B for every month.

Monthly payment of taxes shall not be required in the following cases:

1. In case of nil liability in the previously filed return
2. If the balance in the electronic cash ledger /electronic credit ledger is sufficient to adjust the cumulative tax due for the first and second month of the quarter.

Due dates of monthly and quarterly GSTR 1

Central Government vide N No. 83/2020 dt 10.11.2020 has specified the due date of filing of return for outward supplies i.e. GSTR 1.

For monthly GSTR 1, the due date shall be 11th of the succeeding month.

And for quarterly GSTR 1 return, the due date shall be 13th of the month following the end of the quarter whose return is to be filed.

CGST Rules 2017 amended for Invoice Furnishing Facility and Quarterly Return & Monthly Payment (QRMP) Scheme

CGST Rules have been amended vide N No. 82/2020 CT dt 10.11.2020 through which Rule 59, 60, 61 has been substituted while new Rule 61A has been inserted.

These amendments have been introduced for bringing in the new simplified form of GST returns proposed from 01st Jan 21 involving Invoice Furnishing Facility (IFF), Auto populated GSTR 3B, availability of GSTR 2B and Quarterly Return and Monthly Payment (QRMP) Scheme.

As per Substituted **Rule 59**, those registered persons who have opted for quarterly GSTR 1 filing, they may furnish the sales details for the first two months of the quarter through Invoice Furnishing Facility.

Those who have opted for quarterly GSTR 1 filing, their invoice details are getting uploaded on quarterly basis. Thus, these details would also be appearing in portal of receiver on quarterly basis. This might not be acceptable to the receiver of these supplies as they might be required to compute their input credits on monthly basis for their monthly return filing.

This might lead to problems to the small taxpayers as the quarterly return filing option is available to those whose aggregate turnover is upto 1.5 crores under prevalent available options and upto Rs. 5 Crores under QRMP Scheme. They might be forced to shift to monthly return filing system because of their purchasers wanting the input credit to be reflected on monthly basis. Therefore to resolve this, Government has come up with Invoice Furnishing Facility. Under Quarterly Return filing when no outward supply return is submitted during first two months of the quarters, the taxpayer can furnish the details of supplies through IFF upto the value of Rs. 50 lacs in each of the months. The invoice details which are furnished through IFF would not be required to be furnished again in the quarterly GSTR 1. The details through IFF for a month can be submitted from 1st to 13th of the succeeding month.

As per **Rule 60**, the invoices details furnished in GSTR 1 or through IFF by the supplier would be auto populated in GSTR 2B of the receiver of supplies. This GSTR 2B would further auto populate the input credit details in GSTR 3B.

As per **Rule 61**, GSTR 3B filing due date for those opting to file it on monthly basis shall be 20th of the next month.

For Registered person having turnover up to Rs 5 crores in previous financial year and opting to file under QRMP Scheme, GSTR 3B due date shall be as per the following

<u>Group A State:</u>	<u>Group B State:</u>
Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi
GST3B date for Group A State shall be 22 nd of the next month to the quarter ended for which return is to be filed.	GST3B date for Group B State shall be 24 th of the next month to the quarter ended for which return is to be filed.

GST Notifications issued during Nov- 20 (..contd)

Newly inserted Rule 61A provides for the manner for opting the filing of quarterly returns (QRMP) Scheme.

A person wishing to opt for the scheme in respect of a quarter shall opt it within 1st day of second month of previous quarter and the last day of the first month of the current quarter. If a person wants to opt QRMP Scheme say for Oct to Dec quarter, then the same shall be exercised during 1st Aug to 31st Oct

Once the option to file returns on quarterly basis is exercised, the option would continue being so until the taxpayer himself

changes the return filing option or he becomes ineligible for the quarterly filing scheme owing to the increase in his turnover

In case the turnover exceeds Rs. 5 crores in any of the quarter of financial year, then the person shall be out of the QRMP scheme and will have to be file his returns on quarterly basis from the first month after the end of the quarter in which the aggregate turnover exceeds 5 crores.

Format of auto populated form GSTR 2B has also been notified vide the notification.

N No. 81/2020 CT dt 10.11.2020

All the new provisions of Sec 39 of CGST Act amended to implement the Quarterly Return filing and Monthly payment (QRMP) Scheme shall be effective from 10th November 2020.

